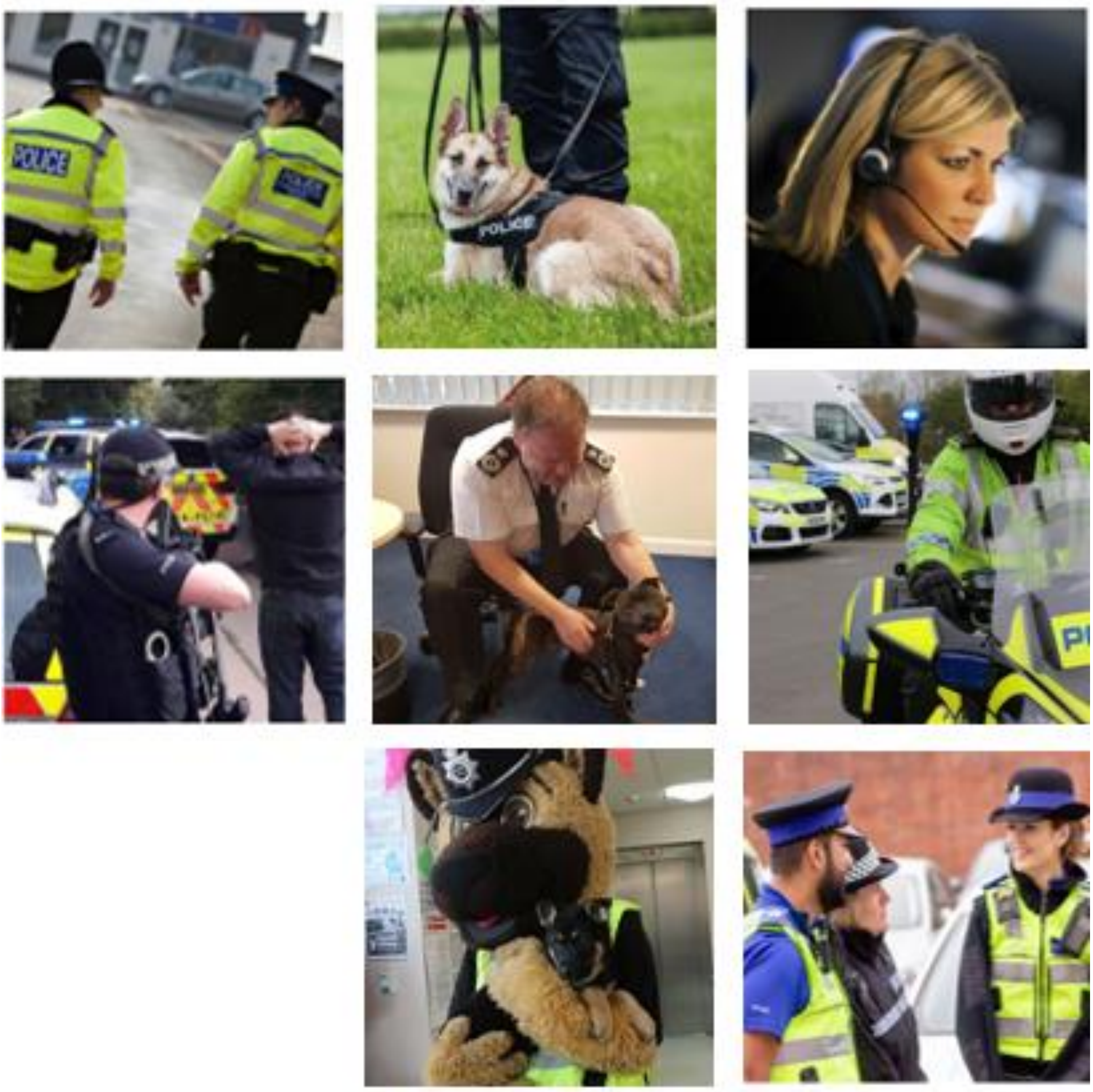
STAFFORDSHIRE POLICE

AUDITED CHIEF CONSTABLE STATEMENT OF ACCOUNTS

2019/20



Contents

Section 1
Narrative Statement

1.1 Foreword by the Chief Constable of Staffordshire Police

Over the last 12 months the Force has achieved a significant amount, at great pace to deliver on the priorities set out in the Policing Plan. Underpinning this is the dedication and determination of police officers and staff, PCSO's, and Specials across the Force who are committed to improving service to the people of Staffordshire.

This is against a backdrop of the Force receiving more calls for service than ever, many of which are increasingly complex requiring more time and resources to resolve, coupled with sustained financial pressure. As the 2019/20 annual statement of accounts covers the period up until 31 March 2020, it is appropriate to acknowledge the impact of the Covid-19 pandemic on policing nationally, regionally and locally. This has during the later parts of March 2020 instigated an unprecedented policing response to the national crisis. This has continued into the current financial year, however despite the current lack of additonal funding centrally to meet these challenges, we have sufficeint resources to meet these the short term.

Staffordshire has in turn stood up a robust Gold command governance structure which operates a silver and bronze level framework beneath. Through this mechanism, the force is able to review information and make decisions on a daily basis to ensure that the communities of Staffordshire receive the service and support that is required at this time. The structure also co-ordinates the force's internal response to supporting officers and staff in order to enable services to be maintained whilst also considering welfare and risk issues. National and local organisational learning is a key element of this approach and is being used to ensure that the force has a comprehensive recovery plan in place.

I therefore welcome the decision taken by the Staffordshire Commissioner to raise the precept for 2020/21. Staffordshire has seen the second lowest increase in local taxation, as a percentage, since the inception of Police and Crime Commissioners. This increase, will allow for investment to enhance policing capabilities across the following areas:

- The Special Constabulary
- Automatic Number Plate Recognition (ANPR)
- Technology and Digital Capability
- Technology Modernisation & Innovation
- Contact Management Systems
- Investigations & Intelligence

During 2018/19 we saw the first increase in warranted police officer numbers in Staffordshire since 2010, with numbers increasing through 2019/20 year as a result of increases funded from local taxation. 2019/20 saw the first 30 additional recruits arrive in Stffordshire as part of the Governments uplift programme to recruit 20,000 new offiers over the next three years. 2020/21 will see an additional growth from this programme of 60 in Staffordshire with an expectation that by the end of the programme Staffordshire will have an additional 300 Officers.

At the end of June 2020 we will see IT brought back 'in house' with the end of our partnership with Boeing Defence UK. As part of this our future plans involve significant investment in both IT staffing capacity as well as infrastructure and systems. I am clear that this is a long term strategy to further build on the good work undertaken as part of the strategic partnership to meet the needs of Staffordshire whilst enabling us to work better together as a sector on a regional and national basis.

Of course, these changes do not mean the next 12 months will be without challenge. The Force continues to make the best use of the resources it has available and there are still savings to be made over the life of the Medium Term Financial Strategy. Today, the Force is better positioned to respond to these challenges than it was 12 months ago.

In relation to the efficiency agenda the following has been achieved over the current financial year:

- Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) awarding the Force a 'Good' rating for the use of resources in their most recent inspection.

- Based on Home Office data Staffordshire Police has delivered over £1m of procurement efficiencies over the past 12 months, ranking at number three out of forty three Forces in terms of savings delivered; the Force is the twenty first largest in terms of net revenue budget

- Savings of £816k delivered to date across the three organsiations of Staffordshire Police, Staffordshire Fire & Rescue Service and the Staffordshire Commissoners Office through collaboration with Staffordshire Fire and Rescue Service on shared services and governance changes.

- Further additional savings from those above from the shared estates solution within Tamworth following the opening of the new joint Fire and Police station in December 2019.

- The Financial and Commercial Services team within Staffordshire Police (now a shared service with Staffordshire Fire and Rescue Service) has been shortlisted for a prestigious national Public Finance award

Over the coming year we anticipate the move to a modern, fit for purpose, response hub in the North of the County. This will be a shared location with Staffordshire Fire & Rescue Service with the business case presented by the Staffordshire Commissioner demonstrating additional savings for reinvestment back into Policing.

Demand is anticipated to stay on the upward trajectory and operationally, we must continue to work with other forces and partner agencies to understand and tackle the biggest threats facing the communities of Staffordshire.The autumn spending review will be the most significant for a decade and will be against the background of the economic recovery from the current Covid-19 reponse.

These changes – I anticipate - will significantly improve service delivery and outcomes for the people of Staffordshire. There is a lot to achieve and whilst I, alongside other police chiefs, will continue to press government to revisit and prioritise police funding in the upcoming Spending Review, we must stay focused and resilient to deliver what is required for now and in the future.

Gareth Morgan
Chief Constable of Staffordshire Police

1.2 Narrative Statement by the Chief Finance Officer S151

The purpose of the Narrative Statement is to provide the reader with a broad understanding off the Force's financial performance for the year ended 31st March 2020, by clearly explaining the Force's funding position, and how this funding is spent in order to deliver the Force's priorities. Within this is the context of the group position (Force and Police and Crime Commissioner) in which the Force sits. In addition, the narrative statement also provides further information to the reader about economy, efficiency and the effective use of resources by the Force during the financial year. It also looks to the future and considers some challenges faced by the Force.

2019/20 has seen another year of both strong operational and financial performance. The 'group' of both Staffordshire Police and the Staffordshire Commissioners Office has recorded a reported underspend of £0.441m against its budget of £196.994m, equating to and underspend of 0.22%. This, coupled with being one of only four Forces nationally to see a reduction in crime, underlies an organisation performing strongly delivering Value for Money to the taxpayer of Staffordshire.

The underlying health of the organisation has continued to strengthen over the past 12 months, building on the work undertaken in 2018/19 to reset the organisations financial position. Reserves have now returned to a level at which the organisation is presented not only with a robust 'rainy day fund' capacity, but also presenting chief officers with limited funds to make strategic investments for the longer term benefit of the Forces operating model, providing benefit for the residents of Staffordshire. Healthier internal cash balances have allowed the group to fund its capital programme from internal cash, rather than external borrowing. This delivered significant cash savings for the group in 2019/20 (£617k), and allowed for savings to be built into the Medium Term Financial Strategy (MTFS) for future years; delivering greater efficiency for the local taxpayer.

In relation to the efficiency agenda the following has been achieved over the current financial year:

- Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) awarding the Force a 'Good' rating for the use of resources in their most recent inspection.

- Based on Home Office data Staffordshire Police has delivered over £1m of procurement efficiencies over the past 12 months, ranking at number eight out of forty three Forces in terms of savings delivered; the Force is the ninteen first largest in terms of net revenue budget

- Savings of £816k delivered to date across the three organsiations of Staffordshire Police, Staffordshire Fire & Rescue Service and the Staffordshire Commissoners Office through collaboration with Staffordshire Fire and Rescue Service on shared services and governance changes.

- Further additional savings from those above from the shared estates solution within Tamworth following the opening of the new joint Fire and Police station in December 2019.

- The Financial and Commercial Services team within Staffordshire Police (now a shared service with Staffordshire Fire and Rescue Service) has been shortlisted for a prestigious national Public Finance award.

This statement also reflects upon the impact of Covid-19 and discusses how Staffordshire Police (and the Staffordshire Commissioner's Office) are doing even more to support the communities they serve during the very challenging time dealing with the Coronavirus pandemic. On 23rd March 2020, the Government announced restrictions aimed at reducing the spread of coronavirus, with Staffordshire Police reacting quickly to ensure the ongoing protection of staff and to ensure that the provision of services to the communities of Stoke on Trent and Staffordshire would be able to continue as far as possible. Of course the daily engagement with our communities has changed and been modified based upon the new Covid legislation passed by Government. In addition Police have been allocation additional powers by the Government aimed at controlling the spread of the Coronavirus.

Whilst separate funding to deal with the pandemic has not been provided, access to ring fenced grant funding (uplift grant) has been permitted by the Home Office. Monthly returns are now being provided to the Home Office detailing all additional costs incurred in dealing with COVID-19 as well as the Uplift programme; however the overall quantum of funding for Policing has not at the time of writing increased, rather additional flexibility on ring-fenced funding has been granted, in essence increasing the likelihood of this funding being received into Force in full. This position differs from that of other public sector bodies such as the NHS, Local Government, Fire and Transport all of which have received new funding to deal with Covid -19 costs.

An earmarked reserve has been created (held on the Staffordshire Commissioners balance sheet) totalling £478k to support the initial costs of the Forces response to the Covid-19 challenges. Work is ongoing to lobby for further funding to support the position of Policing in the Covid-19 pandemic via the NPCC. However, our current provision, coupled with the above grant flexibility, will be sufficient for a short period of time to meet the immediate needs of the Force to respond to Covid-19.

Due to the timing of the coronavirus pandemic commencing at the close of the financial year, there is no material impact of the coronavirus that will affect the 2019/20 statutory accounts for Staffordshire Police.

At the end of June 2020 we will see IT brought back ‘in house’ with the end of our partnership with Boeing Defence UK. As part of this our future plans involve significant investment in both IT staffing capacity as well as infrastructure and systems. This investment has been provisioned for in full within the current MTFS across both significant investment in revenue spend as well as multi year capital budgets. Sufficient funding has been included within earmarked reserves (held on the Staffordshire Commissioners balance sheet) to allow for transition costs with an anticipation that balances will be avaliable post transition to further invest in both IT and the Forces wider digital agenda

The current MTFS assumes a more modest fiscal challenge than faced over the previous decade with a return to investment in the Forces capability and capacity both in terms of overall headcount as well as investment in capital assets such as Estate, IT and operational equipment.

Since the MTFS was set in February 2020 the world has been fighting the Coronavirus Pandemic, with the government announcing that it will conduct a spending review in the late summer against a backdrop of the sharpest economic contraction in living memory. What this means for public finances and the government’s response is unknown, however this may include a new wave of austerity measures, additional increases in tax or both. It is anticipated that there will significant financial implications into the medium term due to a predicted reduction in council tax collection rates and a lower council tax base. Estimates will be incorporated into the scheduled updated of the MTFS in October which will be presented to the Police Fire and Crime Panel.

What is clear is that the Force will be operating in a very different fiscal climate than the one anticipated at the time of setting its MTFS back in February of this year. The Force is better placed to meet any future challenges than it has been for a significant number of years.

1.2.1 Introduction to Staffordshire
1.2.2 Organisation overview
1.2.3 Risk
1.2.4 Basis of preparation
1.2.5 Financial performance

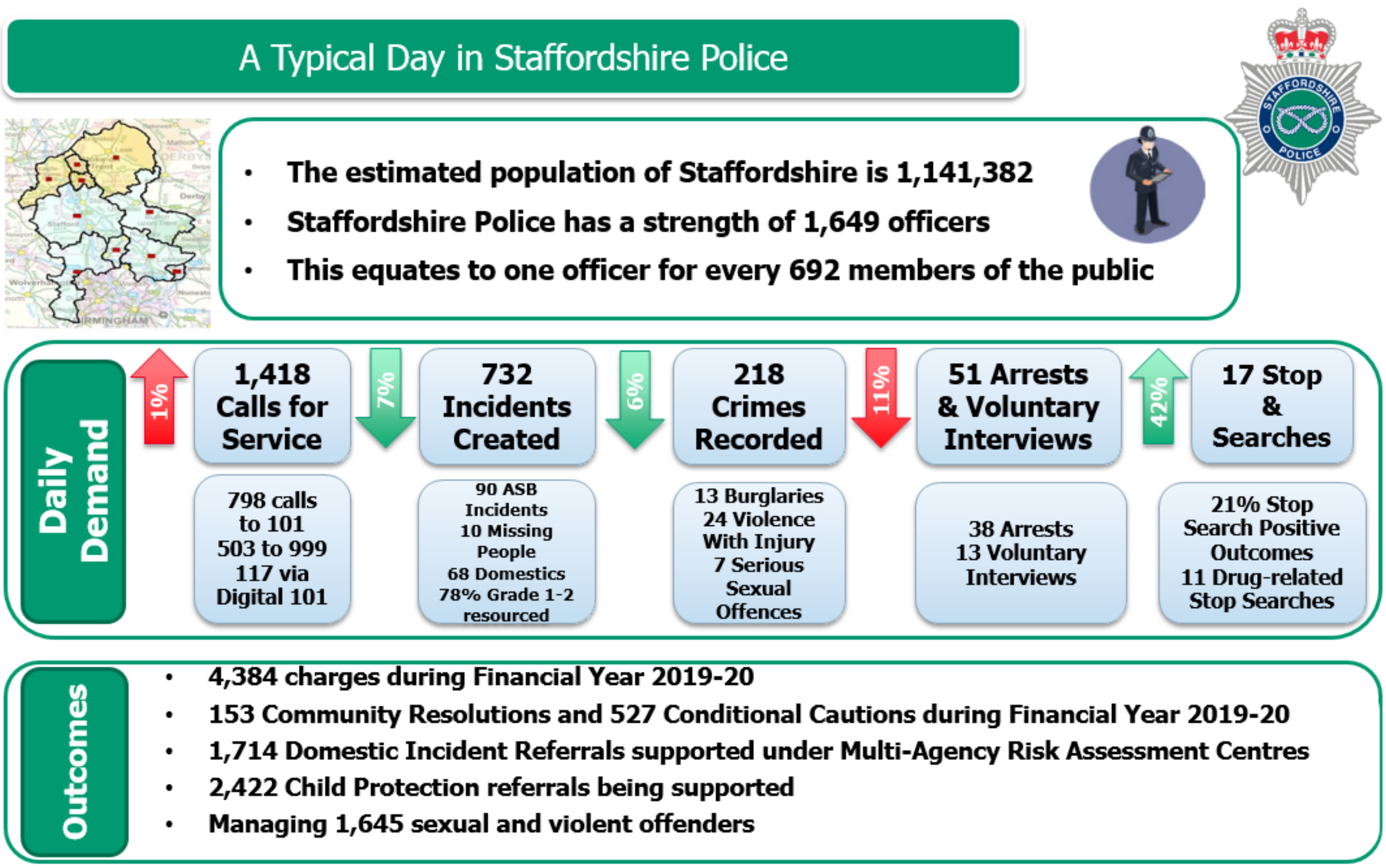
1.2.1 Introduction to Staffordshire

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.

The policing area covers more than 2,600 square kilometers reaching from the Peak District National Park in the north to the West Midlands conurbation border in the south. The people of Staffordshire live within diverse communities, ranging from the sparsely populated area of the Moorlands to densely populated areas such as the city of Stoke-on-Trent and Newcastle-under-Lyme in the north, the county town of Stafford at the heart of the county, Tamworth and Burton-upon-Trent in the east, and Cannock and Lichfield in the south[1].

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 63 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.

The infographic below is intended to provide a snapshot of the demand faced on any typical day by the Force in Staffordshire.



1.2.2 Organisation overview

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 Police and Crime Commissioner (PCC) responsibility for the finances of the whole group in that he receives all external funding (from central government in particular) and sets the annual budget and precept. The Chief Constable is allocated an annual budget by the PCC and is responsible for operational policing within a scheme of consent and local arrangements.

The Chief Constable holds office as a servant of the crown and is not an employee. He has a statutory responsibility for the control over police officers and its staff, as well as direction and delivery of operational policing services in Staffordshire. The Office of the Chief Constable holds no property, assets or liabilities and is not allowed to borrow money. These powers are reserved for the Staffordshire Commissioner (Police and Crime Commissioner).
The PCC is elected by the public every four years. The PCC appoints the Chief Constable and holds the chief constable to account for the exercise of his functions and those of persons under his direction and control. The PCC holds all the assets and borrowing, as well as receiving all income from grants, precepts and charges.

This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services.

1.2.3 Risk

The Staffordshire Commissioner and Chief Constable both have risks registers both at strategic and operational level. The risk register is reviewed and challenged by Ethics, Transparency Audit Panel (ETAP) on a regular basis. Both registers form a part of the Internal Audit programme delivered by our internal auditors, RSM and reported to ETAP. The force holds a regular review of all strategic risks and all risk owners are invited to the meeting to explain the risk and its mitigation along with how it is being pro-actively managed by the force.

1.2.4 Basis of Preparation

The Statement of Accounts are prepared on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future, and using International Financial Reporting Standards (IFRS). Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2016 and the Code of Practice on Local Authority Accounting 2019/20.

The Chief Constable is required by statute to make funding decisions on a different basis from the way in which these decisions are reported within the Statement of Accounts. A number of adjustments are therefore made to the statement of accounts to incorporate accounting adjustments in the areas of pensions, employee benefits and depreciation.

It is the purpose of the statement of accounts consisting of the financial statements and notes to the accounts to demonstrate that the Chief Constable has accounted for public money properly and been economical, efficient and effective in the use of that public money. The accounts provide useful information to a wide range of users about the financial position, financial performance and cash flows of Staffordshire Police. The accounts are, therefore, necessarily detailed and technical with explanatory notes included where applicable.

The Statement of Accounts is 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 2019/20 (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 taking into account 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.

1.2.5 Financial Performance

Group Position

The Revenue Budget for the group was approved on 15th February 2019 by the Staffordshire Commissioner, and was set at £196.994 million. Revenue expenditure consists of the day-to-day running costs, such as employee costs, pension costs, premises, transport, ICT, income and financing costs. Due to the degree of interaction from a performance viewpoint between those funds held by the Chief Constable and those held by the Staffordshire Commissioner the narrative below focusses on the group position to give the reader a more complete understanding of financial performance. For example the Force is the main beneficiary of capital investment, however capital financing costs are held by the Commissioner, conversely support services are provided to the group but the employer (and 'funder') of these services is the Chief Constable.

The Group has a reported underspend of £0.441m against its budget of £196.994m, equating to and underspend of 0.22%. This outturn position is within the generally accepted financial health indicator in the sector of being within a two percent over or under tolerance compared to budget. This underspend will be added to the groups general fund reserve, allowing greater medium term resilience to offset some of the significant risks inherent in Policing. Major variances have arisen in the following areas during the year:

- An underspend on staffing pay budgets, in part due to fluctuations in the recruitment timeline during the year and proactive vacancy management
- Increased Income from grants and reimbursements which includes additional (not budgeted for) grants received during the year, for example Serious Violence and Police Officer Uplift
- Benefits from lower interest payments and higher interest receivable. This included lower capital financing requirements during the year driven by lower capital spend and borrowing requirements.
- An underspend on supplies and service due to effective internal controls on non-pay spend

The Force is required to prepare the accounts within the framework published by Chartered Institute of Public Finance and Accountancy (CIPFA), the International Financial Reporting Standards (IFRS) and the Government, the results of which are deficit for the year £7.855m (2018/19 was a deficit of £95.300m). However, this includes pensions and depreciation costs which are not chargeable to tax payers (nationally and locally) and the final position for the financial year is set out in the Expenditure and Funding Analysis.

These Accounts are due to be approved by the Chief Constable following detailed review and recommendation by the Ethics, Transparency and Audit Panel on 28 October 2020.

John Bloomer CPFA

Chief Finance Officer (Section 151 Officer), Staffordshire Police

Section 2
Audit Certificate

2.1 Independent Auditor's Report to the members of The Chief Constable of Staffordshire Police

Opinion
We have audited the financial statements of the Chief Constable of Staffordshire for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014.
The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement;
- the related notes 1 to 6.5.7; and
- Section 7: Pension Fund Account and related notes.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Staffordshire as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

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

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the
ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The other information comprises the information included in the Chief Constable Statement of Accounts 2019/20 on pages 1 to 60, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Chief Constable for Staffordshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception
We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;

- 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;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects
Responsibilities of the Chief Financial Officer

As explained more fully in the Responsibilities of the Chief Financial Officer to the Chief Constable set out on page 13, the Chief Financial Officer 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Chief Constable'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 Chief Constable either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable 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 to satisfy ourselves that the Chief Constable of Staffordshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place 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 Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Staffordshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Chief Constable of Staffordshire, in accordance with Part 5 of the Local Audit and Accountability Act 2014 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 Chief Constable of Staffordshire, for our audit work, for this report, or for the opinions we have formed.

Helen Henshaw
Ernst & Young LLP.

Helen Henshaw (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Birmingham

18 December 2020

Section 3
Statement of Responsibilities

Responsibilities of the Chief Constable of Staffordshire Police
The Chief Constable is required to:

- Make arrangements for the proper administration of the financial affairs of Staffordshire Police Force and to ensure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs. In this organisation the Head of Finance is the Chief Financial Officer;

- Manage Staffordshire Police's affairs to secure the economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

I accept the above responsibilities and approve these Statement of Accounts for 2019/20.

Gareth Morgan
Chief Constable
Staffordshire Police

Responsibilities of the Chief Financial Officer to the Chief Constable
The Chief Financial Officer is required to:

- Ensure that the financial affairs of the force are properly administered and that financial regulations are observed and kept up to date;
- Report to the Chief Constable, the PCC and the external auditor, any unlawful, or potentially unlawful expenditure by the Chief Constable or officers of the Chief Constable;
- Provide information to the CFO to the PCC as required to enable production of group accounts.

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts for the Chief Constable 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 these Statement of Accounts the Chief Financial Officer has:
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Financial Officer has also:
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate
I certify that the Statement of Accounts presents a true and fair view of the financial position of the Corporation Sole of the Chief Constable of Staffordshire Police as at 31st March 2020 and its income and expenditure for the year ended 31st March 2020.

John Bloomer
Chief Finance Officer S151
Staffordshire Police

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.

General Principles (IAS 8)
The Statement of Accounts is 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 2019/20 (the Code) and the Service Reporting Code of Practice 2019/20 which is based on approved accounting standards. The accounts are supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

Changes in Accounting Policies
The Group has reviewed its accounting policies in accordance with IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors which sets out the principles to be adopted and disclosure that are required within the Statement of Accounts. Any appropriate changes have been applied.

Group Accounts
Under the Police Reform and Social Responsibility Act 2011, the roles of OPCC and CC became Corporations Sole (separate legal entities) and required individual Statement of Accounts. However, the Act also recognises that the Chief Constable is a wholly owned subsidiary of the OPCC and proper accounting practices require group accounts to be produced.

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.

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.

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. Further details are given below:

Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
Revenue from the provision of services is recognised when the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance) or debtor (payment in advance) in the Balance Sheet and the Comprehensive Income and Expenditure Statement (CIES) adjusted accordingly. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
Fees, charges and rents due from customers are accounted for as income at the date that the associated goods or services are provided.

For significant accruals such as pay awards, estimates are made based on the best information available at the time. Cost of pay awards not yet settled but likely to apply to part of the financial year to which the accounts relate are based on forecasted cost.

Interest payable on borrowings and interest receivable on investments is accounted for as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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.

Manual accruals of revenue or expenditure are not made where the value of the item is less than £100.

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.

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 Balance Sheet date of 31 March and the date when the Statement of Accounts is authorised for issue. The two types of events and the accounting treatment are given below:
For any material events after the balance sheet date which provide additional evidence regarding conditions existing at the balance sheet date, an adjustment has been made to the Statement of Accounts.

Material events after the balance sheet date which concerned conditions not existing at 31 March have been disclosed as a separate note to the accounts.

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

Government Grants and Contributions (IAS 20)
Government grants and other contributions are recognised as due to the Group when the attached conditions have been satisfied and there is reasonable assurance that the grant or contribution will be received.

Grants and contributions are credited to income when there is reasonable assurance that the attached conditions will be met. Any grants received where conditions have not been met are carried in the Balance Sheet as creditors. When all conditions are satisfied, the grant is credited to the relevant service line and non-ring fenced grants and capital grants are credited to Taxation and Non-specific grant income in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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.

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.

Employee Benefits (IAS 19)
Benefits Payable during Employment
Under IAS19 short term employee benefits are those to be settled within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for the service in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements, flexi leave and time off in lieu earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at year end. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the MIRS so that such benefits are charged to revenue in the financial year in which the benefit occurs. The accumulated cost is carried to the Chief Constable’s Balance Sheet where is it held as a liability and is matched by an unusable reserve.

Termination Benefits
This policy only applies to members of police staffs including PCSOs. Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the Non Distributed Costs line in the Group’s CIES. They are charged when the Group is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.
Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Defined Benefit Schemes (Post-Employment Benefits)
Employees of the Group are members of one of two separate defined benefit pension schemes which provide lump sums and pensions upon retirement:

- Police Officers – Police Pension Scheme (PPS)

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

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

International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds. The PPS liabilities are discounted using the nominal discount rate based or government bond yield of appropriate duration plus an additional margin. Discount rates used by the actuaries and other assumptions are sent out in XX 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 – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

<u>The re-measurements comprise of:</u>
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.

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.

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.

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.

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.

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.

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.

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.

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 force restructuring provision was established to meet the costs of voluntary redundancies and early retirements on the grounds of voluntary redundancy, agreed during the current financial year (and charged to the CIES in that year) but falling into the following financial year. The costs are charged directly to the provision when they are actually paid out.
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.

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.

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.

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.

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

Assumptions 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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The 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
Insurance Reserve	The Insurance Fund was subject to a full revaluation in 2018/19. This review confirmed that there were sufficient funds for future liabilities. The only uncertainly is the potential increase in claims as a result of the current economic climate, e.g. increase in fraud claims.	The fund evaluation in 2018/19 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 and are shown in section 10.

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
- Finance Leases
- Property, Plant and Equipment (PPE) (IAS 16) and Intangible Assets (IAS 38)
- Disposals
- Gains and Losses on Sale of Assets
- Assets Held for Sale (IFRS 5)
- Inventories/Stocks (IAS 2)
- Revenue Expenditure Funded from Capital under Statute (REFCUS)

Critical Judgements in Applying Accounting Policies

In constructing the Going Concern position, the Group considered the Covid-19 position as follows:

The concept of a going concern assumes that the functions of the Office of the Police, Fire and Crime Commissioner for Staffordshire will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2019/20) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

As at the end of July 2020, the cost of COVID-19 stood at £0.4m, which includes £58k falling in 2019/20 which was offset by in-year underspends. The cost projections have been reviewed on a weekly basis throughout the crisis and will continue to be monitored closely. Whilst costs continue to be incurred and there is expected to be higher levels of expenditure on PPE into the future, there is no expectation that these will cause concerns with regard to ongoing financial viability of Staffordshire Police as all additional PPE costs are funded by Central Government. Councils are anticipating a potential deficit on the Collection Fund for Council Tax due to reduced collection rates and a decrease to the tax base (number of properties paying council tax). However, this will not affect the OPFCC's income in 2020/21. Under normal circumstances, any deficit arising on the Collection Fund would be declared during 2020/21 and distributed in 2021/22. However, the Ministry of Housing, Communities and Local Government (MHCLG) has announced a phasing scheme that allows deficits arising in 2020/21 to be repaid over 3 years rather than 1, smoothing the impact across 2021/22, 2022/23 and 2023/24.

We recognise that there remains uncertainty over the longer term impact of Covid-19 resulting from additional costs incurred and a reduction in Council Tax funding. A number of financial scenarios have been explored and will continue to be evaluated during 2020/21. In light of the scenario-modelling, an earmarked reserve has been created to supplement budgeted contingencies in 2020/21 and beyond, and as such there is expected to be minimal impact on the general reserve balance even if the worst case materialises.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of December 2021 which indicate for the most part positive cash balances. Cash balances will come under pressure around the early part of 2021 as is the normal cycle of operation and any shortfall can be met with PWLB borrowing should this be required. The assumptions used in the Medium Term Financial Plan (MTFP) and Reserves Strategy will be revised as necessary ahead of the next budget-setting round and reported to the Police Fire and Crime Panel.

Based on our assessment of the financial and liquidity position of the PFCC/CC following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2019/2020 financial statements as a going concern.

Section 5

Single Entity Financial Statements

5.1 Movement in Reserves Statement

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

The statement does not show any usable reserves as these are managed by the PCC.

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL RESERVES £'000
Balance as at 01 April 2018		0	0	**0**	(1,993,487)	**(1,993,487)**
Movement in reserves during 2018/19						
Total Comprehensive Income and Expenditure	5.2	(95,300)	0	**(95,300)**	(85,380)	**(180,680)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	95,300	0	**95,300**	(95,300)	**0**
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	0	(180,680)	(180,680)
Transfers To/From Earmarked Reserves		0	0	**0**	0	**0**
Increase or (Decrease) in 2018/19		**0**	**0**	**0**	**(180,680)**	**(180,680)**
Balance as at 31 March 2018		0	0	**0**	(2,174,167)	**(2,174,167)**
Balance as at 01 April 2019		0	0	**0**	(2,174,167)	**(2,174,167)**
Movement in reserves during 2019/20						
Total Comprehensive Income and Expenditure	5.2	(7,855)	0	**(7,855)**	270,633	**262,778**
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	7,855	0	**7,855**	(7,855)	**0**
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	**0**	262,778	**262,778**
Transfers To/From Earmarked Reserves		0	0	**0**	0	**0**
Increase or (Decrease) in 2019/20		0	0	**0**	262,778	**262,778**
Balance as at 31 March 2020		0	0	**0**	(1,911,388)	**(1,911,388)**

5.2 Comprehensive Income and Expenditure Statement (CIES)

This Statement reflects the resource of the Office of the Staffordshire Commissioner (Police and Crime Commissioner Staffordshire) that is consumed at the request of the Chief Constable. Government funding and other grant income belongs to the PCC, therefore all expenditure is funded by the PCC through an intra-group adjustment.

2018/19 Net Expenditure Published £'000	2018/19 Net Expenditure (Restated) £'000		Notes	2019/20 Net Expenditure £'000
(7,650)	(3,920)	Grants and Contributions	6.2.3	(3,428)
(4,473)	(4,473)	Reimbursements		(6,188)
(1,056)	(1,056)	Sales, Fees and Charges		(1,160)
(213)	(213)	Other Income		(222)
(13,392)	**(9,662)**	**Total Income**		**(10,998)**
61,104	61,104	Police Officer Pay and Allowances		75,180
59,087	59,087	Police Staff Pay and Allowances		63,988
3,587	3,587	Other Employee Expenses		4,363
5,172	5,172	Police Pensions		4,654
4,171	4,171	Premises		4,389
3,508	3,508	Transport		4,760
13,797	13,797	Supplies and Services		11,521
16,940	13,210	Agency and Contracted Services		10,995
7,612	7,612	Depreciation, Amortisation and Impairment		6,411
99,770	99,770	Non Distributed Costs		(4,717)
274,748	**271,018**	**Total Expenditure**		**181,544**
261,356	261,356	**Cost of Services Before Intra-group Funding**		170,546
(181,957)	(181,957)	Intra-group Funding	6.2.1	(181,946)
79,399	**79,399**	**Cost of Services**		**(11,400)**
57,360	57,360	Financing and Investment Income and Expenditure	6.2.2	60,529
(41,459)	(41,459)	Grant Received From Home Office in respect of the pension fund account	6.2.4	(41,274)
95,300	**95,300**	**(Surplus) or deficit on Provision of Services**		**7,855**
85,380	85,380	Re-measurement of the net defined benefit liabilities	7.3.1	(270,633)
85,380	**85,380**	**Other Comprehensive (Income) and Expenditure**		**(270,633)**
180,680	**180,680**	**Total Comprehensive (Income) and Expenditure**		**(262,778)**

5.3 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets of the CC (assets less liabilities) are matched by the reserves held by the CC. The CC only holds unusable reserves, i.e. reserves that the CC is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2019 £000		Notes	31 March 2020 £000
0	**Long Term Assets**		**0**
0	Short Term Debtors	6.3.1	0
4,827	Intra Group Debtors	6.3.1	5,773
4,827	**Current Assets**		**5,773**
(8,658)	Short Term Creditors	6.3.2	(7,619)
(8,658)	**Current Liabilities**		**(7,619)**
(1,738)	Provisions	6.3.3	(2,426)
(2,168,597)	Liability Related to Defined Benefit Pension Scheme	6.3.4	(1,907,116)
(2,170,335)	**Long Term Liabilities**		**(1,909,543)**
(2,174,166)	**Net Liabilities**		**(1,911,389)**
	Financed by:		
	Usable Reserves		
0	General Fund		0
0	Earmarked Reserves		0
2,174,166	Unusable Reserves	6.3.4	1,911,389
2,174,166	**Total Reserve**		**1,911,389**

5.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting year. The Chief Constable did not have a bank account nor hold any cash balances or make any banking transactions during 2019/20. However, as the Cost of Services in the CC's CIES is funded by an Intra-Group transfer there is clearly a notional transfer of cash being made between the two Single Entities and the Cash Flow Statement reflects this.

2018/19 £000		Notes	2019/20 £000
(95,300)	**Net Surplus or (Deficit) on the provision of services**	5.2	**(7,855)**
95,300	Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements	6.4.1	7,855
0	Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities.		0
0	**Net cash flow Operating Activities**		**0**
0	Net cash flows from Investing Activities		0
0	Net cash flows from Financing Activities		0
0	**Net Increase or (decrease) in cash and cash equivalents**		**0**
0	Cash and cash equivalents at the beginning of the reporting period		0
0	Cash and cash equivalent at the end of the reporting period		0

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 (MIRS) Notes

6.1.1 Adjustment between Accounting Basis and Funding Basis

This note details the adjustments that are made to the Comprehensive Income & Expenditure recognised by the CC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC to meet future capital and revenue expenditure.

2019/20	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
Pension Costs (transferred to or from pension reserve)	(7,214)	7,214
Holiday pay (transfer to the Accumulated Absences Account)	(640)	640
Total Chief Constable Adjustments	**(7,855)**	**7,855**

2018/19	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
Pension Costs (transferred to or from pension reserve)	(95,026)	95,026
Holiday pay (transfer to the Accumulated Absences Account)	(274)	274
Total Chief Constable Adjustments	**(95,300)**	**95,300**

6.1.2 Expenditure and Funding Analysis (EFA)

Local Authorities are required by statute to make their funding decisions on a different basis from the Statement of Accounts, which is required to follow International Financial Reporting Standards (IFRS). The accounts used for resource allocation and budget management are shown on a funding basis and a number of adjustments are, therefore, required to produce the Statement of Accounts on an IFRS basis. The adjustments required to the CIES are generally offset by adjustments to unusable reserves. The impact on the CIES is shown in section 5 and the movements in reserves are shown in section 5.

The Expenditure and Funding Analysis (EFA) brings together both the fiscal/ funding framework and the accounting framework by the service. It takes the net expenditure that is chargeable to taxation and reconciles it to the CIES Surplus or Deficit on the Provision of Services.

	2019/20		
	Net Expenditure Chargeable to General Fund	**Adjustments between funding and IFRS Basis**	**CIES Net Expenditure**
	£'000	**£'000**	**£'000**
Police Officer Pay and Allowances	93,318	18,139	75,180
Police Staff Pay and Allowances	53,073	(10,915)	63,988
Other Employee Expenses	4,363	0	4,363
Police Pensions	4,654	0	4,654
Premises	4,389	0	4,389
Transport	4,760	0	4,760
Supplies and Services	11,521	0	11,521
Agency and Contracted Services	10,995	0	10,995
Depreciation, Amortisation and Impairment	0	(6,411)	6,411
Non Distributed Costs	(541)	4,176	(4,717)
Total Expenditure	**186,533**	**4,989**	**181,544**
Grants and Contributions	(3,428)	0	(3,428)
Reimbursements	(6,188)	0	(6,188)
Sales, Fees and Charges	(1,160)	0	(1,160)
Other Income	(222)	0	(222)
Income	**(10,998)**	**0**	**(10,998)**
Intra-group Funding	(175,535)	6,411	(181,946)
Net Cost of Services	**0**	**11,400**	**(11,400)**
(Surplus) or loss on disposals	0	0	0
Financing and Investment Income and Expenditure	0	(60,529)	60,529
Taxation and Non-Specific Grant Income	0	0	0
Grant Received From Home Office in respect of the pension fund account	0	41,274	(41,274)
(Surplus) or deficit on Provision of Services	**0**	**(7,855)**	**7,855**
(Surplus) or Deficit on revaluation of non current assets	0	0	0
Re-measurement of the net defined benefit liabilities	0	270,633	(270,633)
Transfers To/(From) Earmarked Reserves	0	0	0
Net (Surplus) / Deficit funded from General Fund	**0**	**262,778**	**(262,778)**
Opening General Fund	0		
Transfers in / (out)	0		
Net surplus / (Deficit) for the year	0		
Closing General Fund	**0**		

	2018/19 (Restated)		
	Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure
	£'000	£'000	£'000
Police Officer Pay and Allowances	89,173	28,069	61,104
Police Staff Pay and Allowances	51,724	(7,363)	59,087
Other Employee Expenses	3,587	0	3,587
Police Pensions	5,172	0	5,172
Premises	4,171	0	4,171
Transport	3,508	0	3,508
Supplies and Services	13,797	0	13,797
Agency and Contracted Services	13,210	0	13,210
Depreciation, Amortisation and Impairment	0	(7,612)	7,612
Non Distributed Costs	(335)	(100,105)	99,770
Total Expenditure	**184,007**	**(87,011)**	**271,018**
Grants and Contributions	(3,920)	0	(3,920)
Reimbursements	(4,473)	0	(4,473)
Sales, Fees and Charges	(1,056)	0	(1,056)
Other Income	(213)	0	(213)
Income	**(9,662)**	**0**	**(9,662)**
Intra-group Funding	**(174,345)**	**7,612**	**(181,957)**
Net Cost of Services	**0**	**(79,399)**	**79,399**
(Surplus) or loss on disposals	0	0	0
Financing and Investment Income and Expenditure	0	(57,360)	57,360
Taxation and Non-Specific Grant Income	0	0	0
Grant Received From Home Office in respect of the pension fund account	0	41,459	(41,459)
(Surplus) or deficit on Provision of Services	**0**	**(95,300)**	**95,300**
(Surplus) or Deficit on revaluation of non current assets	0	0	0
Re-measurement of the net defined benefit liabilities	0	(85,380)	85,380
Transfers To/(From) Earmarked Reserves	0	0	0
Net (Surplus) / Deficit funded from General Fund	**0**	**(180,680)**	**180,680**
Opening General Fund	0		
Transfers in / (out)	0		
Net surplus / (Deficit) for the year	0		
Closing General Fund	**0**		

6.1.3 Analysis of EFA adjustments

2019/20	Adjustments for Capital Purpose £'000	Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	18,540	(401)	**18,139**
Police Staff Pay and Allowances	0	(10,675)	(240)	**(10,915)**
Other Employee Expenses	0	0	0	**0**
Depreciation, Amortisation and Impairment	(6,411)	0	0	**(6,411)**
Non Distributed Costs	0	4,176	0	**4,176**
Net Cost of Services	**(6,411)**	**12,041**	**(641)**	**4,989**
Intra-group Funding	6,411	0	0	6,411
(Surplus) or loss on disposals	0	0	0	**0**
Financing and Investment Income and Expenditure	0	(60,529)	0	**(60,529)**
Taxation and Non-Specific Grant Income	0	0	0	**0**
Grant Received From Home Office in respect of the pension fund account	0	41,274	0	**41,274**
Surplus or (deficit) on Provision of Services	**0**	**(7,214)**	**(641)**	**(7,855)**
Re-measurement of the net defined benefit liabilities	0	270,633	0	**270,633**
Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services	**0**	**263,419**	**(641)**	**262,778**

2018/19	Adjustments for Capital Purpose £'000	Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	28,010	59	**28,069**
Police Staff Pay and Allowances	0	(7,030)	(333)	**(7,363)**
Other Employee Expenses	0	0	0	**0**
Depreciation, Amortisation and Impairment	(7,612)	0	0	**(7,612)**
Non Distributed Costs	0	(100,105)	0	**(100,105)**
Net Cost of Services	**(7,612)**	**(79,125)**	**(274)**	**(87,011)**
Intra-group Funding	7,612	0	0	7,612
(Surplus) or loss on disposals	0	0	0	**0**
Financing and Investment Income and Expenditure	0	(57,360)	0	**(57,360)**
Taxation and Non-Specific Grant Income	0	0	0	**0**
Grant Received From Home Office in respect of the pension fund account	0	41,459	0	**41,459**
Surplus or (deficit) on Provision of Services	**0**	**(95,026)**	**(274)**	**(95,300)**
Re-measurement of the net defined benefit liabilities	0	(85,380)	0	**(85,380)**
Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services	**0**	**(180,406)**	**(274)**	**(180,680)**

Note (i) 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.

Note (ii) 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.

Note (iii) 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 Prior Period Adjustment

The following explains the material differences between the amounts presented in the 2018/19 financial statements and the comparative amounts presented in the 2019/20 financial statements.

During the review it was acknowledged that the Officers' Remuneration banding note has included all senior officers' overs the £50,000. This did not comply with The Code which states that senior officers are officers who rank above the rank of superintendent and above; this disclosure note has not been restated to show the correct remuneration banding.

Also the accounting treatment of the joint operations ROCU has been reviewed. It has been recognised that previously the accounting entries have been treated as gross payable and receivable whereas the income and expenditure should be netted off, similarly the debtors and creditors also netted off. Previous financial statements have also been presented in this way.

The overall impact on the Cost of Services and the Total Comprehensive Income and Expenditure is nil however the reconsidered treatment results in a presentation change of £3.7m between the Total Income and Total expenditure. Similarly the net liabilities on the balance sheet remain the same although this results in a presentation change of £3.7m between Debtors and Creditors.

The effects of the above changes on the core statements are as follows:

Comprehensive Income and Expenditure Statements (CIES)

	Published 2018/19 £'000	ROCU adjustment £'000	Restated 2018/19 £'000
Income			
Grants and Contributions	(7,650)	3,730	(3,920)
Total Income	**(7,650)**		**(3,920)**
Expenditure			
Agency and Contracted Services	16,940	(3,730)	13,210
Total Expenditure	**16,940**		**13,210**

6.2 Comprehensive income and expenditure statements (CIES) notes

6.2.1 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 2019/20 amounts to £181.946m (£181.957m in 2018/19). 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.

2018/19 £'000		2019/20 £'000
261,356	Chief Constable's cost of service	170,546
57,360	Interest on the net defined benefit liability	60,529
(41,459)	Home Office grant towards cost of retirement	(41,274)
85,380	Re-measurement of the net defined benefit liability	(270,633)
362,637	**Resources consumed**	**(80,832)**
	Items removed through the MIRS	
(180,406)	Movement in pension liability	263,419
(274)	Movement in accumulated absences liability	(641)
181,957	**Total resources consumed for the year by the Chief Constable and funded by the PCC**	**181,946**

6.2.2 Financing and Investment Net Expenditure

Financing and Investment includes the following items:-

2018/19 £'000		2019/20 £'000
57,360	Pension Net Interest Costs	60,529
57,360	**Total**	**60,529**

6.2.3 Specific Grants

Included within the Gross Income figure in the Net Cost of Services in the CIES for the CC are contributions of £691k. There are specific grants included £2.736m 2019/20.

6.2.4 Taxation and Non-Specific Grant Income

The only non-specific grant shown on the CC's CIES relates to the Police Pensions Top-up Grant that is paid from the Home Office to the Pension Fund via the OPCC to meet the shortfall for the year where income to the Fund is less than its expenditure. Further information about this Grant is contained within the Supplementary Financial Statement and associated notes.

6.2.5 Audit Fees

The audit fees payable in 2019/20 to the Auditors in relation to the audit of CC accounts were as follows:

2018/19 £'000		2019/20 £'000
15	External Audit Fees	12
2	PSAA Approved Scale Variation	(1)
17	**Total**	**11**

6.2.6 Material Items of Income and Expenditure

There are no material items of Income or Expenditure in 2019/20 that require specific disclosure.

6.3 Balance Sheet Notes

6.3.1 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. The Intra-Group Funding amount relates to the balances of the insurance provision £2.426m in 2019/20 (£1.738m in 2018/19) and the PAYE / NI and Pension Tax creditor £3.347m (£3.089m in 2018/19) that are shown on the CC's Balance Sheet. No cash funding has been paid over from the PCC to the CC for these as at 31st March 2020 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

31 March 2019 £'000		31 March 2020 £'000
4,827	Intra-Group Funding not yet paid over from the PCC in cash	5,773
4,827	**Total short term debtors**	**5,773**

6.3.2 Creditors

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

31 March 2019 £'000		31 March 2020 £'000
3,089	Central government bodies	3,347
1,938	Other Local authorities	0
3,631	Other entities and individuals	4,272
8,658	**Total short term creditors**	**7,619**

6.3.3 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 2019 £'000		30 March 2020 £'000
2,073	**Group and CC Balance as at 1 April**	1,738
505	Contributions to provision in year	1,229
(840)	Net expenditure in year	(541)
1,738	**Group and CC Balance as at 30 March**	**2,426**

6.3.4 Unusable Reserves

Unusable reserves have been created as result of the difference between accounting under IFRS and statutory provisions for meeting expenditure from the General Fund. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore not available as a source of general funding.

31 March 2019 £'000		31 March 2020 £'000
2,170,536	Pension Reserve	1,907,116
3,631	Accumulated Absences Account	4,272
2,174,166	**Total Unusable Reserves**	**1,911,389**

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 Chief Constable accounts for post-employment 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 resource set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the CC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time benefits come to be paid.

31 March 2019 £'000		31 March 2020 £'000
(1,990,130)	**Balance as at 1 April**	(2,170,536)
(85,380)	Re-measurement of the net defined benefit liability	268,695
(213,264)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(127,684)
78,717	Employer's pensions contribution and direct payments to pensioners payable in year	79,196
(1,938)	LGPS deficit contribution prepayment	1,938
41,459	Additional contribution to the pension fund balance the deficit on the fund account	41,274
(2,170,536)	**Total Balance as at 31 March**	**(1,907,117)**

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 31st March.

Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account. The Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. The Opening Balance of the Reserve as at 1st April 2012 was transferred to the CC Single Entity with effect from that date. The entries for the CC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the CC as at 31st March 2019 and 31st March 2020.

31 March 2019 £'000		31 March 2020 £'000
(3,357)	**Balance as at 1 April**	(3,631)
3,357	Settlement of cancellation of accrual made at the end of the preceding year	3,631
(3,631)	Amount accrued at the end of the current year	(4,272)
(274)	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	(641)
(3,631)	**Total Balance as at 31 March**	**(4,272)**

6.4 Cash Flow Notes

6.4.1 Operating Activities

31 March 2019 £'000		31 March 2020 £'000
2,548	Increase/(decrease) in revenue creditors	(1,039)
0	(Increase)/decrease in revenue debtors	(946)
93,088	Movement in pension liability	9,152
(335)	Movement in provisions	689
95,300	**Adjustment to net surplus or (deficit) on the provision of services for non-cash movements**	**7,855**

6.5 Other Notes

6.5.1 Termination Benefits and Exit Packages

During 2018/19 the CC approved 32 voluntary redundancies and early retirements (6 in 2018/19) at a total cost of £0.568m (£0.140m in 2018/19).

Exit Package Cost Band	Number of exit packages		Total cost of exit packages in	
	2018/19	2019/20	2018/19	2019/20
			£	£
£0- £20,000	2	27	29,413	357,922
£20,001 - £40,000	4	4	111,168	124,443
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	1	0	85,694
Total	**6**	**32**	**140,581**	**568,059**

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:

2018/19 Number of employees	Remuneration Band	2019/20 Number of employees
0	£50,000 - £54,999	0
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
1	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
2	£80,000 - £84,999	1
3	£85,000 - £89,999	2
0	£90,000 - £94,999	4
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
1	£110,000 - £114,999	0
0	£115,000 - £119,999	0
1	£120,000 - £124,999	1
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	1
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
1	£150,000 - £154,999	1
9	**Total**	**11**

The banding only include the remuneration of employees and relevant police officers who have not been disclosed individually; above the rank of Superintendent.

6.5.3 Disclosure of Remuneration for Senior Executives

2019/20

Post Holder Information	Notes	Salary £	Bonuses and Allowances £	Benefits in Kind (BIK) £	Other Payments £	Total Remuneration Excluding Pension Contribution £	Pension Contribution £	Total Remuneration £
Senior Executives of the Chief Constable								
Gareth Morgan - Chief Constable	2	151,317	0	0	3,066	154,384	0	154,384
Temporary Chief Constable	3,4	50,885	0	0	878	51,763	0	51,763
Deputy Chief Constable		82,793	0	0	1,757	84,549	0	84,549
Temporary Deputy Chief Constable	3,5	42,011	0	0	878	42,889	13,023	55,912
Assistant Chief Constable (A)		76,360	0	0	1,756	78,116	22,754	100,870
Assistant Chief Constable (B)	1	80,227	0	0	2,196	82,423	23,947	106,370
Temporary Assistant Chief Constable (C)	3,6	29,596	4,468	0	0	34,064	9,249	43,314
Temporary Assistant Chief Constable (D)	3	21,175	3,196	0	312	24,683	6,937	31,620
Director of People and Resources		108,663	0	0	0	108,663	16,843	125,506
Chief Finance Officer (Section 151 Officer)		80,370	0	0	0	80,370	0	80,370
Total Chief Constable		**723,396**	**7,664**	**0**	**10,844**	**741,904**	**92,754**	**834,658**

Notes

Note (1): Assistant Chief Constable (B) left the post on 5th January 2020.
Note (2): The Chief Constable left for secondment from 2nd December 2019 to 27th March 2020 a recharge of £58,427 was invoiced to the 3rd Party
Note (3): When the Chief Constable left for secondment, the Deputy Chief Constable took the temporary role of Chief Constable, the assistant Chief Constable (A) took the role of temporary Deputy Chief Constable and two Chief Supts where promoted to temporary Assistant Chief Constable (C) and (D).
Note (4): Temporary role of Chief Constable was carried out between 02.12.19 to 17.03.20
Note (5): Temporary role of the Deputy Chief Constable was carried out between 02.12.19 to 17.03.20
Note (6): Temporary role of the Assistant Chief Constable (C) was carried out between 02.12.19 to 22.03.20

2018/19 Post Holder Information	Notes	Salary £	Bonuses and Allowances £	Benefits in Kind (BIK) £	Other Payments £	Total Remuneration Excluding Pension Contribution £	Pension Contribution £	Total Remuneration £
Senior Executives of the Chief Constable								
Chief Constable (A)	1	147,923	0	0	3,066	150,990	18,271	169,261
Deputy Chief Constable	1	122,031	0	0	2,635	124,666	0	124,666
Assistant Chief Constable (A)	1,2	43,912	0	0	914	44,826	8,217	53,043
Assistant Chief Constable (B)	1	110,428	0	0	2,635	113,062	23,521	136,583
Assistant Chief Constable (C)	1,3	58,072	0	0	1,522	59,594	12,369	71,963
Director of People and Resources		106,225	0	0	0	106,225	16,465	122,690
Chief Finance Officer		69,476	0	0	0	69,476	0	69,476
Total Chief Constable		**658,066**	**0**	**0**	**10,772**	**668,838**	**78,844**	**747,682**

1. Other Payments represent Housing Allowance.
2. Assistant Chief Constable (A) left the post on 5th August 2018.
3. Assistant Chief Constable C appointed on 3rd September 2018.

6.5.4 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable.

The Chief Constable, senior officers and departmental heads were contacted to obtain the required declarations. The Chief Constable 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:

- Police and Crime Commissioner – all funding for operational police services is effectively controlled by the Staffordshire Commissioner (Police and Crime Commissioner for Staffordshire) and recharged to reflect the resources consumed by the CC on the PCC's behalf to deliver the Police and Crime Plan. The PCC for Staffordshire can hold the Chief Constable to account for the performance of the Force. The PCC, in consultation with the CC, decides on the level of funding that the CC receives and sets a budget for the force each year.
- Senior officers and other employees – there are no known related party transactions.

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 2019/20 amounted to £242k (2018/19 £209k).

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 2019/20 are as follows:

2018/19 £'000		2019/20 £'000
	Contributions to the Pooled Budget	
(4,274)	West Midlands PCC	(4,428)
(1,938)	Staffordshire PCC	(2,201)
0	Other Income	0
(6,212)	**Total Income**	**(6,629)**
	Expenditure met from Pooled Budget	
5,737	Pay and Allowances	6,070
407	Transport Costs	401
68	Supplies and Services and Communications and Computing	158
6,212	**Total Expenditure**	**6,629**
0	**Net Surplus/(Deficit) arising during the year**	**0**
0	Staffordshire PCC share (30%) of (Surplus)/Deficit	0
0	**Reimbursement to Staffordshire PCC**	**212**

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 aim of WMROCU 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.

2018/19 £000		2019/20 £000
	Funding provided to West Midlands ROCU	
(13,475)	Contribution from West Midlands Police	(14,026)
(3,789)	Contribution from West Mercia Police	(3,783)
(3,681)	Contribution from Staffordshire Police	(3,675)
(1,840)	Contribution from Warwickshire Police	(1,837)
(2,399)	WMROCU Grant	(2,399)
(270)	National Cyber Security Programme funding	(270)
(165)	Regional Asset Recovery Team Grant	(166)
(532)	ROCU Reserves	(693)
(625)	Additional Home Office funding	0
(1,784)	PTF Funding	(1,134)
(28,560)	**Total Income**	**(27,983)**
	WM ROCU Expenditure	
1,056	Regional Asset Recovery Team (RART)	995
165	RART- ACE team	196
645	Regional Cyber Crime Unit	637
315	Regional Fraud Team	288
927	Regional Prisons Intelligence Unit	922
943	UKPPS (Protected Persons)	8
56	Operational Security (OPSY)	61
46	Regional Government Agency Intelligence Network	50
1,181	Command Team	1,533
5,484	Regional Confidential Unit	5,527
716	TIDU- Technical Intelligence	624
180	Enabling Services	305
4,473	SOCU	4,628
7,850	Regional Surveillance Unit (FSU)	8,266
3,165	Other Regional Operations	3,555
625	Additional Contribution to Reserves	0
259	ROCTA	122
474	Disruption	266
28,560	**Total Expenditure**	**27,983**
0	**Total Net Expenditure**	**0**

Joint Emergency Transport Service (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 2019/20 £3,090,738 (2018/19 £2,957,308).

Staffordshire Fire and Rescue Service Collaboration
The PCC became the Police, Fire and Crime Commissioner (PFCC) on the 1st 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 2019/20 where £788,250.

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 2019/20 a contribution of £0.170m (£0.170m in 2018/19) 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.

Firearms Licensing
On 1 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 £0.165m has been made by West Midlands Police towards the cost of the service during 2019/20 (£0.156m in 2018/19). This figure is included in the Comprehensive Income and Expenditure Statement of the Group. A formal agreement is in place.

6.5.6 Contingent Liabilities

During the year 2019/20 there was no contingent liabilities.

6.5.7 Events after the Balance Sheet date

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

Section 7
PENSION FUND ACCOUNTS

7.1 Police Pension Scheme for England and Wales- Pension Fund Accounts

	Fund Account 2018/19 £'000			Fund Account 2019/20 £'000
		Contributions Receivable:		
		From employer		
(12,592)		Contributions at 31% 2019/20 (21.3% 18/19)	(18,360)	
(1,342)		Early retirements	(733)	
(15)		Other- Pre 1974 recharge receipts	(12)	
(8,006)		Officers contributions	(7,982)	
	(21,955)			(27,087)
	(582)	**Transfers in from Other Schemes**		(288)
		Benefits Payable:		
52,330		Pensions	54,487	
13,263		Commutations and lump sum retirement benefits	14,051	
0		Ill-health commutations and lump sum retirement benefits	0	
0		Lump sum death benefits	75	
	65,593			68,613
		Payment to and on Account of Leavers		
6		Refund of contributions	35	
111		Individual transfers out to other schemes	0	
	117			35
	43,173	**Sub-total for the year before transfer from the Group of amount equal to the deficit**		41,274
	(43,173)	**Net Amount payable/ receivable for the year**		(41,274)
	1,714	Additional of 2.9% to the cash flow due to a reduction in the employer contribution rate from 24.2% to 21.3% that is reflected in a reduction in the Home Office pension to up funding		0
	(41,459)	**Actual Home Office top up funding**		**(41,274)**

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.

7.2 Notes to Supplementary Financial Statements

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
The Account includes the relevant payments made to pension scheme members following the Ombudsman decision in Milne v GAD and also the additional Top Up funding reimbursed by the Home Office to fund these payments;

Note 4
This Account does not take account of long-term liabilities to pay future pension benefits after the year end, details of the Chief Constables pension liability can be found in Appendix B.

Note 5
Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 31% (21.3% 2018/19) of police officer pensionable pay from 1st April 2015. However, the difference between the old employer contribution rate of 24.2% and the new rate will be retained by the Exchequer, reducing Pensions Top Up as shown at the foot of the Pension Fund Account. In 2018/19 the force therefore budgeted as though there were an employer contribution rate of 24.2%;

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 Appendix B of the Financial Statements.

7.3 Pensions Scheme

Participation in Pension Schemes

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

- The Police Pension Scheme for Police Officers (PPS), which is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet 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 CC 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 CC 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 2016 by the actuary Hymans Robertson LLP, to establish the contribution rates applicable for the period 1 April 2018 to 31 March 2020. For the Authority 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 Authority made a payment in advance of £3.584m 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 18/19 and 2019/20 is £1.646m and £1.938m respectively. This result is a difference between Remeasurement of the net defined liability shown in 8.2.1 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:

7.3.1 Comprehensive Income and Expenditure Statement

		LGPS		PPS
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Cost of Services:				
Current service costs (Inc. employee contribution)	(14,849)	(17,651)	(40,950)	(53,680)
Past service costs (Inc. curtailments)	(1,805)	377	(97,710)	5,140
Pension transfer in	0	0	(590)	(290)
Effect of business combinations and disposals	0	(1,051)	0	0
Financing and Investment income and expenditure				
Interest cost on defined benefit obligation	(9,092)	(9,538)	(54,030)	(56,690)
Interest income on plan assets	5,762	5,699	0	0
Total post-employment benefit charges to the surplus or deficit on provision of services	**(19,984)**	**(22,164)**	**(193,280)**	**(105,520)**
Re-measurement of the net defined benefit liability				
Return on plan assets (excluding the amount included in the net interest expense)	11,461	(17,527)	0	0
Re-measurement of the net defined benefit liability- demographic assumptions	0	16,237	0	68,780
Re-measurement of the net defined benefit liability- financial assumptions	(34,863)	49,160	(65,120)	96,080
Actuarial gains and losses on liabilities experience	(18)	8,738	3,160	47,070
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	157	0	0
Total Post Employment Benefit Charged to the CIES	**(23,420)**	**56,765**	**(61,960)**	**211,930**

7.3.2 Movement in Reserves Statement

		LGPS		PPS
	2018/19	2019/20	2018/19	2019/20

	£'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	19,984	22,164	193,280	105,520
Employers Contributions Payable to Scheme	(9,757)	(6,976)	(68,960)	(72,220)
Retirement Benefits Payable to Pensioners	0	0	0	0
Total	**10,227**	**15,188**	**124,320**	**33,300**

7.3.3 Pension Assets and Liabilities Recognized in the Balance Sheet

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

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Present Value of the Defined Benefit Obligations				
PPS	(1,795,042)	(2,014,946)	(1,870,126)	(2,013,287)
LGPS	(339,894)	(388,020)	(330,040)	(316,665)
Fair Value of LGPS Assets	227,820	234,369	210,036	200,209
Deficit in the Scheme				
PPS	(1,795,042)	(2,014,946)	(1,870,126)	(2,013,287)
LGPS	(112,074)	(153,651)	(120,004)	(116,456)
Total	**(1,907,116)**	**(2,168,597)**	**(1,990,130)**	**(2,129,743)**

7.3.4 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

		LGPS		PPS
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening Balance at 1 April	(330,040)	(388,022)	(1,870,126)	(2,014,947)
Current Service Cost	(14,849)	(17,651)	(32,950)	(45,690)
Interest Cost	(9,092)	(9,538)	(54,030)	(56,690)
Contributions by Scheme Participants	(2,517)	(2,587)	(8,000)	(7,990)
Re-measurement Gain/(Loss)	(34,881)	74,135	(61,960)	211,930
Pension Transfers In	0	0	(590)	(290)
Benefits Paid	5,162	6,039	68,960	72,220
Past Service Costs (including curtailments)	(1,805)	377	(97,710)	5,140
Business combinations and disposals	0	(3,041)		
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	395	0	0
Top-up-Grant	0	0	41,459	41,274
Closing Balance at 31 March	**(388,022)**	**(339,894)**	**(2,014,947)**	**(1,795,043)**

7.3.5 Reconciliation of the Movement in the Fair Value of the Scheme Assets

		LGPS
	2018/19 £'000	2019/20 £'000
Opening Balance at 1 April	210,036	234,371
Interest Income	5,762	5,699
Re-measurement gain/(loss)		
The Return on the plan assets, excluding the amount included in the net interest expense	11,461	(17,527)
Employer Contributions	9,757	6,976
Contributions by Scheme Participants	2,517	2,587
Benefits Paid	(5,162)	(6,039)

Business combinations and disposals	0	1,991
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	(238)
Closing Balance at 31 March	**234,371**	**227,820**

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 CC 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 2019/20 and the potential effect of changes in these assumptions are set out below. The total net liability of £1.907m has a substantial impact on the net assets of the CC as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy. The deficit on the local government scheme will be made good by increased contributions over the working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. Finance is only required to be raised to cover police officer pensions when the pensions are actually paid.

In March 2011, Lord Hutton published his report into public sector pension provision which set out recommendations for the Government on how to ensure public service pensions were sustainable and affordable in the long term. As a result, negotiations between unions, employers and government took place and a new style LGPS was agreed, the core principle of which was the move away from a final salaried scheme towards a career average scheme (CARE).

The majority of public sector pension schemes became CARE schemes from 1st April 2015 (including the Police Pension Scheme). However, the Local Government Pension Scheme was selected to make the transition 12 months earlier, on 1st April 2014.

The total contributions that are expected to be made to the Local Government Pension Scheme by the CC in the year to 31st March 2020 are £7.029m.

The rate of employer contributions payable by the CC for LGPS members remained constant at 15.5%.

7.3.6 The Local Government Pension Scheme assets comprised:

	31st March 2019		31st March 2020	
	Fair Value of Scheme Assets £m	% age of Total Assets	Fair Value of Scheme Assets £m	% age of Total Assets
Equity Securities:				
Consumer	10.6327	4	8.58780	4
Manufacturing	9.1107	4	9.27630	4
Energy and Utilities	3.8164	2	3.09560	1
Financial Institutions	8.8102	4	8.18880	4
Health and Care	6.8355	3	7.24430	3
IT	6.7900	3	5.64380	2
Other	0.2252	0	0.19990	0
Debt Securities:				
Corporate Bonds (investment grade)	17.6818	7	18.6362	8
Corporate Bonds (non-investment grade)	0.0000	0	0.0000	0
UK Government	0.0000	0	0.0000	0
Other	0.0000	0	0.0000	0
Private Equity:				
All	8.5265	4	9.80630	4
Real Estate:				
UK Property	20.2475	9	22.82610	10
Overseas Property	0.0000	0	0.0000	0
Investment Funds and Unit Trusts:				
Equities	107.2118	43	98.77610	43
Bonds	18.0221	8	19.46490	8
Hedge Funds	4.1608	2	4.12200	2
Commodities	0.0000	0	0.0000	0
Infrastructure	0.0000	0	0.0000	0
Other	9.5887	4	11.97490	5

Derivatives:				
Inflation	0.0000	0	0.0000	0
Interest Rate	0.0000	0	0.0000	0
Foreign Exchange	0.0000	0	0.0000	0
Other	0.0000	0	0.0000	0
Cash and Cash Equivalents:				
All	6.5201	3	3.9150	2
Total	**238.180**	**100**	**231.758**	**100**

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

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

7.3.7 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.

The principal assumptions used by the actuary have been:

		LGPS		PPS
	2018/19	2019/20	2018/19	2019/20
Mortality Assumptions				
Longevity at 65 for Current Pensioners				
Men	22.1yrs	21.2yrs	22.1yrs	21.9yrs
Women	24.4yrs	23.6yrs	24.4yrs	23.6yrs
Longevity at 65 for Future Pensioners				
Men	24.1yrs	22.1yrs	24.1yrs	23.6yrs
Women	26.4yrs	25.0yrs	26.4yrs	25.2yrs
Rate of Inflation	2.35%pa	2.00%pa	2.35%pa	2.00%pa
Rate of Increases in Salaries	2.9%pa	2.2%pa	2.9%pa	4.00%pa
Rate of short term Increase in Salaries (to 2020)				1.00%pa
Rate of Increases in Pensions	2.5%pa	1.8%pa	2.5%pa	2.00%pa
Rate for Discounting Scheme Liabilities	2.4%pa	2.3%pa	2.4%pa	2.25%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

7.3.8 Sensitivity Analysis

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

	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
LGPS Change in assumption 30 March 2020		
0.5% decrease in Real Discount Rate	(12.0%)	(40,894)
0.5% increase in the salary Increase rate	2.0%	6,222
0.5% increase in the pension Increase Rate	10.0%	34,210
PPS Change in assumption 30 March 2020		
0.5% decrease in Real Discount Rate	(9.5%)	(204,000)
1 year increase in member life expectancy	1.0%	63,000
0.5% increase in the salary Increase rate	7.5%	21,000
0.5% increase in the pension Increase Rate	3.0%	164,000

Section 8
ABBREVIATIONS/GLOSSARY

8.1 Abbreviations

OPCC	-	Office of the Police and Crime Commissioner for Staffordshire
CC	-	Chief Constable
PCC	-	Police and Crime Commissioner
CIES	-	Comprehensive Income and Expenditure Statement
IAS	-	International Accounting Standard
IFRS	-	International Financial Reporting Standards
LGPS	-	Local Government Pension Scheme
GAD	-	Government Actuary Department
NPAS	-	National Police Aviation
MIRS	-	Movement in Reserves Statement
MTFO	-	Medium Term Financial Outlook
MTFP	-	Medium Term Financial Plan
ROCU	-	Regional Organised Crime Unit
PCCWM	-	Police and Crime Commissioner West Midlands
CCAOU	-	Central Counties' Air Operations Unit
VFM	-	Value for Money
PCSO	-	Police Community Support Officer
OPCC	-	Office for the Police and Crime Commissioner
CMPG	-	Central Motorway Patrol Group
HMIC	-	Her Majesty's Inspectorate of Constabulary
CFO	-	Chief Finance Officer
CIPFA	-	Chartered Institute of Public Finance & Accountancy
EFA	-	Expenditure and Funding Analysis

8.2 Glossary of Financial 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 1 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 1 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

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.

Relevant Police Officer

The Chief Constable (England and Wales) and Commissioners of the Metropolitan or City of London Police (England). Any other senior police officer whose salary is £150,000 per year or more.

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 as shown in section 5 of the Group Account.

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.