



**STAFFORDSHIRE  
POLICE**

# **Unaudited Statement of Accounts 2022/23**

**Staffordshire Police**



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## Section 1 Narrative Statement

### 1.1 Foreword by the Chief Constable of Staffordshire Police



Last year, in my first Foreword as Chief Constable, I wrote about the plans we were then implementing to bring policing closer to our communities through a new policing model.

The changes have been made to enable officers to respond quicker to emergencies; develop enhanced local knowledge in order to solve problems and work more closely with partners; have more time to investigate; and to provide a high-quality, consistent and caring service for victims of crime.

A year on, and despite the national challenge of increasing crime, I am pleased to write that we are receiving positive feedback from our communities and others in the sector. Our most recent public perception survey, of more than 1,600 Staffordshire residents, saw significant improvements across a range of measures, including public confidence in policing, in treating people equally, and in keeping people informed.

We received positive feedback, too, from His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS). At our last meeting in March, as part of the 'engage' monitoring framework, they described the 'steady, discernible' progress we are making. We are not complacent, however, and recognise that there is more work to do if we are to come out of 'engage' status.

Much of this work will be driven by key appointments we have made within the Chief Officer Team, recruiting two external Assistant Chief Constables into the force, bringing with them a wealth of experience and knowledge and bringing stability following a period of temporary arrangements.

We have continued with our investment in the new Public Protection Unit (PPU), where we care for the most vulnerable victims and tackle some of our most dangerous offenders. Likewise, we continue to invest in our contact centre, to enable us to respond more quickly to the record level of 999 calls the force is now receiving, and to ensure that each of those calls is dealt with effectively.

Locally, we managed to exceed our target through the national police uplift programme, and through an efficiency plan for 2023/24 will further increase police officer headcount by 60 officers to 2,000 by March 2024.

All of this investment must be seen in the context of continuing increases in recorded crime, which, mirroring much of the rest of the country, we see in Staffordshire. The last official crime statistics published by the Office for National Statistics (ONS) showed an increase in overall crime in Staffordshire for the period up to 31 December 2022, and we know this trend is continuing in 2023.

In addition to investment one element of our response is continuing with our triage function to direct those calls that can be better dealt with by our partner agencies or through other means, and through using analytical software to better predict seasonal patterns and help us to meet anticipated demand with more intelligent resourcing. This will continue to be a priority.

Likewise, many of our plans would not be possible without the support and guidance of key partners and stakeholders, and during the coming year our intention is continue our engagement so that the police can focus on those calls for service we are best placed to answer. I am confident that together we can achieve our aims of protecting victims, safeguarding the vulnerable and preventing crime to ensure safe and confident communities in Staffordshire.

Our plans would not be sustainable either, without the security of the sound financial footing on which the force is based. We continue to have the strong financial performance of recent years. Overall, spending on Policing is £200.78 per person in the county per year, or 55p per day, while the county remains one of the safest places to live, work and visit in the United Kingdom.

Beyond 2023/24, financial challenges in line with the rest of the sector remain, with a funding formula review currently with ministers and a spending review which, at present, sees government spending tightening post 2025. To meet both the financial and operational challenges we will need to find further efficiencies to create the headroom to invest in operational policing.

I will conclude this Foreword reminding readers that we have a proud and recent history of being one of the best performing forces in the country – and I’ve made it clear to my staff and the communities we serve that we intend to be back in that place and delivering the service that the people of Staffordshire deserve.

**Chris Noble**  
**Chief Constable of Staffordshire Police**

# 1.2 Director of Resources Narrative Statement

The Narrative Statement is to provide the reader with a broad understanding of the Force's financial performance for the year end, 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.

The objectives of the Statement of Accounts are to provide useful information to a wide range of stakeholders about the financial position of the Staffordshire Police. The accounts are; therefore, necessarily detailed and technical and explanatory notes are included where applicable. 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.

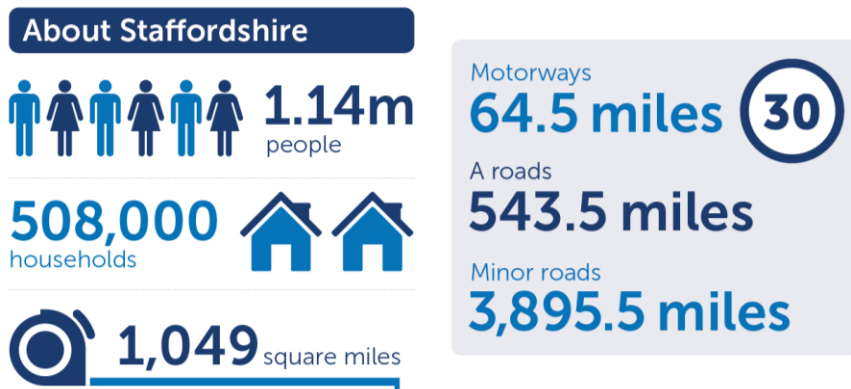
- 1.2.1 About Staffordshire
- 1.2.2 Performance
- 1.2.3 Organisation Overview
- 1.2.4 Risk
- 1.2.5 Basis of Preparation
- 1.2.6 Financial Performance

This statement also reflects upon the current challenges faced both locally and nationally, as well as giving commentary around the future opportunities and challenges for Staffordshire Police. Staffordshire remains one of the safest places to live, work and visit in the United Kingdom.

## 1.2.1 About Staffordshire

Staffordshire Police provides policing services to 1.14m people living in 508,000 households on a daily basis across Staffordshire. Our vision is '**A safe and confident Staffordshire, secured by an outstanding local police service that is passionate about serving the public, caring for its people and working in partnership**'

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



## Our Workforce

## Officers and staff



# 1,974

Officers

(2,000 by end March 2024)



# 194

PCSOs

# 1,527

police staff

# 150

Special Constables

# 105

volunteers

## 1.2.2 Performance

The infographic below is intended to provide a snapshot of the demand faced over the past year by the Force

Over the past year there were:

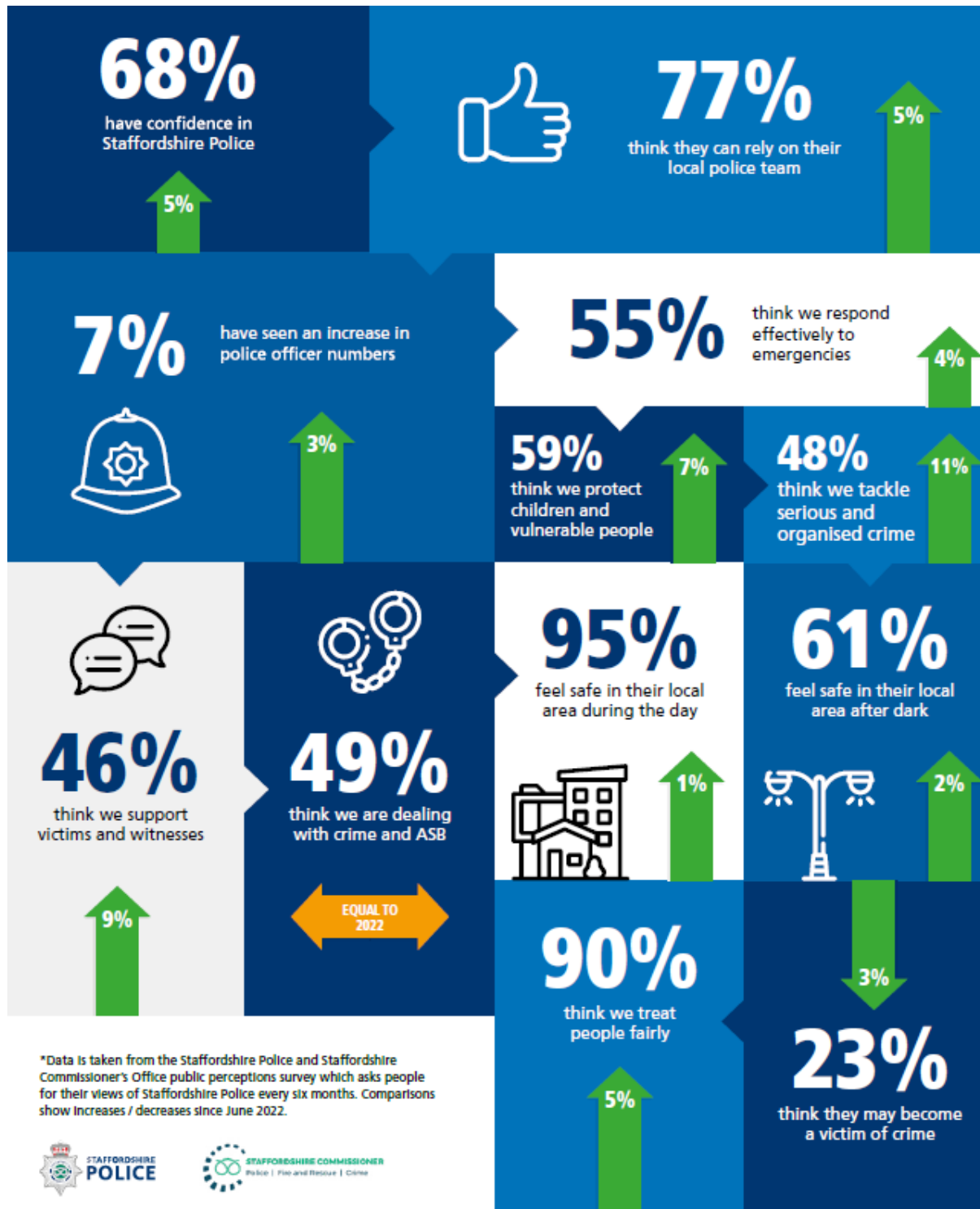


What our people deal with every day



# What are communities are saying

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



### **1.2.3 Organisation Overview**

The Chief Constable and PCC are 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.

### **1.2.4 Risk**

The Staffordshire Commissioner and Chief Constable both have risk registers both at strategic and operational level. The risk register is reviewed and challenged by the 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.

### **1.2.5 Basis of Preparation**

The Statement of Accounts are prepared using International Financial Reporting Standards (IFRS) on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future. Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2016 and the Code of Practice on Local Authority Accounting 2022/23.

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 are a legal requirement under the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) which is based on International Financial Reporting Standards and other supporting accounting standards.

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

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

**Movement in Reserves Statement (MIRS)** which reconciles the Income and Expenditure Account with General Fund Balances 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.

### 1.2.6 Financial Performance

Our financial performance in 2022/23 was strong, seeing an overall increase in reserves levels, delivery of 94% of planned savings and a reduction in group external debt. The Group's core funding grew to £233m and operating surplus of £0.980m (0.42%) against the annual budget. This underspend will be added to our general reserves, providing additional support in future years in an increasingly uncertain external environment. We have excluded the statutory accounting adjustments.

This, the fifth year of underspending, coupled with the CIPFA police financial resilience index showing Staffordshire to be the most financially resilient police Force in the UK This has been achieved by the strong culture of financial management within the Force.

Home Office main grant funding increased by £6.993m compared to the year before. The Home Office have been clear that this did not cover any inflationary uplift and is the non-ring-fenced element of funding to support the increase in Police Officer numbers (120 in year). In addition to the core funding the Group also received a ring fenced incentivisation grant for Officer Uplift for the second year totalling £2.035m (this is in addition to the baselined core funding of £6.996m and is one off and dependent on delivering the uplift numbers.

### Achievements during the year:

- The Force delivered 94% of its planned £2.691m savings for the year. The undelivered savings relates to two schemes; one was the decommissioning of a piece of IT software which has been delayed due to operational reasons, other undelivered saving relates to travel costs where these were not realised in part due to a desire to return to more face to face engagement. As in previous years there were no savings within the Commissioner's Office.
- External debt, used to fund the capital programme, has reduced year on year as maturing loans were not refinanced but were paid off using internal cash balances, reducing the interest payable on loans thus providing better value for the taxpayer. The capital financing requirement (CFR) which in essence is the outstanding amount to finance for historical capital expenditure fell for the third year in a row and down by £1.2m in 2022/23.
- Cashable savings from better, smarter and more efficient procurement totalling £880k for the year based on Home Office returns. The outlook for procurement savings is becoming more challenging as we are in a higher inflation environment, pushing up the price of goods and services.
- There has only been 1 IT outages since November 2021. This compares to 172 experienced in 2018/19 and 53 in the year to November 2021. A major outage is where one (or more) critical systems become unavailable.
- Over delivery against the Governments uplift programme target by c.30 FTE. This resulted in an additional one-off grant from the Home Office for Staffordshire Police.
- Spend on support services remains one of the lowest in the United Kingdom. This allows for greater resource allocation to front line functions in line with the Police and Crime plan.

### Future Outlook

Staffordshire Police continues to deliver Value for Money. Funding received into the group is 12th lowest in the country, with that received from the Commissioner to the Force being the 15th lowest in the country on a per head of population basis. Spending on Policing is £200.78 per person in the county per year or 55p per day but continues to be one of the safest places to live, work and visit in the United Kingdom. This low funding position, relative to other areas, means that the scope for efficiencies is arguably lower than in other areas without impacting on the Policing model.

Significant challenges, in line with those in the wider economy, around inflation and product availability are having an impact on the Force. For example, new vehicles are now taking around 12 months to arrive meaning that older and thus less reliable vehicles are being kept on the road for longer with an impact both on resilience and also service and repair costs. Gas and electricity costs outturned £1.2m over budget with this built into the MTFS as an ongoing pressure.

The Force over delivered against its uplift target in year and as part of the 2023/24 MTFS proposals will further increase Police Officer headcount by 60 Officers. Whilst this is positive and is afforded through a mixture of precept increases and additional savings, Staffordshire still has a lower Police Officer headcount than its peak in 2008. Around one in three Police Officers in Staffordshire has less than 5 years' service. Whilst the increase in headcount through the uplift programme and local choices is welcome, these Officers will naturally take time to gain experience.

The 2023/24 MTFS contains £8.330m of identified savings, of which £7.001m are required to be delivered in 2023/24. Compared to the 2022/23 MTFS there is a reduction of £0.453m in the revenue costs of capital financing for the 2023/24 MTFS. Additional savings and reducing capital financing costs are the main drivers behind the balanced 4 years MTFS. The Commissioner increased the policing precept by 23 pence

per week from April 2023. The proposed precept enables the Commissioner to provide an increase in funding raised from the precept of £5.616m in 2023/24 (excluding the collection fund positions).

The Force and Commissioner's Office will review the capital programme set for the 4-year MTFS at the end of Q1 2023/24 in light of both the continually high inflationary environment experienced since the budget was set in January as well as the significant increase in interest rates forecast. Whilst in the short-term interest rates increases are positive due to significant cash investments now generating an interest return, any longer term needs to borrow will cost more; therefore, over the life of the MTFS the group has sought a position where it does not need to borrow (except for short term cashflow purposes) to mitigate against these increases in interest rates. This will protect front line policing services as any increases in the cost of borrowing will necessitate either additional savings or increases in precept above those currently planned.

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

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

**John Bloomer CPFA**

**Director of Resources (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**







## 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 (Section 151 Officer) has responsibility for the administration of those affairs. In this organisation the Director of Resources is the Section 151 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 2022/23.

**Chris Noble**  
**Chief Constable**  
**Staffordshire Police**  
**Date**

### **Responsibilities of the Director of Resources to the Chief Constable**

The Director of Resources 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 Director of Resources 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 Director of Resources 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 Director of Resources has also:

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

#### **Director of Resources 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 31<sup>st</sup> March 2023 and its income and expenditure for the year ended 31<sup>st</sup> March 2023.

**John Bloomer**  
**Director of Resources (S151 Officer)**  
**Staffordshire Police**  
**Date**

## 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.

### 1. General Principles (IAS 8)

The Statement of Accounts have been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the International Financial Reporting Standards (IFRS).

### 2. Group Accounts

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

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

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

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

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

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

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

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

- Revenue recognised from contracts with customers, including the disaggregation of revenue into appropriate categories
- Contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities

- Performance obligations, including when the entity typically satisfies its performance obligations and the amount of the transaction price that is allocated to the remaining performance obligations in a contract
- Significant judgements, and changes in judgements, made in applying the requirements, and
- Assets recognised from the costs to obtain or fulfil a contract with a customer.

## 5. Accruals of Income and Expenditure

The revenue and capital accounts of the Group are maintained on an accrual basis. This means that income and expenditure are recognised in the accounts in the period in which they are earned or incurred and not when money is received or paid. The exception to the accruals basis is where the amounts involved are not material. Further details are given below:

- Where income and expenditure has been recognised but cash has not yet been received or paid; a debtors or creditor for the relevant amount is included in the Balance Sheet;
- Fees, charges and rents due from customers are accounted for as income at the date that the associated goods or services are provided;

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

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

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

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

Two types of events can be identified as:

- Adjusting Events – Those events that provide evidence of conditions that existed at the year end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-adjusting Events- Those events that are indicative of conditions that arose after the reporting period – the statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

Government's grants and contributions are recognised in the CIES when conditions attached to the grant or contributions has been satisfied. Government's grants and contributions that have been satisfied are carried in the Balance Sheet as creditors.

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

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other Leases are classified as operating leases. The PCC has full responsibility of all finance leases and non are in control of the Chief Constable.

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

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

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

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

#### **Termination Benefits**

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

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

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

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

- Police Officers – Police Pension Scheme (PPS)

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

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

International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds. The PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin. Discount rates used by the actuaries and other assumptions are sent out in section 7.3.7 in the accounts.

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

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

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

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

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

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

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

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

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

The re-measurements comprise of:

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

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

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

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

Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

### **Discretionary Benefits**

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **Injury Awards**

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

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

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

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

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

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

## **13. Exceptional Items**

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

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

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

## **15. Provisions (IAS 37)**

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

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

#### **16. 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.

#### **17. 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.

#### **18. 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.

#### **19. 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 (IFRS 9)
- Finance Leases (IAS 17)
- Property, Plant and Equipment (PPE) (IAS 16) and Intangible Assets (IAS 38)
- Gains and Losses on Sale of Assets and Disposals
- Assets Held for Sale (IFRS 5)
- Inventories/Stocks (IAS 2)
- Revenue Expenditure Funded from Capital under Statute (REFCUS)
- Impairment (IAS 39) and Depreciation and Amortisation (IAS 16/38)

**20. 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 Chief Constable 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 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.

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

The standards that may be relevant for additional disclosure that will be required for the financial statements in respect of accounting changes that are introduced in the 2022/23 code are:

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

**22. The statement of Accounts was authorised for issue by John Bloomer, Director of Resources to the Chief Constable of Staffordshire Police.**

## 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 held on behalf of the group by the PCC.

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL RESERVES £'000
<b>Balance as at 01 April 2021</b>		0	0	0	(2,320,626)	<b>(2,320,626)</b>
<b><u>Movement in reserves during 2021/22</u></b>						
Total Comprehensive Income and Expenditure	5.2	(19,992)	0	(19,992)	78,709	<b>58,717</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	19,992	0	19,992	(19,992)	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		0	0	0	58,717	<b>58,717</b>
Transfers To/From Earmarked Reserves		0	0	0	0	<b>0</b>
<b>Increase or (Decrease) in 2021/22</b>		0	0	0	58,717	<b>58,717</b>
<b>Balance as at 31 March 2022</b>		0	0	0	(2,261,910)	<b>(2,261,910)</b>
<b>Balance as at 01 April 2022</b>		0	0	0	(2,261,910)	<b>(2,261,910)</b>
<b><u>Movement in reserves during 2022/23</u></b>						
Total Comprehensive Income and Expenditure	5.2	(6,228)	0	(6,228)	912,888	<b>906,660</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	6,228	0	6,228	(6,228)	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		0	0	0	906,660	<b>906,660</b>
Transfers To/From Earmarked Reserves		0	0	0	0	<b>0</b>
<b>Increase or (Decrease) in 2022/23</b>		0	0	0	906,660	<b>906,660</b>
<b>Balance as at 31 March 2023</b>		0	0	0	(1,355,250)	<b>(1,355,250)</b>

## 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 (i.e. funding passed on to Staffordshire Police once the PCC has retained the funding they require). Government funding and other grant income belongs to the PCC, therefore all expenditure is funded by the PCC through an intra-group adjustment.

2021/22 Net Expenditure £'000		Notes	2022/23 Net Expenditure £'000
(4,192)	Grants and Contributions	6.2.3	(5,011)
(6,882)	Reimbursements		(7,427)
(1,072)	Sales, Fees and Charges		(1,110)
(279)	Other Income		(559)
<b>(12,426)</b>	<b>Total Income</b>		<b>(14,107)</b>
91,613	Police Officer Pay and Allowances		78,130
77,899	Police Staff Pay and Allowances		81,441
3,943	Other Employee Expenses		4,003
3,569	Police Pensions		3,785
4,628	Premises		6,099
4,302	Transport		4,886
19,298	Supplies and Services		20,466
4,803	Agency and Contracted Services		5,555
9,716	Depreciation, Amortisation and Impairment		7,672
1,014	Non Distributed Costs		1,733
<b>220,784</b>	<b>Total Expenditure</b>		<b>213,770</b>
208,359	<b>Cost of Services Before Intra-group Funding</b>		199,663
(205,204)	Intra-group Funding	6.2.1	(218,561)
<b>3,155</b>	<b>Cost of Services</b>		<b>(18,898)</b>
54,044	Financing and Investment Income and Expenditure	6.2.2	70,828
(37,207)	Grant Received From Home Office in respect of the pension fund account	7.1	(45,702)
<b>19,992</b>	<b>(Surplus) or deficit on Provision of Services</b>		<b>6,228</b>
(78,709)	Re-measurement of the net defined benefit liabilities	7.3.1	(912,888)
<b>(78,709)</b>	<b>Other Comprehensive (Income) and Expenditure</b>		<b>(912,888)</b>
<b>(58,717)</b>	<b>Total Comprehensive (Income) and Expenditure</b>		<b>(906,660)</b>

### 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 2022 £'000		Notes	31 March 2023 £'000
<b>0</b>	<b>Long Term Assets</b>		<b>0</b>
0	Short Term Debtors	6.3.1	0
6,208	Intra Group Debtors	6.3.1	8,275
<b>6,208</b>	<b>Current Assets</b>		<b>8,275</b>
(1,849)	Intra Group Short Term Creditors	6.3.2	0
(10,752)	Short Term Creditors	6.3.2	(11,341)
<b>(12,601)</b>	<b>Current Liabilities</b>		<b>(11,341)</b>
(2,769)	Provisions	6.3.3	(4,030)
0	Intra Group Long Term Creditor	6.3.4	0
(2,252,747)	Liability Related to Defined Benefit Pension Scheme	7.3.3	(1,348,154)
<b>(2,225,516)</b>	<b>Long Term Liabilities</b>		<b>(1,352,184)</b>
<b>(2,261,909)</b>	<b>Net Liabilities</b>		<b>(1,355,250)</b>
	<b>Financed by:</b>		
	Usable Reserves		
0	General Fund		0
0	Earmarked Reserves		0
2,261,909	Unusable Reserves	6.3.5	1,355,250
<b>2,261,909</b>	<b>Total Reserve</b>		<b>1,355,250</b>

I confirm that the PCC for Staffordshire approved these accounts as at 31<sup>st</sup> March 2023.

**John Bloomer, Director of Resources (Section 151 Officer)**  
**Chief Constable for Staffordshire Police**  
**Date**

## 5.4 Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. The statement shows how the Chief Constable generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Chief Constable are funded by the PCC.

2021/22 £'000		Notes	2022/23 £'000
(19,992)	<b>Net Surplus or (Deficit) on the provision of services</b>	5.2	<b>(6,228)</b>
19,992	Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements	6.4.1	6,228
0	Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities.		0
<b>0</b>	<b>Net cash flow Operating Activities</b>		<b>0</b>
0	Net cash flows from Investing Activities		0
0	Net cash flows from Financing Activities		0
<b>0</b>	<b>Net Increase or (decrease) in cash and cash equivalents</b>		<b>0</b>
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 Statements (MIRS) notes**

- 6.1.1 Adjustment between accounting basis and funding basis
- 6.1.2 Expenditure and Funding Analysis
- 6.1.3 Notes to Expenditure and Funding Analysis

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

- 6.2.1 Intra-group Funding
- 6.2.2 Financing and investment net expenditure
- 6.2.3 Specific grants
- 6.2.4 Taxation and non-specific grant income
- 6.2.5 External Audit Fees
- 6.2.6 Material items of income and expenditure

### **6.3 Balance Sheet Statement notes**

- 6.3.1 Short term debtors
- 6.3.2 Short term creditors
- 6.3.3 Provisions
- 6.3.4 Long term creditors
- 6.3.5 Unusable reserves

### **6.4 Cash Flow Statement notes**

- 6.4.1 Operating activities

### **6.5 Other notes**

- 6.5.1 Termination benefits and exit packages
- 6.5.2 Officers remuneration
- 6.5.3 Disclosure of remuneration for senior executives
- 6.5.4 Related party transactions
- 6.5.5 Pooled budgets and joint operations
- 6.5.6 Contingent liabilities
- 6.5.7 Events after the Balance Sheet date

## 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.

2022/23	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
<b>Adjustments to the Revenue Resources</b>		
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>		
Pension Costs (transferred to or from pension reserve)	(6,447)	6,477
Holiday pay (transfer to the Accumulated Absences Account)	219	(219)
<b>Total Chief Constable Adjustments</b>	<b>(6,228)</b>	<b>6,228</b>

2021/22	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
<b>Adjustments to the Revenue Resources</b>		
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>		
Pension Costs (transferred to or from pension reserve)	(19,415)	19,415
Holiday pay (transfer to the Accumulated Absences Account)	(577)	577
<b>Total Chief Constable Adjustments</b>	<b>(19,992)</b>	<b>19,992</b>

### 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.

	2022/23		
	Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES Net Expenditure £'000
Police Officer Pay and Allowances	110,995	32,865	78,130
Police Staff Pay and Allowances	66,097	(15,344)	81,441
Other Employee Expenses	4,003	0	4,003
Police Pensions	3,785	0	3,785
Premises	6,099	0	6,099
Transport	4,886	0	4,886
Supplies and Services	20,466	0	20,466
Agency and Contracted Services	5,555	0	5,555
Depreciation, Amortisation and Impairment	0	(7,672)	7,672
Non Distributed Costs	3,110	1,377	1,733
<b>Total Expenditure</b>	<b>224,996</b>	<b>11,226</b>	<b>213,770</b>
Grants and Contributions	(5,011)	0	(5,011)
Reimbursements	(7,427)	0	(7,427)
Sales, Fees and Charges	(1,110)	0	(1,110)
Other Income	(559)	0	(559)
<b>Income</b>	<b>(14,107)</b>	<b>0</b>	<b>(14,107)</b>
Intra-group Funding	(210,889)	7,672	(218,561)
<b>Net Cost of Services</b>	<b>0</b>	<b>18,898</b>	<b>(18,898)</b>
Financing and Investment Income and Expenditure	0	(70,828)	70,828
Grant Received From Home Office in respect of the pension fund account	0	45,702	(45,702)
<b>(Surplus) or deficit on Provision of Services</b>	<b>0</b>	<b>(6,228)</b>	<b>6,228</b>
Re-measurement of the net defined benefit liabilities	0	912,888	(912,888)
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>0</b>	<b>906,660</b>	<b>(906,660)</b>
<b>Opening General Fund</b>	<b>0</b>		
Transfers in / (out)	0		
Net surplus / (Deficit) for the year	0		
<b>Closing General Fund</b>	<b>0</b>		

	2021/22		
	Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES Net Expenditure £'000
Police Officer Pay and Allowances	104,503	12,891	91,613
Police Staff Pay and Allowances	60,765	(17,134)	77,899
Other Employee Expenses	3,943	0	3,943
Police Pensions	3,569	0	3,569
Premises	4,628	0	4,628
Transport	4,302	0	4,302
Supplies and Services	19,298	0	19,298
Agency and Contracted Services	4,803	0	4,803
Depreciation, Amortisation and Impairment	0	(9,716)	9,716
Non Distributed Costs	2,102	1,088	1,014
<b>Total Expenditure</b>	<b>207,913</b>	<b>(12,872)</b>	<b>220,784</b>
Grants and Contributions	(4,192)	0	(4,192)
Reimbursements	(6,882)	0	(6,882)
Sales, Fees and Charges	(1,072)	0	(1,072)
Other Income	(279)	0	(279)
<b>Income</b>	<b>(12,426)</b>	<b>0</b>	<b>(12,426)</b>
Intra-group Funding	(195,487)	9,716	(205,204)
<b>Net Cost of Services</b>	<b>0</b>	<b>(3,155)</b>	<b>3,155</b>
Financing and Investment Income and Expenditure	0	(54,044)	54,044
Grant Received From Home Office in respect of the pension fund account	0	37,207	(37,207)
<b>(Surplus) or deficit on Provision of Services</b>	<b>0</b>	<b>(19,992)</b>	<b>19,992</b>
Re-measurement of the net defined benefit liabilities	0	78,709	(78,709)
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>0</b>	<b>58,717</b>	<b>(58,717)</b>
<b>Opening General Fund</b>	<b>0</b>		
Transfers in / (out)	0		
Net surplus / (Deficit) for the year	0		
<b>Closing General Fund</b>	<b>0</b>		

## 6.1.3 Analysis of EFA adjustments

	Adjustments for Capital Purpose £'000	2022/23 Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	32,870	(5)	32,865
Police Staff Pay and Allowances	0	(15,568)	225	(15,344)
Other Employee Expenses	0	0	0	0
Depreciation, Amortisation and Impairment	(7,672)	0	0	(7,672)
Non Distributed Costs	0	1,377	0	1,377
<b>Net Cost of Services</b>	<b>(7,672)</b>	<b>18,679</b>	<b>220</b>	<b>11,226</b>
Intra-group Funding	7,672	0	0	7,672
Financing and Investment Income and Expenditure	0	(70,828)	0	(70,828)
Grant Received From Home Office in respect of the pension fund account	0	45,702	0	45,702
<b>Surplus or (deficit) on Provision of Services</b>	<b>0</b>	<b>(6,447)</b>	<b>220</b>	<b>(6,228)</b>
Re-measurement of the net defined benefit liabilities	0	912,888	0	912,888
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>0</b>	<b>906,441</b>	<b>220</b>	<b>906,660</b>

	Adjustments for Capital Purpose £'000	2021/22 Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	13,670	(779)	12,891
Police Staff Pay and Allowances	0	(17,336)	202	(17,134)
Other Employee Expenses	0	0	0	0
Depreciation, Amortisation and Impairment	(9,716)	0	0	(9,716)
Non Distributed Costs	0	1,088	0	1,088
<b>Net Cost of Services</b>	<b>(9,716)</b>	<b>(2,578)</b>	<b>(577)</b>	<b>(12,872)</b>
Intra-group Funding	9,716	0	0	9,716
Financing and Investment Income and Expenditure	0	(54,044)	0	(54,044)
Grant Received From Home Office in respect of the pension fund account	0	37,207	0	37,207
<b>Surplus or (deficit) on Provision of Services</b>	<b>0</b>	<b>(19,415)</b>	<b>(577)</b>	<b>(19,992)</b>
Re-measurement of the net defined benefit liabilities	0	78,709	0	78,709
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>0</b>	<b>59,294</b>	<b>(577)</b>	<b>58,717</b>

**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.
- Grant Received from Home Office in respect of the Police pension fund account.

**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 the timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

## 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 2022/23 amounts to £218.561m (£205.204m in 2021/22). This has been re-presented in the CIES and is now included within the Net Cost of Policing Services, in line with current best practice for the preparation of Police Accounts.

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

### 6.2.2 Financing and Investment Net Expenditure

Financing and Investment includes the following items:-

2021/22 £'000		2022/23 £'000
54,044	Pension Net Interest Costs	66,800
<b>54,044</b>	<b>Total</b>	<b>66,800</b>

### 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 £2.277m. There are specific grants included £2.734m 2022/23.

### 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 2022/23 to the Auditors in relation to the audit of CC accounts were as follows:

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

2021/22 £'000		2022/23 £'000
12	External Audit Fees	17
<b>12</b>	<b>Sub Total</b>	<b>17</b>
(13)	Additional External Audit Fees 2020/21	4
11	Additional External Audit Fees 2021/22	16
(2)	PSAA Approved Scale Variation	0
<b>7</b>	<b>Total</b>	<b>37</b>

### 6.2.6 Material Items of Income and Expenditure

There are no material items of Income or Expenditure in 2022/23 that require specific disclosure.

## 6.3 Balance Sheet Notes

### 6.3.1 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 £4.029m in 2022/23 (£2.769m in 2021/22) and the PAYE / NI and Pension Tax creditor £4.246m (£3.439m in 2021/22) 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 31<sup>st</sup> March 2023 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

31 March 2022 £'000		31 March 2023 £'000
6,208	Intra-Group Funding not yet paid over from the PCC in cash	8,275
<b>6,208</b>	<b>Total short term debtors</b>	<b>8,275</b>

### 6.3.2 Creditors

A breakdown of the Creditors figure in the Balance Sheet is provided below. The Intra-Group Funding amount relates to the short-term balances of the LGPS triennial valuation that are shown on the CC's Balance Sheet. Where cash funding has been paid over from the PCC to the CC for these as at 31<sup>st</sup> March 2023 and an equal and opposite entry is included within Debtors in the PCC's Single Entity Accounts.

31 March 2022 £'000		31 March 2023 £'000
3,439	Central government bodies	4,245
0	Other Local authorities	0
7,313	Other entities and individuals	7,096
<b>10,752</b>	<b>Sub-Total</b>	<b>11,341</b>
1,849	Intra-Group Funding	0
<b>12,601</b>	<b>Total short term creditors</b>	<b>11,341</b>

### 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. Provisions 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 2022 £'000		31 March 2023 £'000
2,591	<b>Group and CC Balance as at 1 April</b>	2,769
1,381	Contributions to provision in year	2,427
(1,203)	Net expenditure in year	(1,166)
<b>2,769</b>	<b>Group and CC Balance as at 31 March</b>	<b>4,030</b>

#### 6.3.4 Long Term Creditors

A breakdown of the Creditors figure in the Balance Sheet is provided below. The Intra-Group Funding amount relates to the Long term balances of the LGPS triennial valuation that are shown on the CC's Balance Sheet. Where cash funding has been paid over from the PCC to the CC for these as at 31<sup>st</sup> March 2023 and an equal and opposite entry is included within Debtors in the PCC's Single Entity Accounts.

31 March 2022 £'000		31 March 2023 £'000
0	Intra-Group Funding	0
<b>0</b>	<b>Total short term debtors</b>	<b>0</b>

#### 6.3.5 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 2022 £'000		31 March 2023 £'000
2,254,596	Pension Reserve	1,348,155
7,313	Accumulated Absences Account	7,095
<b>2,261,909</b>	<b>Total Unusable Reserves</b>	<b>1,355,250</b>

#### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for the funding of benefits in accordance with statutory provisions. The 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 2022 £'000		31 March 2023 £'000
(2,313,891)	<b>Balance as at 1 April</b>	(2,254,597)
78,709	Re-measurement of the net defined benefit liability	912,888
(137,119)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(142,380)
78,573	Employer's pensions contribution and direct payments to pensioners payable in year	88,383
1,924	LGPS deficit contribution prepayment	1,849
37,207	Additional contribution to the pension fund balance the deficit on the fund account	45,702
<b>(2,254,597)</b>	<b>Total Balance as at 31 March</b>	<b>(1,348,155)</b>

### Accumulated Absences Account

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

Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

The 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 1<sup>st</sup> 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 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023.

31 March 2022 £'000		31 March 2023 £'000
(6,736)	<b>Balance as at 1 April</b>	(7,313)
6,736	Settlement of cancellation of accrual made at the end of the preceding year	7,313
(7,313)	Amount accrued at the end of the current year	(7,095)
(577)	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	219
<b>(7,313)</b>	<b>Total Balance as at 31 March</b>	<b>(7,095)</b>

## 6.4 Cash Flow Notes

### 6.4.1 Operating Activities

31 March 2022 £'000		31 March 2023 £'000
(1,482)	Increase/(decrease) in revenue creditors	(1,262)
(42)	(Increase)/decrease in revenue debtors	(2,067)
19,415	Movement in pension liability	6,477
178	Movement in provisions	1,261
1,924	Prepayment of Pension Contribution	1,849
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
<b>19,992</b>	<b>Adjustment to net surplus or (deficit) on the provision of services for non-cash movements</b>	<b>6,228</b>

## 6.5 Other Notes

### 6.5.1 Termination Benefits and Exit Packages

During 2022/23 the Group approved 0 voluntary redundancies and early retirements (3 in 2021/22) at a total cost of £0m (£0.083m). A breakdown of the total cost and number of exit packages are shown below:

Exit Package Cost Band	Number of exit packages		Total cost of exit packages in	
	2021/22	2022/23	2021/22 £	2022/23 £
£0- £20,000	2	0	15,876	0
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	1	0	67,515	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>83,391</b>	<b>0</b>

### 6.5.2 Officers Remuneration

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

Chief Constable 2021/22 Number of employees	Remuneration Band	Chief Constable 2022/23 Number of employees
0	£50,000 - £54,999	0
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
0	£80,000 - £84,999	0
4	£85,000 - £89,999	1
2	£90,000 - £94,999	3
1	£95,000 - £99,999	1
1	£100,000 - £104,999	0
1	£105,000 - £109,999	0
0	£110,000 - £114,999	1
0	£115,000 - £119,999	1
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
1	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	1
0	£145,000 - £149,999	0
1	£150,000 - £154,999	0
0	£155,000 - £159,999	0
0	£160,000 - £164,999	0
0	£165,000 - £169,999	1
<b>11</b>	<b>Total</b>	<b>10</b>

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

## 6.5.3 Disclosure of Remuneration for Senior Executives

Post Holder Information		Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
			£	£	£	£	£
<u>Senior Executives of the Chief Constable</u>							
Chief Constable- Chris Noble			157,803	8,239	0	48,919	214,961
Deputy Chief Constable			130,374	9,635	0	40,416	180,425
Assistant Chief Constable (A)		1	82,566	7,446	0	25,595	115,607
Assistant Chief Constable (B)		2	16,317	533	0	5,058	21,908
Assistant Chief Constable (C)		3	93,124	6,970	0	23,472	123,566
Assistant Chief Constable (D)		4	23,967	2,204	0	7,430	33,601
Director of Enabling Services		5	47,451	1,750	0	4,424	53,625
Assistant Chief Officer – Director of Resources (S151 Officer)		6	57,190	3,500	0	8,865	69,555
Temporary Director of Enabling Services (S51 Officer)		6	52,283	3,500	0	8,104	63,887
<b>Sub Total Chief Constable</b>			<b>661,075</b>	<b>43,777</b>	<b>0</b>	<b>172,283</b>	<b>877,135</b>
<b>Total- Chief Constable</b>			<b>661,075</b>	<b>43,777</b>	<b>0</b>	<b>172,283</b>	<b>877,135</b>

## Notes

1. Assistant Chief Constable (A) retired from the organisation as at 11th December 2022.
2. Assistant Chief Constable (B) was appointed to the Force on 6th February 2023.
3. Temporary Assistant Chief Constable (C) reverted back to the role of Chief Superintendent on the 5th February 2023.
4. Assistant Chief Constable (D) was appointed to the Force on 16th January 2023.
5. Director of Enabling Services had left the organisation as at 29th June 2022.
6. Temporary Director of Enabling Services (Section 151 Officer) was appointed to the role of Assistant Chief Officer – Director of Resources on 19th September 2022

**6.5.3 Disclosure of Remuneration for Senior Executives (Continued)**

Post Holder Information		Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
			£	£	£	£	£
<b>Senior Executives of the Chief Constable</b>							
Chief Constable (A)	1		49,724	376	0	14,755	64,856
Chief Constable (B)	2		33,525	767	0	0	34,292
Temporary Chief Constable	3		80,780	1,317	0	23,957	106,054
Deputy Chief Constable	3		69,017	1,317	0	20,310	90,644
Temporary Chief Constable	4		67,212	1,815	0	19,751	88,777
Assistant Chief Constable (A)	5		52,819	558	0	14,887	68,263
Assistant Chief Constable (B)	4		59,541	1,815	0	17,373	78,729
Assistant Chief Constable (C)	6		64,927	723	0	16,259	81,908
Temporary Assistant Chief Constable	7		57,773	1,244	0	16,201	75,218
Director of Enabling Services			119,523	0	0	17,441	136,964
Temporary Director of Enabling Services	8		18,579	0	0	2,655	21,234
Chief Finance Officer (Section 151 Officer)	8		73,753	0	0	11,432	85,184
<b>Sub Total Chief Constable</b>			<b>747,173</b>	<b>9,932</b>	<b>0</b>	<b>175,020</b>	<b>932,124</b>
<b>Total- Chief Constable</b>			<b>747,173</b>	<b>9,932</b>	<b>0</b>	<b>175,020</b>	<b>932,124</b>

**Notes**

- Chief Constable (A) was appointed to the Force on 12th December 2021.
- Chief Constable (B) had left the organisation as at 14th June 2021.
- Deputy Chief Constable was promoted to temporary Chief Constable on the 15th June 2021 and they reverted back to the Deputy Chief Constable on the 13th December 2021.
- Temporary Deputy Chief Constable was promoted on the 15th June 2021 and they reverted back to the role of Assistant Chief Constable on the 13th December 2021.
- Assistant Chief Constable (A) left the organisation as at 12th September 2021.
- Assistant Chief Constable (C) was appointed to the Force on 13th September 2021.
- Temporary Assistant Chief Constable was promoted on the 15th June 2021 and they reverted back to the role of Chief Superintendent on the 13th December 2021.
- Chief Finance Officer (Section 151 Officer) became the temporarily Director of Enabling Services.

### 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 1<sup>st</sup> October 2013, the joint arrangement with West Mercia Police for the provision of air support ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2022/23 amounted to £581k (2021/22 £543k).

#### **Staffordshire Fire and Rescue Service Collaboration**

The PCC became the Police, Fire and Crime Commissioner (PFCC) on the 1<sup>st</sup> August 2018. The PFCC and the PFCC staff pay and associated costs relating to their work at Staffordshire Fire and Rescue Service are recharged on a direct basis. In addition to this, there is a joint arrangement for joint projects which is run by a joint Collaboration Board programme and Strategic Governance Board. The costs for providing the service in 2022/23 were £1,350,855 (2021/22 £1,291,392).

#### **Legal Services**

During 2011/12 a Section 22a collaboration agreement was signed with West Midlands Police for the joint delivery of a Legal Services Department. The collaborative working arrangement began in 2011/12. In 2022/23 a contribution of £0.204m (£0.234m in 2021/22) was made to West Midlands Police towards the cost of legal services and this figure is included in the Comprehensive Income and Expenditure Statement of the Group.

#### **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 2022/23 £3,573,219 (2021/22 £3,083,519).

#### **Firearms Licensing**

On 1<sup>st</sup> August 2013 a collaborative working arrangement commenced with West Midlands Police for the joint delivery of a Firearms Licensing Department based in Staffordshire and with all Police Staff being employed by Staffordshire Police. A contribution of £0.247m has been made by West Midlands Police towards the cost of the service during 2022/23 (£0.190m in 2021/22). This figure is included in the CIES of the Group. A formal agreement is in place.

**Central Motorway Police Group with West Midlands Police**

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

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

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

The revenue account for the Unit covers all operating costs. The details for 2022/23 are as follows:

2021/22 £'000		2022/23 £'000
<b>Contributions to the Pooled Budget</b>		
(5,083)	West Midlands PCC	(5,121)
(2,379)	Staffordshire PCC	(2,468)
0	Other Income	0
<b>(7,462)</b>	<b>Total Income</b>	<b>(7,589)</b>
	Expenditure met from Pooled Budget	
6,688	Pay and Allowances	6,882
441	Transport Costs	461
333	Supplies and Services and Communications and Computing	246
<b>7,462</b>	<b>Total Expenditure</b>	<b>7,589</b>
<b>0</b>	<b>Net Surplus/(Deficit) arising during the year</b>	<b>0</b>
0	Staffordshire PCC share (30%) of (Surplus)/Deficit	0
<b>140</b>	<b>Reimbursement to Staffordshire PCC</b>	<b>191</b>

### 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.

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

#### 6.5.6 Contingent Liabilities

During the year 2022/23 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 date of 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 2021/22 £'000		Fund Account 2022/23 £'000	
		<b>Contributions Receivable:</b>	
		From employer	
(20,611)		Contributions at 31%	(21,407)
(503)		Early retirements	(448)
(6)		Other- Pre-1974 recharge receipts	(4)
(8,892)		Officers contributions	(9,185)
	(30,012)		(31,044)
	(569)	<b>Transfers in from Other Schemes</b>	(398)
		<b>Benefits Payable:</b>	
57,768		Pensions	60,742
9,958		Commutations and lump sum retirement benefits	16,092
(39)		Repayments to HO following Ombudsman decision Milne v GAD	0
3		Lump sum death benefits	157
	67,690		76,991
		<b>Payment to and on Account of Leavers</b>	
56		Refund of contributions	153
42		Individual transfers out to other schemes	0
	98		153
	37,207	<b>Sub-total for the year before transfer from the Group of amounts equal to the deficit</b>	45,702
	(37,207)	<b>Net Amount payable/ receivable for the year</b>	(45,702)
	<b>(37,207)</b>	<b>Actual Home Office top up funding</b>	<b>(45,702)</b>

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

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 7.3.3.

### Note 4

Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 31%.

### Accounting Policies

#### (a) Transfer values

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

#### (b) Debtors and creditors

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

#### (c) IAS 19

Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. Further details of the long-term pension obligations are contained in 7.3.3 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 2020 by the actuary Hymans Robertson LLP, to establish the contribution rates applicable for the period 1 April 2020 to 31 March 2023. For the Staffordshire Police and Crime Commissioner the results of the modelling exercise resulted in a proposal to keep employer contribution rates payable into the scheme unchanged, however this would require a deficit repayment to cover the three-year period.

The Group made a payment in advance of £5.774m to cover the triennial period, receiving a favourable discount rate for paying the deficit upfront rather than on an annual basis. The annual split for 20/21, 21/22 and 22/23 is £2.001m, £1.924m and £1.849m respectively. This result is a difference between Remeasurement of the net defined liability shown in 7.3.1 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	
	2021/22	2022/23	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Cost of Services:</b>				
Current service costs (Inc. employee contribution)	(24,939)	(23,650)	(57,300)	(47,430)
Past service costs (Inc. curtailments)	(266)	(72)	0	0
Pension transfer in	0	0	(570)	(400)
Effect of business combinations and disposals	0	0	0	0
<b>Financing and Investment income and expenditure</b>				
Interest cost on defined benefit obligation	(10,137)	(13,002)	(50,150)	(66,800)
Interest income on plan assets	6,243	8,974	0	0
<b>Total post-employment benefit charges to the surplus or deficit on provision of services</b>	<b>(29,099)</b>	<b>(27,750)</b>	<b>(108,020)</b>	<b>(114,630)</b>
<b><u>Re-measurement of the net defined benefit liability</u></b>				
Return on plan assets (excluding the amount included in the net interest expense)	30,760	(14,979)	0	0
Re-measurement of the net defined benefit liability- demographic assumptions	4,597	2,376	0	34,620
Re-measurement of the net defined benefit liability- financial assumptions	35,443	201,425	32,640	860,400
Actuarial gains and losses on liabilities experience	(6,501)	(25,391)	(18,230)	(145,280)
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	(283)	0	
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>64,299</b>	<b>163,148</b>	<b>14,410</b>	<b>749,740</b>

### 7.3.2 Movement in Reserves Statement

	2021/22	LGPS	2021/22	PPS
	£'000	2022/23	£'000	2022/23
	£'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	29,099	27,750	108,020	114,630
Employers Contributions Payable to Scheme	(7,603)	(8,082)	(70,970)	(80,300)
Retirement Benefits Payable to Pensioners	0	0	0	
<b>Total</b>	<b>21,496</b>	<b>19,668</b>	<b>37,050</b>	<b>34,330</b>

### 7.3.3 Pension Assets and Liabilities recognised 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:

	2022/23	2021/22	2020/21	2019/20
	£'000	£'000	£'000	£'000
Present Value of the Defined Benefit Obligations				
PPS	(1,353,121)	(2,114,233)	(2,128,800)	(1,795,042)
LGPS	(314,478)	(465,538)	(483,788)	(339,894)
Fair Value of LGPS Assets	319,445	327,025	302,472	227,820
Deficit in the Scheme				
PPS	(1,353,121)	(2,114,233)	(2,128,800)	(1,795,042)
LGPS	4,967	(138,513)	(181,316)	(112,074)
<b>Total</b>	<b>(1,348,154)</b>	<b>(2,252,746)</b>	<b>(2,310,116)</b>	<b>(1,907,116)</b>

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

	2021/22	LGPS	2021/22	PPS
	£'000	2022/23	£'000	2022/23
	£'000	£'000	£'000	£'000
<b>Opening Balance at 1 April</b>	(483,788)	(465,538)	(2,128,800)	(2,114,233)
Current Service Cost	(24,939)	(23,650)	(48,410)	(38,250)
Interest Cost	(10,137)	(13,002)	(50,150)	(66,800)
Contributions by Scheme Participants	(3,154)	(3,402)	(8,890)	(9,180)
Re-measurement Gain/(Loss)	50,531	178,410	14,410	749,740
Pension Transfers In	0	0	(570)	(400)
Benefits Paid	6,215	13,726	70,970	80,300
Past Service Costs (including curtailments)	(266)	(72)	0	0
Business combinations and disposals	0	0	0	0
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	(950)	0	0
Top-up-Grant	0	0	37,207	45,702
<b>Closing Balance at 31 March</b>	<b>(465,538)</b>	<b>(314,478)</b>	<b>(2,114,233)</b>	<b>(1,353,121)</b>

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

	2021/22	LGPS 2022/23
	£'000	£'000
<b>Opening Balance at 1 April</b>	302,472	327,025
Interest Income	6,243	8,974
<i>Re-measurement gain/(loss)</i>		
The Return on the plan assets, excluding the amount included in the net interest expense	30,760	(14,979)
Other experiences	(16,992)	0
Employer Contributions	7,603	8,082
Contributions by Scheme Participants	3,154	3,402
Benefits Paid	(6,215)	(13,726)
Business combinations and disposals	0	0
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	667
<b>Closing Balance at 31 March</b>	<b>327,025</b>	<b>319,445</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The net liabilities show the underlying commitments that the 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 2022/23 and the potential effect of changes in these assumptions are set out below.

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 1<sup>st</sup> April 2015 (including the Police Pension Scheme). However, the Local Government Pension Scheme was selected to make the transition 12 months earlier, on 1<sup>st</sup> April 2014.

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:**

Asset Category	31 March 2022		31 March 2023	
	Fair Value of Scheme Assets £m	% age of Total Assets	Fair Value of Scheme Assets £m	% age of Total Assets
<b>Equity Securities:</b>				
Consumer	11.20000	3%	10.91820	3%
Manufacturing	9.14020	3%	8.91020	3%
Energy and Utilities	2.51040	1%	2.44720	1%
Financial Institutions	11.92170	4%	11.62170	4%
Health and Care	12.58880	4%	12.27200	4%
IT	14.47820	4%	14.11390	4%
Other	0.00000	0%	0.00000	0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	19.54330	6%	19.05150	6%
Corporate Bonds (non-investment grade)	0.00000	0%	0.00000	0%
UK Government	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
<b>Private Equity:</b>				
All	16.48360	5%	16.06880	5%
<b>Real Estate:</b>				
UK Property	26.64160	8%	25.97170	8%
Overseas Property	0.00000	0%	0.00000	0%
<b>Investment Funds and Unit Trusts:</b>				
Equities	158.03610	48%	154.05890	48%
Bonds	20.82090	6%	20.29700	6%
Hedge Funds	0.12230	0%	0.11920	0%
Commodities	0.00000	0%	0.00000	0%
Infrastructure	0.88610	0%	0.86380	0%
Other	15.26720	5%	14.88300	5%
<b>Derivatives:</b>				
Inflation	0.00000	0%	0.00000	0%
Interest Rate	0.00000	0%	0.00000	0%
Foreign Exchange	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
<b>Cash and Cash Equivalents:</b>				
All	13.03970	4%	12.71150	4%
<b>Totals:</b>	<b>332.68010</b>	<b>100%</b>	<b>324.30860</b>	

Approximately 1.5% of the value of these Assets relates to the PCC Single Entity and 98.5% relates to the Chief Constable.

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

### 7.3.7 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:

	2021/22	LGPS 2022/23	2021/22	PPS 2022/23
Mortality Assumptions				
<u>Longevity at 65 for Current Pensioners</u>				
Men	21.4yrs	20.8yrs	22.1yrs	21.9yrs
Women	24.3yrs	24.3yrs	23.8yrs	23.5yrs
<u>Longevity at 65 for Future Pensioners</u>				
Men	22.2yrs	22.0yrs	23.8yrs	23.5yrs
Women	25.7yrs	25.9yrs	25.4yrs	25.0yrs
Rate of Inflation			3.00%pa	2.60%pa
Rate of Increases in Salaries	3.65%pa	3.45%pa	4.75%pa	3.85%pa
CARE Revaluation Rate			4.25%pa	3.85%pa
Rate of Increases in Pensions	3.15%pa	2.95%pa	3.00%pa	2.60%pa
Rate for Discounting Scheme Liabilities	2.75%pa	4.75%pa	2.65%pa	4.65%pa
Take Up of Option to Convert Annual Pension into Retirement Grant:				
Pre-April 2008 Service	50%	50%	N/A	N/A
Post-April 2008 Service	75%	75%	N/A	N/A

### 7.3.8 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)
<b>LGPS Change in assumption 31 March 23</b>		
0.1% decrease in Real Discount Rate	2.00%	6,916
1 year increase in member life expectancy	4.00%	12,771
0.1% increase in the salary Increase rate	0.00%	997
0.1% increase in the pension Increase Rate	2.00%	6,019
<b>PPS Change in assumption 31 March 23</b>		
0.5% increase in Real Discount Rate	-7.5%	-137,000
1 year increase in member life expectancy	2.5%	45,000
0.5% increase in the salary Increase rate	1.0%	16,000
0.5% increase in the pension Increase rate	7.5%	135,000

## Section 8

### ABBREVIATIONS/GLOSSARY

#### 8.1 Abbreviations

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

## 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 Chief Constable 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.