



Northamptonshire Chief Constable

Single Entity

Draft Statement of Accounts for the year 2021/22

In an emergency call **999**
For non emergencies call **101**



www.northants.police.uk



Northamptonshire Police

Fighting crime, protecting people



CONTENTS

Narrative Statement	3
Statement of Responsibilities	19
Expenditure and Funding Analysis	20
Movement in Reserves Statement	21
Comprehensive Income and Expenditure Statement	22
Balance Sheet.....	23
Cash Flow Statement.....	24
Notes to the Accounts.....	25
Accounting Policies	49
Annual Governance Statement (OCC)	56
Annual Governance Statement (Collaboration)	67
Audit Report	72



NARRATIVE STATEMENT

CONTENTS

Foreword by Chief Finance Officer	3
Northamptonshire	4
The Chief Constable's Strategic Plan	4
Police, Fire & Crime Plan 2021-2026	5
Statutory Framework	6
Group Boundary	6
Responsibilities	7
Operational Model	7
Strategy and Resources	8
Financial Performance	9
Non-Financial Performance	11
Force Operational Performance	11
External Factors	14
Outlook	14
The Financial Statements	17
Summary and Conclusion	18

FOREWORD BY CHIEF FINANCE OFFICER

These accounts are produced annually to give local taxpayers, employees and other interested parties clear information about Northamptonshire Police finances. They reflect the financial performance of the Office of the Chief Constable for Northamptonshire (OCC) and are in accordance with the Police Reform and Social Responsibility Act 2011. They should be read in conjunction with the accounts produced by the OPFCC and the Group accounts into which they are consolidated.

They are prepared on a going concern basis, assuming that the Chief Constable (OCC) will continue in operation for the foreseeable future. They have been prepared in accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice 2021/22.

The information provided also allows for an assessment of the Chief's performance in terms of stewardship and the management of the resources entrusted to him. The accounts are, therefore, necessarily detailed and technical and explanatory notes are included.

The purpose of this narrative report is to offer a guide on the most important matters reported in the accounts as well as providing information about the strategic direction of the Force. It provides an explanation of the financial position and assists in the interpretation of the financial statements. It contains information about the activities of the OCC and the main influences on the financial statements to provide a link between the Police activities; Police and Crime Plan; future challenges and how these impact on its financial resources.

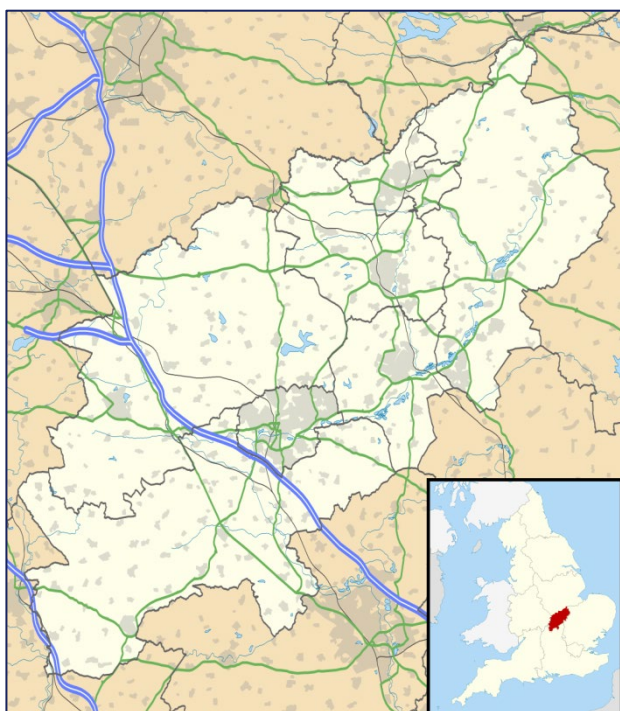
It includes information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.



NORTHAMPTONSHIRE

The county of Northamptonshire covers an area of 913 square miles and has an estimated population of over 755,000 people. It is the southern-most county in the East Midlands region and its most populated towns are Northampton, Kettering, Corby and Wellingborough. There has been a notable increase in population in recent years with some major new housing development projects and more to come.

The county was serviced by seven borough/district councils for the 2020/21 financial year but these are now consolidated into two unitary authorities with a vesting day of 1st April 2021.



THE CHIEF CONSTABLE'S STRATEGIC PLAN

Our Mission, Vision and Values

Our Mission

Fighting Crime, Protecting People

Our Vision

Northamptonshire Police will provide an outstanding policing service, putting the public first in all that we do, and in doing so will support stronger, safer and sustainable communities.

Our Values

Public Service, Transparency, Impartiality and Integrity

5-Year Vision

As part of the service improvement plan, the FP25 (5-year strategic plan) was established and has now embedded across service delivery forming the force's strategic direction, underpinning the outcome deliverables for Northamptonshire Police that:

- Our communities across Northamptonshire are safer and better protected
- Victims and service users consistently report high satisfaction levels with our service
- We inspire public confidence

The FP25 plan cuts across every layer of the organisation, departmental objectives are set against it, PDRs (Performance Development Reviews) are aligned to it and it brings together the operational delivery and enabling functions to achieve the vision and mission to service the public of Northamptonshire.

Whilst every aspect of the FP25 plan is key to effective service delivery, there are some specific areas that will require more focus and priority in the next 1-5 years to ensure the success of the strategic plan and improvement in performance. These areas of focus are cross cutting fundamental pillars to our future success;

- Quality of Service
- Prevention and Intervention
- Effective Strategic Partnerships
- Releasing Capacity



Intent to Action



Strategic Ambition



Quality of Service

Northamptonshire Police will deliver a high-quality end to end service for victims of crime and service users.

It will deliver greater positive outcomes for victims of crime through effective investigation.



Effective Partnerships

The force will continue to build on the foundations of strong partnerships providing greater strategic direction, investment in research and analytical resources and better data sharing.



Healthy Culture

At the heart of this strategic ambition will be effective leadership; creating a confident, ambitious workforce, giving permission to fail when working creatively with the purpose to achieve the force vision and mission.



Prevention and Intervention

The force will develop and deliver a plan across the force and the partnership that brings prevention and early intervention to the fore, making it everyday business and front and centre of the policing service it provides. It will make in roads with wider agencies to ensure better life chances for those on the cusp of criminality



Release Capacity

The force will upskill officers and staff across all disciplines to unlock capacity and create capability to manage future demand threats.

Officers and staff will broaden their skills set, enhancing front line and neighbourhood offer to include broader digital demand and disrupt SOC demand.

Matters of Priority

The Chief Constable has identified 4 key areas of focus:

- Violence against women and girls
- Drug harm
- Serious and organised crime
- Serious violence

“We asked about the issues that worry you, and we’ve listened to your answers. As a result, we believe these are the four biggest crime challenges facing Northamptonshire today.

We understand these issues are complex. But over the next three years, we’re committed to making them our priority. We will invest extra resources. We will create fresh approaches. And we will work closely with all our communities to make the most positive difference we can.”

Performance and Accountability

The plan is underpinned by a comprehensive performance framework, using considered and relevant indicators that

will enable the organisation to assess its progress in delivery against the plan. Oversight and scrutiny of delivery of the plan will take place through the Chief Constable’s Strategic Planning Board.

POLICE, FIRE & CRIME PLAN 2021-2026

One of the duties of the PFCC is to produce and publish a Police and Crime Plan for the Force Area. Fundamentally, this is a plan for the residents of Northamptonshire to make the County safer.

The PFCC’s first Police and Crime Plan and the subsequent review covered the period to 2021. A new Police, Fire and Crime Plan was published in early 2022, following consultation and consideration by the Police, Fire and Crime Panel at their meeting in December 2021.

Vision and Values

The PFCC Vision as set out in the Police, Fire and Crime Plan is:

“Working with Communities to make Northamptonshire safer.”

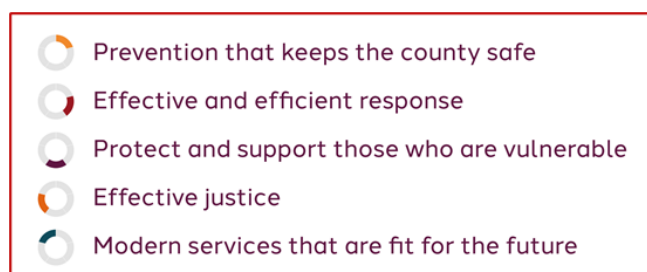


The PFCC also set out the values:

“It is more important than ever that our emergency services are seen to embody the highest ethical standards as we work to make a difference for our communities.”



The Police, Fire and Crime Plan sets out the following priorities:



STATUTORY FRAMEWORK

The PFCC and Chief Constable were established as separate legal entities under the Police Reform and Social Responsibility Act 2011. The Act sets out the statutory financial framework for both entities and is supported by the Financial Management Code of Practice, which sets out their financial relationships and responsibilities.

The PFCC has overall responsibility for the finances of the group in that he receives all external funding and sets the annual budget and precept. The Chief Constable has produced this separate set of accounts which explains how the resources provided by the PFCC have been used to deliver operational policing services.

The Policing and Crime Act 2017 provided legislation to:

- Place a statutory duty on the three emergency services to collaborate.
- Enable PFCCs (PCCs) to be represented on the Fire Authority.

- Enable PFCCs (PCCs) to make a local case to take on governance of the fire and rescue service as the Fire Authority.
- Further enable the PFCC to make a local case for fire and rescue and police to become a single organisation under a single chief officer.

The business case was approved by the Home Office in April 2018 for the governance of Northamptonshire Fire and Rescue Service (NFRS) to transfer to the PCC from the County Council. The transfer took place on 1st January 2019 and the PCC thereby became the Police, Fire and Crime Commissioner (PFCC) for Policing and the Northamptonshire Commissioner Fire and Rescue Authority for Fire.

GROUP BOUNDARY

The Police, Fire and Crime Commissioner for Northamptonshire (Fire and Rescue Authority) Order 2018 utilised existing legislation (Specifically Section 4A of the Fire and Rescue Services Act 2004) to create a new corporation sole NCFRA, a role which is held by the Police, Fire and Commissioner, but acting as NCFRA. This legislation outlines the key responsibilities for oversight and ensuring good governance within the NCFRA.

This reflects that the government provides funding to NCFRA and is ultimately responsible for the NCFRA.

Therefore, whilst there is some commonality within the OPFCC, Chief Constable and NCFRA, they are three separate corporations sole, with Fire and Police created under separate legislation and with the responsibility to set up and maintain separate “Funds” for each organisation; with separate legal responsibilities and no ability to vire funds between them. As set out by CIPFA, there is not a requirement for the NCFRA Accounts to be included within the OPFCC group accounts.

The business case for the governance transfer included maintaining separate management arrangements and operational functions for each service but working towards sharing of some support services and buildings where it makes sense to provide better value for money for the public of Northamptonshire. This direction of travel towards shared support teams continues. The accounts of Fire and Policing are operated separately in line with the legislation.



In line with the Home Office Financial Management Code of Practice, a collaboration agreement is in place between the three separate organisations for Northamptonshire Police, Fire and Crime Commissioner to set out the arrangements for working together where it would be advantageous to the parties to do so, mirroring such collaboration arrangements that Northamptonshire Police have with other Police forces.

The arrangements outlined in the legislation result in a requirement to disclose the nature of the transactions between OPFCC and the NCFRA and this is provided within the related parties note within the statement of accounts. Most of this note relates to governance services provided by the Office of the PFCC to Fire, and charges for services and shared staff between Fire and Policing.

RESPONSIBILITIES

The Police Reform and Social Responsibility Act 2011 and the Financial Management Code of Practice for the Police (England) describe the high-level responsibilities and the working financial relationship between the PFCC and the Chief Constable, summarised as:

The Police, Fire and Crime Commissioner:

- Appoints the Chief Constable and may suspend him or require him to resign or retire
- Must maintain the Police Force and ensure that it is efficient and effective
- Must issue a Police and Crime Plan
- Must hold the Chief Constable to account for their actions and those of their officers and staff
- Receives all income from grants, precept and charges

The Chief Constable:

- Holds office as a servant of the crown and is not an employee
- Has direction and control over police officers and is the employer of police staff
- Is operationally independent
- Must have regard to the Commissioner’s Police and Crime Plan
- Holds no property, rights or liabilities
- May not borrow money

OPERATIONAL MODEL

Our People

At 31st March 2022, the Chief Constable’s budgeted establishment was 2,553 FTE. The analysis is shown in the table below:

Category of employee	2020/21	2021/22
Police Officers	1,372	1,447
Police Community Support Officers (PCSOs)	81	81
Police Staff*	813	1,025
Total	2,266	2,553

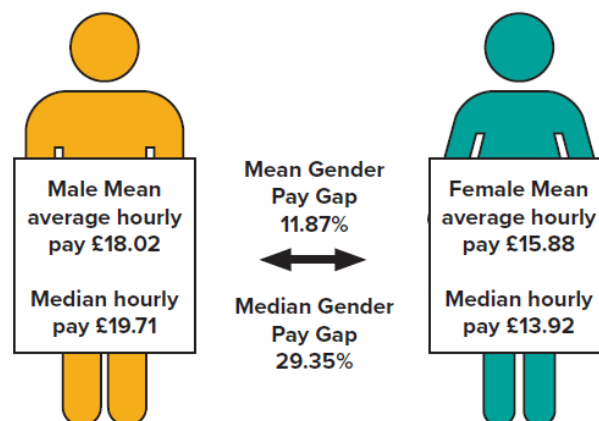
*This includes staff employed under the CCO but where costs are shared with NCFRS (Fire).

In addition to this the Force has officers and staff seconded to national and regional projects and employs a number of dedicated PCSOs, funded by local partners.

Gender Pay Gap

It is statutory for organisations with 250 or more employees to report annually on their gender pay gap. The gender pay gap shows the difference in the average pay between all men and women in a workforce. Based on the latest report, our mean average gender pay gap is 11.87% which lower than the national average of 15.4% and an improvement on the previous year.

Northamptonshire Police support the fair treatment and reward of all staff, irrespective of gender. Our pay approach is based on the principles of consistency, fairness and transparency, supporting the fair treatment and reward of all staff, irrespective of gender.





Appointments

Chief Constable, Nick Adderley and Deputy Chief Constable, Simon Nickless continued in post throughout the year. Paul Bullen continued as ACO Enabling Services and Vaughan Ashcroft continued as Chief Finance Officer for the Chief Constable.

Nicci Marzec continued as the Monitoring Officer and Helen King continued as Chief Finance Officer for the PFCC and Northamptonshire Commissioner Fire and Rescue Authority (NCFRA).

STRATEGY AND RESOURCES

2021/22 Budget

In 2021/22, in line with the response to the public consultation, the PFCC increased the precept by £13 rather than the full £15 available to him. These increases were used to invest in operational priorities and frontline policing requirements identified by the Chief Constable.

In 2022/23, the PFCC increased the precept by the maximum available - £10.

Medium Term Financial Plan

The PFCC's medium term financial plan (MTFP) is regularly reviewed and updated in line with the following established principles:

- To make the best use of available resources.
- To maximise income and funding.
- To target expenditure and investments to priorities and value for money opportunities.
- To exploit fixed assets to deliver maximum value.
- To optimise delivery costs.
- To provide sufficient financial reserves in the context of unprecedented uncertainty, transformation and change.

The latest MTFP shows that the PFCC has produced a balanced budget for 2022/23, 2023/24 and 2024/25. There is also a plan to be able to balance the budget beyond 2025/26 but savings will need to be achieved.

However, there is uncertainty regarding future Police pension costs and potential increases in rates. If these are implemented from 2024/25 then this would place a financial pressure on the budget each year of between £3.2m and £6.4m if no additional funding is provided.

Medium Term Financial Plan

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Group Expenditure	160.7	166.1	171.7	179.8	183.9
Anticipated Funding	(160.4)	(165.4)	(171.0)	(175.2)	(179.5)
Shortfall (pre-savings)	0.3	0.7	0.7	4.6	4.4
Savings Requirement	(0.3)	(0.7)	(0.7)	(0.7)	(0.7)
Shortfall Remaining	0.0	0.0	0.0	(3.9)	(3.7)

Reserves

The Reserves Strategy is reviewed each year as part of the budget and outlines a guideline level for General Reserves of 3% with a minimum level of 2.5%.

The PFCC maintains a General Reserve above this level and on current forecasts the General Reserve will remain within guideline levels until 2024/25. It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

In addition to the General Reserve, the PFCC holds a number of earmarked reserves for specified purposes, and these are set out in the Reserves Strategy.

The Strategy is then reviewed after the outturn position has been finalised.

Including reserves held on behalf of regional units, the level of all cash backed reserves at 31st March 2021 totalled £17.952m, increasing to £19.350m at 31st March 2022.

Estates

The Police 'estate' suffered from years of under-investment and has been addressed in the Estates Strategy to provide investment and support the operational delivery. In March 2020, the PFCC produced a joint Police and Fire Estates Strategy for Northamptonshire to enable the rationalisation of both estates where it makes sense to do so and to ensure any efficiencies can be realised by both services. This strategy is well underway and the Fire, PFCC and Police joint building in Wellingborough became operational in March 2021.

Collaboration

The Home Office has actively encouraged collaborative working between Police Forces and Fire Authorities. The Forces and Police Authorities/PCCs within the East



Midlands Region (Northamptonshire, Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire) have collaborated on a wide range of activities both formally and informally for over 10 years.

The collaboration agenda is underpinned by 5 guiding principles:

- that local policing remains local
- any collaboration helps deliver more efficient and/or effective policing for Northamptonshire
- all areas of business are considered
- decisions not to participate in a particular collaboration are reviewed regularly, as circumstances may change
- any cost and/or benefits are shared between participating Forces

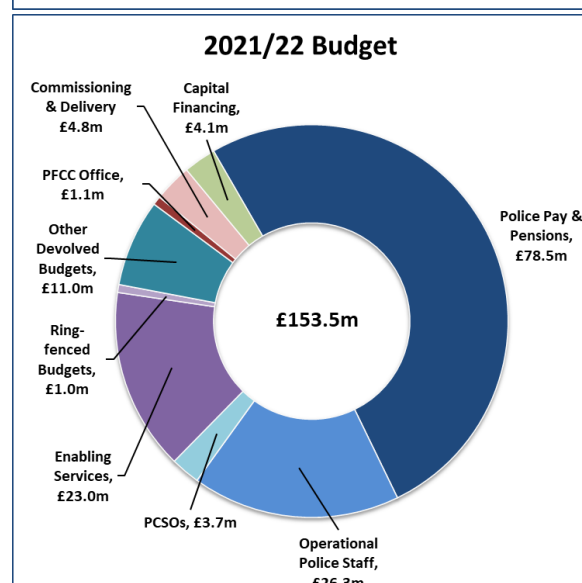
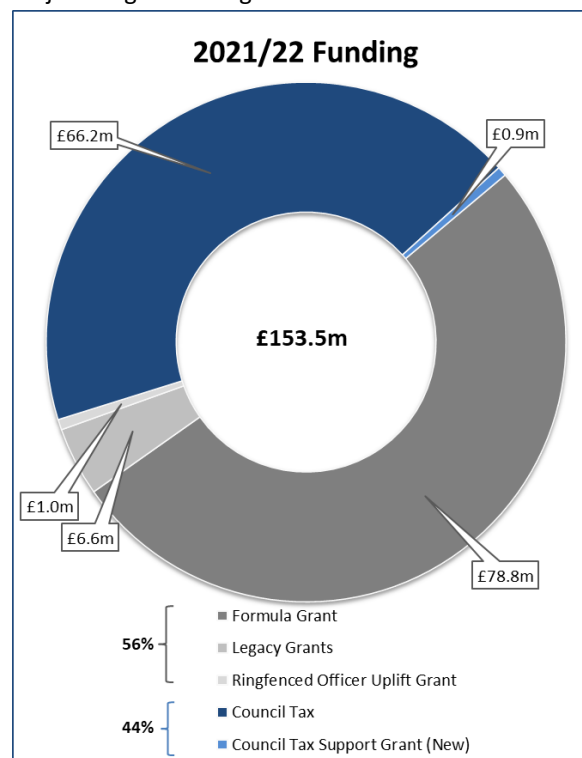
FINANCIAL PERFORMANCE

The Group Revenue Budget

Funding

Funding for the Police service is through a combination of government grant and precept (council tax). In 2021/22 the council tax element was based on a tax base of 249,412 properties at £268.04 at Band D. This was an increase of £13 per property compared to 2020/21.

A breakdown of this funding and its distribution across the major budget headings is as follows:





In 2021/22, the PFCC continued to invest in Northamptonshire Police and by 2023, officer numbers will have increased to over 1,500.

Despite the challenging circumstances experienced by COVID-19, recruitment continued at pace. In addition to the planned 140 extra officers in the year, the 2021/22 budget included:

- Ring-fencing the sum of £1m for the Chief Constable to support investment which will make a difference in local neighbourhoods.

Within the OPFCC Commissioning and Delivery Budget, the PFCC will continue to support and embed the investments made in previous years, which includes to:

- Prioritise work to support victims and the vulnerable,
- Take forward initiatives to reduce domestic violence,
- Work with partners to take forward initiatives to reduce re-offending,
- Continue to prioritise Early Intervention and engagement work,
- Continue to prioritise Youth intervention and engagement work,
- Continue to take forward work on crime prevention and
- Continue to take forward work with the Road Safety Alliance, including the roll out of Automatic Number Plate Recognition (ANPR) cameras and other initiatives.

Rigorous budgetary control arrangements are in place together with a devolved system of budgetary control, which ensured resources were allocated to priorities as required. Monthly control reports on budgetary performance for the group are considered.

Budget Outturn of the Chief Constable

The PFCC allocated £142.67m for the Chief Constable and the table below shows the outturn position for the financial year:

Over/ (Under)spends	Budget £m	Outturn £m	Variance £m
Police Pay & Pensions	75.49	75.86	0.37
PCSOs	3.26	3.03	(0.23)
Chief Constable - Operational	32.51	32.39	(0.12)
Chief Constable - Enabling Services	24.23	24.43	0.20
Collaboration Units	7.18	6.91	(0.27)
Total Managed by the Force	142.67	142.62	(0.05)

Pay and Pensions

There was a net overspend on Police Officer pay of £0.37m which was the result of a higher than expected costs of public holiday working, maternity variances and unsocial hours allowances. These were partly offset by increasing officer attrition.

PCSOs

There was a £0.23m underspend on PCSOs due to fluctuations in estimated starter and leaver profiles.

Chief Constable - Operational

The net underspend of £0.12m was due to a number of factors including:

- Police staff vacancies and recruitment delays
- Lower Specials & Volunteers expenses costs
- Income generation

Offset by:

- Officer overtime required to cover abstractions and vacancies.
- Insurance premium increases.
- Legal costs

Costs relating to enforcing COVID-19 restrictions and personal protective equipment were met by government grants.

Chief Constable – Enabling Services

An overspend of £0.20m was due to fuel and supplies/uniform inflation partly offset by HR staffing underspends.



Collaboration Units

A net underspend of £0.27m was due to miscellaneous small underspends across a number of the collaborations and lower than expected costs of the Emergency Services Network (ESN) project team and NPAS (National Police Air Service).

NON-FINANCIAL PERFORMANCE

FORCE OPERATIONAL PERFORMANCE

The Chief set out 24 Strategic Outcomes for 2021/22 with 33 targets.

- 23 targets achieved
- 2 could not be assessed as data unavailable
- 2 saw no change
- 6 were not achieved

Northants saw some of the best performance nationally for all crime at a time when most other forces have experienced moderate increases.

This was the third consecutive year of reduction for home invasion burglary.

The outcomes of these objectives are detailed in the following table:



Outcome		Annual target/ baseline	Year ending MARCH 2022	Assessment against year end target or baseline
ANTI-SOCIAL BEHAVIOUR				
S01	Reduce the number of repeat victims...	6.1%	5.6%	Achieved
	... and the demand (incidents) they account for	11.4%	10.3%	Achieved
S02	Increase the proportion of ASB either attended in person or resolved on phone	41.3%	40.2%	Target Not Achieved
S03	Increase victim satisfaction with overall service	67.6%	62.6%	Target Not Achieved
KNIFE CRIME				
S04	Reduce Knife Crime Offences (most serious offences)	718	659	Achieved
S05	Reduce repeat perpetrators of Knife Crime	20.3%	19.9%	Achieved
S06	Increase the positive outcome ratio for knife crime	14.5%	15.8%	Achieved
S07	Reduce the volume of knife point robbery	204	192	Achieved
DOMESTIC ABUSE				
S08	Reduce repeat victims of domestic abuse	43.4%	41.9%	Achieved
S09	Reduce frequent suspect/offenders of domestic abuse	10.6%	7.5%	Achieved
S010	Achieve a median attendance time to domestic incidents (G1U) within national SLA of 15 minutes*	00:15:00	00:13:14	Achieved
	Achieve a median attendance time to domestic incidents (G1R) within national SLA of 20 minutes*	00:20:00	00:16:52	Achieved
	Improve the median attendance times to domestic incidents (G2)	07:27:18	12:55:10	Target Not Achieved
S011	Increase the arrest rate for Domestic Abuse crimes*	30.0%	35.2%	Achieved
S012	Increase the positive outcome ratio for Domestic Abuse crimes	10.7%	13.4%	Achieved
SERIOUS AND ORGANISED CRIME				
S013	Increase the use of SOC powers to tackle criminality		10 STPOs; 11 SCPOs sought: 8 granted; 7 declined; 10 CBOs; 28 persons managed under SOC powers	
S014	Increase the number of drug trafficking offences we record....	497	512	Achieved
	... and those that result in positive outcomes	44.6%	36.1%	Target Not Achieved
S015	Increase the number of firearms recovered including parts and ammo (illegal seizures)	1017 (69)	1665 (93)	Achieved
S016	Increase positive action for modern slavery and human trafficking offences	3.4%	3.4%	No change
S017	Reduce repeat victimisation for victims of fraud...	3.6%	3.9%	Target Not Achieved
	... and increase positive outcomes for fraud investigations	8.0%	8.6%	Achieved
S018	Reduce repeat victimisation for victims of cyber flagged offences...	31.3%	28.7%	Achieved
	... and increase positive outcomes for cyber-flagged offences	7.3%	10.2%	Achieved
SERVICE PROVISION				
S019	Increase the accurate completion of S46 Police Protection Notices	Supervisor reviews and audits confirm no current issues around quality of completion.		Achieved
S020	Increase the internal assessment of good data quality characteristics by information asset owners on the data they own	1	2	Achieved
S021	Increase the Asset Maturity Assessment to demonstrate an improved level of understanding within the organisation	1	1	No change
S022	Achieve a median attendance time to incidents (G1U) within national SLA of 15 minutes*	00:15:00	00:12:21	Achieved
	Achieve a median attendance time to incidents (G1R) within national SLA of 20 minutes*	00:20:00	00:15:14	Achieved
	Improve the median response times to incidents (G2) within local target*	02:15:00	02:38:28	Target Not Achieved
S023	Increase the visibility of neighbourhood resources overall...*	60%		ARLS data not available
	... and in priority areas*	15%		ARLS data not available
S024	Increase the positive outcome ratio for all crime and other key crime types*	14%	14.1%	Achieved



Service Improvement Plan

In 2019, the PEEL (Police Effectiveness, Efficiency and Legitimacy) assessment concluded that the force was unable to investigate crime effectively and putting victims at risk due to poor practice and procedures and an operating model that was not fit for purpose.

Since then, the Service Improvement Plan has delivered wholesale change across the force, including a new operating model, a new initial investigation team, investment in equipment to better deal with high tech crime and investment in leadership to ensure that change is sustainable and embedded.

The plan set out to stabilise demand, create capacity, focus on quality and create clear ownership, and improve service delivery.

In March 2021, Sir Tom Winsor endorsed the decision to take Northamptonshire Police out of police performance oversight, a decision that was not taken lightly by HMICFRS due to the force holding the longest record across all forces nationally for underperforming at 4 years. HMI Zoe Billingham described the service improvement plan as a challenge of hearts and minds, to tackle a culture problem that had gripped the Force for more than a decade.

The HMICFRS published their 2021/22 PEEL report in November 2021 and the HM Inspector made the following observations:

“I am satisfied with some aspects of the performance of Northamptonshire Police in keeping people safe and reducing crime, but there are areas where the force needs to improve. In our last inspection in 2019 we raised some concerns, and since then there has been a significant effort to review and change structures, processes, and workforce culture.

This has led to improvements in the force’s ability to investigate crime, identify the vulnerable and manage demand. I commend the progress made by Northamptonshire Police in improving the service it provides to the public and I have confidence in its plans for the future. These are the findings I consider most important from our assessments of the force over the last year.”

In summary:

- The force has got better at investigating crime after changes in processes and recruitment
- Neighbourhood policing, and working with communities and partners to prevent crime, is a priority for the force
- The force needs to get better at co-ordinating its community engagement and public scrutiny work
- The force is missing opportunities to secure meaningful outcomes for victims
- The force needs to make sure its operating practices can identify and support repeat victims
- The force has implemented new structures and processes that provide the foundations on which future improvements can be built

The Accountability Board

The accountability for performance and service delivery is undertaken through the Accountability Board. Members of the board are the Commissioner (the Chair), the Monitoring Officer, the Chief Constable and other Chief Officers. There is a formal agenda which will have a schedule of assurance in the form of standard agenda items. These will be discussed and agreed with the Force at an agenda setting meeting.

The records of the Accountability Board are published on the OPFCC website. Areas for discussion and accountability include:

- Focus on areas of concern in performance and service delivery at a strategic level.
- Discussions between the Force and the OPFCC in respect of the strategic budget setting and medium term financial planning.
- Strategic consideration of key identified corporate level risks and scrutiny activity.

For 2021/2022, the Force was able to demonstrate delivery against the requirements of the PFCCs budget letter.

Review of Complaints against the Force

All PCCs became the relevant review body for less serious complaints and were given additional oversight and accountability responsibilities in relation to the complaints process. Prior to the implementation of the Policing and Crime Act 2017, a complaint was only considered recordable where it related to the conduct of a specific officer. Post February 2020, the definition of a complaint has been updated to ‘any expression of dissatisfaction’.



The OPFCC Customer Service Team is responsible for the receipt and recording of complaints against the Force, the informal resolution of low-level complaints and for ensuring that all reviews are appropriately processed and considered. By taking responsibility for recording complaints, I have a clearer overview of the issues that are causing concern to the public. Any lessons to learn are now captured on a force-wide basis and passed to the Chief Constable to support on-going improvements.

Since the implementation of the Customer Service Team in February 2020, there has been a significant increase in the number of complaints received. In February 2020, the Customer Service Team dealt with 96 pieces of correspondence in total compared to 148 in February 2022. The Customer Service Team has worked hard to increase the number that are resolved to the complainant's satisfaction. The monthly target is 60%, a figure which is now consistently met and sometimes exceeded.

Looking ahead for the next year, the Customer Service Team will be focussing on maintaining high levels of Service Recovery, implementing a new process for Fire and Rescue Service Complaints and implementing a new process to ensure that all learning and feedback identified by the Customer Service Team used to continue to improve the service Northamptonshire Police provides.

EXTERNAL FACTORS

National Perspective

One of the PFCC key roles is to lobby central Government on behalf of the public in Northamptonshire. During the year, the PFCC continued to lobby for both a fairer funding settlement from the funding formula review and the opportunity to set a precept level based on local needs and circumstances. Whilst PCCs were given some local flexibility on the precept and high-level indications of 3-year funding levels, this needs to be considered in terms of affordability for local taxpayers and long-term sustainable funding for policing in the future.

Central Government

The Home Secretary produces the Strategic Policing Requirement, which outlines the resources and capabilities that are required for Northamptonshire to support any national efforts to prevent and deter threats to National Security.

The PFCC has a statutory duty to have regard to this and continues to ensure that Northamptonshire contributes to the national agenda with appropriate levels of resourcing whenever required. This includes lobbying the Government (in particular, the Home Office and Ministry of Justice) for change that will make a difference to the safety of residents in Northamptonshire.

Local Perspective

The public ultimately hold policing to account. At local level ratepayers vote for the PFCC in each policing geographical area as well as paying rates for the police element of the council tax rates.

For the 2022/23 precept, the PFCC undertook as wide a range of consultation as possible to obtain the views of Northamptonshire residents. The survey was sent out to more than 200,000 contacts and received a response from 1,404 responses for Policing, the results of which were:

That around 50.3% of residents were prepared to pay £10 or more if they were able to for Police services. Around 45.3% were not prepared to pay any more than they do now and 4.4% said they did not know.

Respondents were also given the opportunity to comment on the consultation, together with stating how good a job the Police and the Fire and Rescue Service did. 1,379 residents replied. Approximately 42.9% of residents thought Police were doing a good or excellent role, 21.8% of residents advising poor or very poor. 27.6% of residents thought they were doing a fair job and 7.7% did not know.

OUTLOOK

Risks and Opportunities

There are some significant areas of uncertainty which include:

The Comprehensive Spending Review (CSR) 2021

This is a governmental process carried out by HM Treasury to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources. The 2021 spending review covered a three-year period to 2024/25 and set out the expectation of an annual precept increase of £10 per



year over this time. The next spending review is anticipated in 2024.

COVID-19

As at 31 December 2019, China alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia occurring in Wuhan. Following this and a substantial increase in infections, on 11th March 2020, the WHO declared the severe acute respiratory syndrome coronavirus (Covid-19) a pandemic. The number of infections within the UK increased during March 2020 and by late March 2020, the UK Government had declared a shutdown which impacted almost all UK operations in an unprecedented manner.

This has had a significant impact upon the UK and global economy.

Police Funding Formula

The police allocation formula (PAF) is essentially a calculation that uses various data sources (such as population density) to share money between police authorities in England and Wales.

The PFCC is concerned that residents of Northamptonshire do not fare well from the current formula and continues to lobby locally and nationally on the important issue to secure the funding the police need to deliver the complex and changing requirements.

The funding formula for policing no longer reflects the challenges and demands of policing in the current climate.

A national review of the funding formula is underway.

Changing Demand

Northamptonshire is a very fast-growing county and the Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2020 described latest estimates put Northamptonshire's population at 753,278 people (all ages) in 2019, up from 747,622 in 2018. The county has had above (national) average population growth in recent decades. In the past 10 years the population of Northamptonshire has grown by an estimated 10.2% versus a 7.84% England average. Looking back over the past 30 years the growth gap is even greater with an estimated increase of 30.9% between 1989 and 2019 in Northamptonshire compared with 18.4% across England.

Increasing population and the demographics of those changes bring policing challenges. Together with the issue of more complex and changing demands on the police, it is essential that resources are prioritised to meet these challenges.

HMICFRS

The most recent inspection findings and improvements are outlined earlier in the narrative statement. There has been a great amount of focus by the Force on areas for improvement, and the latest inspection recognises the progress that has been made. Work to drive forward further improvements continues.

Estate

Northamptonshire Police operates within an ageing estate and there had been a history of limited investment.

The PFCC remains committed to bringing together the Estates Strategies for NCFRA and the PFCC to improve services for Northamptonshire across both Fire and Policing.

Investment

The PFCC has ring-fenced up to £1m on agreed areas for investment in 2022/23 and will work with the Chief Constable to identify investment which will make a difference in supporting the Police & Crime Plan:

- MOSOVO (Management of Sexual or Violent Offenders)
- Roads Policing
- Criminal Justice
- Hi-Tech Crime
- Firearms Licensing

This is in addition to the national recruitment uplift plan which increases the Force police officer establishment to over 1,500 by April 2023. This is part of a wider vision for the future of Northamptonshire Police to improve the effectiveness of the Force and provide a better response to key issues.

Medium Term Financial Outlook

Whilst the 2022/23 to 2024/25 budgets have been balanced, this is predicated on a level of savings and efficiencies and there are shortfalls identified from 2025/26. The force has already begun to identify savings to meet this challenge and work to identify further savings continues.



To ensure continuous investment in the force with uncertain funding streams in the future, the PFCC has set the force an annual 1% efficiency target. The PFCC has committed that efficiencies can be reinvested by the force into new opportunities and demands.

Enabling Services and Interoperability

Both the Police and Crime Plan and the Fire and Rescue Plan demonstrate the commitment of the PFCC, the CC and NCFRA to actively seek opportunities to work together to deliver more efficient and effective public services.

It is the PFCC's expectation that over time the following will be delivered:

- Shared Enabling Services
- Shared Estates Strategy
- Shared Prevention Approaches
- Interoperability

An Assistant Chief Officer for Enabling Services was appointed in 2020/21 and work to take forward joint teams for HR, Finance, Estates, Digital and Fleet is almost completed.



THE FINANCIAL STATEMENTS

The accounts are prepared using International Financial Reporting Standards (IFRS). Although these are the same standards that a large company would use in preparing its financial statements, some adjustments to costs are applied where they are not a charge to local taxpayers.

This document contains the accounts of the Chief Constable, which should be read in conjunction with the accounts produced by the OPFCC and are consolidated into the group position.

The key statements are as follows:

Annual Governance Statement

This statement explains how the PFCC complies with his Code of Corporate Governance. Preparation and publication of the Statement fulfils his statutory requirement under the Accounts and Audit Regulations 2011 to conduct a review at least once in each financial year of the effectiveness of his system of internal control and to include a statement reporting on the review with his Statement of Accounts.

Expenditure and Funding Analysis (EFA)

This reconciles the amounts reported internally in line with the General Fund and the amounts reported in the Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the PFCC. It shows how the deficit/(surplus) for the year in the Comprehensive Income and Expenditure Statement is adjusted by the costs that are not a charge to local taxpayers.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the income and expenditure accounting cost in the year of providing services under IFRS.

Balance Sheet (BS)

The balance sheet shows the PFCC's assets, liabilities and reserve balances at the financial year end date.

Cash Flow Statement

This statement shows the reason for changes in cash balances during the year and the balance held by the PFCC at the end of the financial year.

Notes to the Financial Statements

These include information required by the Code and additional material items of interest to assist the reader's understanding of the reported figures.

Events after the reporting period and authorised for issue date

This summarises any major events that happened between the year-end and the authorised-for-issue date. Events coming to light after the authorised-for-issue date will not be included in the financial statements.

Police Pension Fund Account

The Police Pension Scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

Accounting Policies

These outline the principles used for how we account and prepare our financial statements.

Glossary of financial terms

The nature of this document means that technical words are unavoidable. The glossary is intended to simplify and explain such words.

Statement of Provisions

Provisions are made where an event has taken place that gives the PFCC a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. These accounts include a number of provisions, detailed in the Notes to the Financial Statements.

Pensions

The PFCC's staff, Police Staff and Police Officers are offered retirement benefits as part of their terms and conditions of employment. Although these benefits will not actually be payable until employees retire, International Accounting Standard (IAS) 19 requires that the commitment to make



future payments is disclosed at the time that employees and officers earn their future entitlement.

The PFCC and Chief Constable participate in two pension schemes:

The Police Pension Scheme (PPS)

This is an unfunded defined benefit final salary scheme for police officers administered by the Chief Constable on behalf of the PFCC. There are no investment assets built up to meet the pension liabilities and cash has to be generated from employee and employer contributions to meet actual pension payments as they fall due. Under the Police Pensions Fund Regulations 2007 if the amounts receivable by the pensions fund for the year is less than amounts payable, the PFCC must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the PFCC, who then must repay the amount to central government.

The Local Government Pension Scheme (LGPS)

This is offered to all staff employed by the PFCC and Chief Constable and is administered locally by Northamptonshire County Council. This is a funded defined benefit final salary scheme and both employers and employees pay contributions calculated at a level intended to balance the pension liabilities with investment assets.

Material and unusual charges

The accounts conform to proper practice and contain full and frank disclosures of all material sums.

SUMMARY AND CONCLUSION

Despite the tight financial climate and future challenges, the PFCC Group continues to demonstrate a strong track record of effective financial management and delivering outturn within the approved budget. However, the long-term financial impact of COVID-19 remains volatile, and the position will continue to be monitored very closely.

The budgeting process continues to develop with rigorous challenge from both the Chief Constable and the PFCC and improvements have been identified to refine this further in 2022/23.

The Chief is committed to ensuring that improvements required as part of recommendations from HMICFRS do not lose momentum and ensure the best services can be delivered for the public of Northamptonshire. As described above, the progress so far is significant, and the building blocks are in place for the Force to become one of the most effective in the country.

The 2022/23 funding settlement has provided the PFCC with an opportunity to increase investment in policing in the areas highlighted by the public. The financial outlook remains challenging, but Northamptonshire are already well prepared in meeting these challenges. Fire and Police will continue to actively seek and implement opportunities to work together to deliver more efficient and effective public services.

We are confident that the PFCC, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services in Northamptonshire.

Vaughan Ashcroft
Chief Finance Officer (S151)
Date:

Nick Adderley
Northamptonshire Chief Constable
Date:



STATEMENT OF RESPONSIBILITIES

The PFCC's Responsibilities

The PFCC is responsible for holding the Chief Constable to account to ensure financial management of the Police service is adequate and effective and that a sound system of internal control is in place including arrangements for risk management. The OPFCC must make arrangements for the proper administration of its financial affairs and to ensure that one of its officers, namely the CFO, has the responsibility for that administration.

The PFCC also has a specific responsibility to sign the Statement of Accounts following review by the Joint Independent Audit Committee meetings.

The CFO's Responsibilities

The CFO to the PFCC is responsible for the preparation of the OPFCC's Group Accounts in line with statutory best practice set out in the CIPFA/LASAAC Code of Practice on Local OPFCC Accounting in Great Britain ("The Code") and the Accounts and Audit Regulations 2005.

The accounts are required to present fairly the financial position of the OPFCC at the accounting date and its income and expenditure for the year ended 31 March 2022.

In preparing this Statement of Accounts, the Section 151 Officer:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Role of the Chief Constable

The Chief Constable, assisted and advised by his Chief Finance Officer, is responsible for day-to-day financial management of the Force and for ensuring that the Force stays within its approved revenue and capital budgets, in accordance with the financial framework agreed by the Police, Fire and Crime Commissioner.

Northamptonshire Police Finance Department staff under the supervision of, and with the assistance of the PFCC's Office, carries out the preparation of the accounts and liaises with the external auditors, Ernst & Young, during the audit process.

Chief Finance Officer Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2022 and the income and expenditure for the year ended 31 March 2022.

Vaughan Ashcroft
Chief Finance Officer (S151)
Date:

Nick Adderley
Northamptonshire Police Chief Constable
Date:



EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the OPFCC and Force. Income and expenditure accounted for under generally accepted accounting practices is presented in the Comprehensive Income and Expenditure Statement.

2020/21				2021/22		
Net Expenditure chargeable to CIES	Adjustments	Net Expenditure as per CIES	Chief Constable	Net Expenditure chargeable to CIES	Adjustments	Net Expenditure as per CIES
£000	£000	£000		£000	£000	£000
102,115	37,611	139,726	Policing Services	106,621	48,861	155,482
-	-	-	- OPFCC & Commissioning	-	-	-
-	-	-	- Non-Distributed Costs	-	-	-
102,115	37,611	139,726	Cost Of Services	106,621	48,861	155,482
(134,447)	-	(134,447)	Intra-Organisational Adjustment	(138,520)	-	(138,520)
-	-	-	- JV Outturn Surplus/ Deficit Transfer Financial Statements	-	-	-
-	-	-	- CC Surplus Transfer Financial Statements	-	-	-
32,332	-	32,332	Other Income and Expenditure	31,899	-	31,899
-	37,611	37,611	Surplus or Deficit on the Provision of Services	(0)	48,861	48,861
-			Opening Combined General Fund Balance	-		
-			Surplus or Deficit on the General Fund	-		
-			Transfers to/from other Reserves	-		
-			Closing Combined General Fund	-		



MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the OCC, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The ‘Surplus or deficit on the provision of services’ line shows the true economic cost of providing the OCC’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The ‘Net Increase or Decrease before Transfers to Earmarked Reserves’ line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken.

Chief Constable	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2021	-	-	-	1,527,013	1,527,013
Movement in reserves during 2021/22					
Surplus or deficit on the provision of services	48,861	-	48,861	-	48,861
Other Comprehensive Income / Expenditure	-	-	-	(63,211)	(63,211)
Total Comprehensive Income and Expenditure	48,861	-	48,861	(63,211)	(14,350)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(48,861)	-	(48,861)	48,861	-
Net Increase or Decrease before Transfers to Earmarked Reserves	-	-	-	(14,350)	(14,350)
Transfers to / from Earmarked Reserves					
Increase or Decrease in 2021/22	-	-	-	(14,350)	(14,350)
Balance at 31 March 2022	-	-	-	1,512,663	1,512,663

Chief Constable	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2020	-	-	-	1,390,090	1,390,090
Movement in reserves during 2020/21					
Surplus or deficit on the provision of services	37,611	-	37,611	-	37,611
Other Comprehensive Income / Expenditure	-	-	-	99,312	99,312
Total Comprehensive Income and Expenditure	37,611	-	37,611	99,312	136,923
Adjustments between accounting basis and funding basis under regulations (Note 6)	(37,611)	-	(37,611)	37,611	-
Net Increase or Decrease before Transfers to Earmarked Reserves	-	-	-	136,923	136,923
Transfers to / from Earmarked Reserves					
Increase or Decrease in 2020/21	-	-	-	136,923	136,923
Balance at 31 March 2021	-	-	-	1,527,013	1,527,013



COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This account summarises the resources that have been generated and consumed in providing services and managing the OCC during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Joint Associated Non-Entity (Joint Venture) accounting entries are consolidated in the Comprehensive Income and Expenditure service headings. Note 40 to the accounts gives a separate breakdown of these entries.

Expenditure	2020/21		Chief Constable	2021/22		Net
	£000	£000		£000	£000	
165,503	(25,777)	139,726	Policing Services	183,639	(28,157)	155,482
-	-	-	- Police, Fire & Crime Commissioner	-	-	-
-	-	-	- Commissioning	-	-	-
-	-	-	- Non-Distributed Costs	-	-	-
165,503	(25,777)	139,726	Cost of Services	183,639	(28,157)	155,482
-	(134,447)	(134,447)	Intra-Organisational Adjustment	-	(138,520)	(138,520)
1,456	(76)	1,380	Other Operating Expenditure (Note 7)	1,633	(137)	1,496
30,971	(19)	30,952	Financing and Investment Income and Expenditure (Note 8)	30,405	(2)	30,403
-	-	-	- Taxation and Non-Specific Grant Income (Note 9)	-	-	-
197,930	(160,319)	37,611	Surplus or Deficit on Provision of Services	215,677	(166,816)	48,861
			- Surplus or Deficit on Revaluation of Non-Current Assets			-
		99,312	Actuarial Gains/Losses on Pension Schemes			(63,211)
		99,312	Other Comprehensive Income and Expenditure			(63,211)
		136,923	Total Comprehensive Income and Expenditure			(14,350)



BALANCE SHEET

This account shows the overall financial position of the OCC at 31 March 2022. It therefore differs from the other financial accounts shown in this statement in that it deals with the position of the OCC at the end of the financial year instead of dealing with day-to-day transactions within that financial year.

31/03/2021	Chief Constable	31/03/2022
£000	Note	£000
- Property, Plant and Equipment	18	-
- Intangible Assets	23	-
- Long Term Investments		-
- Long Term Assets		-
- Short-term Investments		-
- Assets Held for Sale	20	-
- Inventories	27	-
- Short Term Debtors	26	-
- Cash and Cash Equivalents	33	-
- Current Assets		-
(2,114) Short Term Creditors	29	(2,336)
- Short-term Borrowing	39	-
- Provisions	28	-
(2,114) Current Liabilities		(2,336)
- Long Term Borrowing	39	-
(1,524,899) Other Long Term Liabilities	37	(1,510,327)
(1,524,899) Long Term Liabilities		(1,510,327)
(1,527,013) Net Assets		(1,512,663)
- Usable Reserves	16	-
1,527,013 Unusable Reserves	17	1,512,663
1,527,013 Total Reserves		1,512,663

Signed:

Vaughan Ashcroft
Chief Finance Officer (S151)
Date:

Nick Adderley
Northamptonshire Police Chief Constable
Date:



CASH FLOW STATEMENT

This statement shows a summary of the cash flowing in and out of the OCC arising from transactions with third parties for revenue and capital purposes. Cash is defined for this statement as cash in hand and deposits repayable on demand.

2020/21 £000	2021/22 £000
37,611	48,861
(37,611)	(48,861)
-	-
-	-
-	-
-	-
-	-
-	-



NOTES TO THE ACCOUNTS

Note 1 - Critical Judgements in Applying Accounting Policies	26
Note 2 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	26
Note 3 - Events after the Balance Sheet Date	27
Note 4 - Officers' Remuneration	27
Note 5A - Note to the Expenditure and Funding Analysis	29
Note 5B - Segmental Analysis of Income and Expenditure	29
Note 5C - Expenditure and Income Analysed by Nature	30
Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations	31
Note 7 - Other Operating Expenditure	32
Note 8 - Financing and Investment Income and Expenditure	33
Note 9 - Taxation and Non-Specific Grant Income	33
Note 10 - Material Items of Income and Expense	33
Note 11 - Trading Operations	33
Note 12 - Members' Allowances	33
Note 13 - External Audit Costs	33
Note 14 - Grant Income	33
Note 15 - Related Parties	34
Note 16 - Transfers to/from Earmarked Reserves	34
Note 17 - Unusable Reserves	34
Note 18 - Property, Plant and Equipment	35
Note 19 - Impairment Losses	35
Note 20 - Assets Held for Sale	36
Note 21 - Investment Properties	36
Note 22 - Leases	36
Note 23 - Intangible Assets	36
Note 24 - Capital Expenditure and Capital Financing	36
Note 25 - Construction Contracts	36
Note 26 - Debtors	36
Note 27 - Inventories	36
Note 28 - Provisions	36
Note 29 - Creditors	36
Note 30 - Capitalisation of Borrowing Costs	37
Note 31 - Contingent Liabilities	37
Note 32 - Contingent Assets	37
Note 33 - Cash and Cash Equivalents	37
Note 34 - Cash Flow from Operating Activities	38
Note 35 - Cash Flow from Investing Activities	38
Note 36 - Termination Benefits	39
Note 37 - Pension Schemes Accounted for as Defined Contribution Schemes	39
Note 38 - Defined Benefit Pension Scheme	45
Note 39 - Financial Instruments	48
Note 40 - Joint Operations & Associate Entities	48
Note 41 - Accounting Standards Issued, Not Adopted	48
Note 42 - Restatements	48



Note 1 - Critical Judgements in Applying Accounting Policies

In applying its accounting policies, the OCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on Going Concern status, such as future levels of funding for central government departments
- Possible impairment of investments
- Whether other entities with which the OCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the OCC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

Based on our assessment of the financial and liquidity position of the PFCC/CC following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2021/22 financial statements as a going concern. A full assessment of Going Concern is provided in the Accounting Policies section.

Note 2 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the OCC 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 items in the OCC’s Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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. Two firms of consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.	The assumptions interact in complex ways. During 2021/22, the Authority’s actuaries advised that the OCC’s net pension’s liability had decreased by £14.6m as a result of estimates being adjusted and updated as appropriate. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the OCC could face would be £1,510m, being the total pension liability.



Note 3 - Events after the Balance Sheet Date

Where events taking place before this date provided information about conditions existing as at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 4 - Officers' Remuneration

Employee Remuneration

In accordance with the Code of Practice and LAAP Bulletin 85 from April 2010, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

2020/21		2021/22		
Total	£'s	Officers	Police Staff	Total Employees
37	50,000 to 54,999	138	14	152
47	55,000 to 59,999	78	10	88
12	60,000 to 64,999	42	4	46
8	65,000 to 69,999	6	4	10
3	70,000 to 74,999	4	3	7
7	75,000 to 79,999	5	1	6
4	80,000 to 84,999	6	-	6
3	85,000 to 89,999	5	-	5
2	90,000 to 94,999	1	-	1
1	95,000 to 99,999	1	1	2
-	100,000 to 104,999	-	-	-
1	105,000 to 109,999	-	-	-
-	110,000 to 114,999	-	-	-
-	115,000 to 119,999	1	-	1
-	120,000 to 124,999	2	-	2
3	125,000 to 129,999	1	-	1
-	130,000 to 134,999	-	-	-
-	135,000 to 139,999	-	-	-
-	140,000 to 144,999	-	-	-
-	145,000 to 149,999	-	-	-
-	150,000 to 154,999	1	-	1
1	155,000 to 159,999	-	-	-
129		291	37	328

The disclosure above includes senior officers and requires the outlining of total taxable pay, including personal Additional Voluntary Contributions, whereas the Senior Officers table overleaf outlines the entire remunerations by post. Therefore, the two tables are not completely comparable which will result in differing bandings if the two are compared.



Senior Officers of the organisation requiring disclosure by post or name were:

2021/22												
Post Holder Information	Start Date	Leaving date	Salary	Bonus	Expense				Total Excluding	Employers	Total Including	
			£	£	Allowances (1)	Loss of office	Benefits in Kind	Other (2)	Pension	Contribution	Pension	
					£	£	£	£	£	£	£	
Chief Constable	06/08/2018		157,594	-	-	-	-	3,688	161,282	48,854	210,136	
Deputy Chief Constable	04/02/2019		123,696	-	-	-	-	4,304	128,000	38,346	166,345	
Assistant Chief Constable 1	15/05/2017	30/04/2021	9,935	-	-	-	-	685	10,620	3,080	13,699	
Assistant Chief Constable 2	15/05/2017		119,220	-	340	-	-	9,304	128,863	36,958	165,822	
Assistant Chief Constable 3	30/12/2019	31/03/2022	115,882	-	1,239	-	-	-	117,121	35,923	153,045	
Assistant Chief Officer	01/12/2020		111,131	-	-	-	-	-	111,131	22,560	133,690	
Chief Superintendent	24/09/2018	26/09/2021	44,855	-	606	-	-	517	45,978	13,905	59,883	
Chief Superintendent	01/10/2018		91,749	-	1,666	-	-	5,031	98,445	28,442	126,887	
Chief Superintendent	11/03/2019	17/09/2021	42,561	-	812	-	-	2,102	45,476	-	45,476	
Chief Superintendent	31/03/2020		89,763	-	1,239	-	-	1,793	92,795	27,876	120,671	
Chief Superintendent	17/09/2021		82,837	-	1,803	-	-	585	85,224	25,679	110,904	
Chief Finance Officer	21/05/2018		82,131	-	564	-	-	-	82,695	16,673	99,368	
Joint Head of HR	14/12/2020		75,348	-	-	-	-	-	75,348	15,194	90,542	

(1) Expenses Allowances include taxable and non-taxable expenses

(2) Other includes Rent Allowance, Housing Allowance, Car Allowance, COT Medical Allowances, Relocation Allowances and tax paid on Relocation Allowances.

2020/21												
Post Holder Information	Start Date	Leaving date	Salary	Bonus	Expense				Total Excluding	Employers	Total Including	
			£	£	Allowances (1)	Loss of office	Benefits in Kind	Other (2)	Pension	Contribution	Pension	
					£	£	£	£	£	£	£	
Chief Constable	06/08/2018		155,992	-	-	-	-	3,688	159,680	48,358	208,038	
Deputy Chief Constable	04/02/2019		122,392	-	-	-	-	4,304	126,695	37,941	164,637	
Assistant Chief Constable 1	15/05/2017	30/04/2021	118,009	-	414	-	-	8,215	126,638	36,583	163,221	
Assistant Chief Constable 2	15/05/2017		118,009	-	113	-	-	8,791	126,913	36,583	163,496	
Assistant Chief Constable 3	30/12/2019		104,526	-	1,239	-	-	-	105,765	32,403	138,168	
Director of Enabling Services (3)	30/03/2020	30/11/2020	66,593	-	-	-	-	-	66,593	-	66,593	
Chief Superintendent	24/09/2018		89,123	-	1,376	-	-	2,860	93,359	27,628	120,987	
Chief Superintendent	01/10/2018		90,817	-	1,635	-	-	5,489	97,941	28,153	126,094	
Chief Superintendent	11/03/2019		89,535	-	1,610	-	-	4,051	95,196	20,645	115,841	
Chief Superintendent	31/03/2020		86,558	-	1,239	-	-	791	88,589	26,708	115,297	
Superintendent HR (5)	22/06/2020		60,035	-	960	-	-	2,100	63,095	18,611	81,706	
Joint Head of HR (5)	14/12/2020		22,103	-	-	-	-	-	22,103	4,487	26,590	
Head of HR (5)	01/07/2019	30/06/2020	21,703	-	-	26,300	-	-	48,003	11,866	59,869	
Chief Finance Officer (4)	21/05/2018		79,503	-	-	-	-	-	79,503	16,139	95,642	
Assistant Chief Officer (3)	01/12/2020		37,969	-	-	-	-	-	37,969	7,708	45,677	

(1) Expenses Allowances include taxable and non-taxable expenses

(2) Other includes Rent Allowance, Housing Allowance, Car Allowance, COT Medical Allowances, Relocation Allowances and tax paid on Relocation Allowances.

(3) The Director of Enabling Services was permanently appointed to the role of Assistant Chief Officer on 1st December 2020.

(4) The Chief Finance Officer replaced the Head of Finance role and took on statutory responsibilities previously undertaken by the ACO Finance and Resources.

(5) The Head of HR was replaced with a Joint Head of HR during the year with a Superintendent acting as interim whilst the new post was developed.



Note 5A - Note to the Expenditure and Funding Analysis

2021/22	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	(48,639)	(222)	(48,861)
OPFCC & Commissioning	-	-	-	-
Net Cost of Services	-	(48,639)	(222)	(48,861)
Joint Venture & Associates	-	-	-	-
Other Income and Expenditure	-	-	-	-
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	(48,639)	(222)	(48,861)

2020/21	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	(37,611)	-	(37,611)
OPFCC & Commissioning	-	-	-	-
Net Cost of Services	-	(37,611)	-	(37,611)
Joint Venture & Associates	-	-	-	-
Other Income and Expenditure	-	-	-	-
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	(37,611)	-	(37,611)

Note 5B - Segmental Analysis of Income and Expenditure

2021/22	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	(28,294)	(2)	-	-
OPFCC & Commissioning	-	-	-	-
Total	(28,294)	(2)	-	-

2020/21	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	(22,504)	(19)	-	-
OPFCC & Commissioning	-	-	-	-
Total	(22,504)	(19)	-	-



Note 5C - Expenditure and Income Analysed by Nature

2020/21 £000	Nature of Expenditure or Income	2021/22 £000
Expenditure		
129,059	Employee Benefit Expenses	134,903
33,095	Other Services Expenses	48,735
	- Depreciation, amortisation, Impairment	-
30,971	Interest Payments	30,405
1,456	Precepts and Levies	1,634
	- Gains/losses on the Disposal of Non-Current Assets	-
194,581	Total Expenditure	215,677
	- Intra Company Adjustment (Expenditure)	-
194,581	Total Expenditure (Including Intra Company)	215,677
Income		
(22,504)	Fees, Charges and Other Service Income	(28,294)
(19)	Interest and Investment Income	(2)
	- Income from Council Tax & Non-Domestic Rates	-
	- Government Grants and Contributions	-
(22,523)	Total Income	(28,296)
(134,447)	Intra Company Adjustment (Income)	(138,520)
(156,970)	Total Income (Including Intra Company)	(166,816)
37,611	Surplus or Deficit on the Provision of Services	48,861



Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the OCC in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the OCC, to meet future capital and revenue expenditure.

2021/22	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustment to the Revenue Resources		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements	-	-
Pension Cost (transferred to (or from) the pensions reserve)	(48,639)	48,639
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-
Council Tax and NDR (transfers to or from the collection Fund)	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(222)	222
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	-	-
Total Adjustments to Revenue Resources)	(48,861)	48,861
Adjustments between Revenue and Capital Resources		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-
Total Adjustments between Revenue and Capital Resources	-	-
Other Adjustments		
Total Adjustments	(48,861)	48,861



2020/21	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustment to the Revenue Resources		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements	-	-
Pension Cost (transferred to (or from) the pensions reserve)	(37,611)	37,611
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-
Council Tax and NDR (transfers to or from the collection Fund)		-
Holiday Pay (transferred to the Accumulated Absences Reserve)	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	-	-
Total Adjustments to Revenue Resources)	(37,611)	37,611
Adjustments between Revenue and Capital Resources		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		-
Total Adjustments between Revenue and Capital Resources	-	-
Other Adjustments	-	-
Total Adjustments	(37,611)	37,611

Note 7 - Other Operating Expenditure

Other Operating Expenditure includes:

2020/21 £000	2021/22 £000
1,456 Levies	1,634
- Gains/losses on the Disposal of Non-Current Assets	-
(76) Other	(138)
1,380 Total	1,496



Note 8 - Financing and Investment Income and Expenditure

2020/21 £000	2021/22 £000
- Interest payable and similar charges	-
30,971 Net interest on the net defined benefit liability (asset)	30,405
(19) Interest receivable and similar income	(2)
30,952 Total	30,403

Note 9 - Taxation and Non-Specific Grant Income

Refer to Note 9 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 10 - Material Items of Income and Expense

Refer to Note 10 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 11 - Trading Operations

The OCC does not have any trading operations. All commercial activities have been outsourced.

Note 12 - Members' Allowances

Refer to Note 12 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 13 - External Audit Costs

During 2020/21 & 2021/22 the entity incurred direct external audit fees as follows which related to the audit work for Statement of Accounts, which is a statutory requirement.

2020/21 £000	2021/22 £000
Scale fees payable to external auditors with regard to 12 external audit services carried out by the appointed auditor for the year	12
12 Total	12

Note 14 - Grant Income

2020/21 £000	2021/22 £000
(148) ACPO (TAM)	(128)
(15,731) Pension Top Up Grant	(13,951)
- Uplift Grant	(953)
- Pensions Grant	(39)
- Safer Streets Grant	-
- Ministry of Justice	-
(164) Proceeds of Crime	(197)
(16,043) Total	(15,268)



Note 15 - Related Parties

IPSAS20 Related Party Disclosures, based on IAS24, requires the OPFCC to disclose material transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence the OPFCC or to be controlled or influenced by the OPFCC.

Central Government has effective control over the general operations of the OPFCC. It is responsible for providing the statutory framework within which the OPFCC operates and provides the majority of funding in the form of general or specific grants. Details of government grants are set out in Note 14 to the Core Financial Statements.

Both the OPFCC and the Police maintain a register of business interests, and the OPFCC has a Business Interest Policy which sets out the criteria for deciding whether the Business Interest is compatible with the individual's role within the organisation.

Key members of staff in the OPFCC, JIAC and Police are required, at the end of each year, to declare whether they, or any member of their immediate family have any related party transactions (ie. significant financial dealings) with the OPFCC during the financial year. All returns and disclosures were received and reviewed by both S151 officers.

Northamptonshire Police and the PFCC work closely with Regional and National and other public sector partners in the course of their business.

The disclosure requirements of key personnel under IAS 24 are satisfied by the disclosure requirements for officer remuneration and members' allowances.

Companies and Joint Arrangement – The Police Force has a significant interest in joint arrangements, the details of which are contained within Note 40.

Note 16 - Transfers to/from Earmarked Reserves

Refer to Note 16 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 17 - Unusable Reserves

2020/21 £000	2021/22 £000
- Revaluation Reserve	-
- Capital Adjustment Account	-
1,524,899 Pension Reserve	1,510,327
- Collection Fund Adjustment Account	-
2,114 Accumulated Absences Account	2,336
1,527,013 Total	1,512,663

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The OCC accounts



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

2020/21		2021/22
£000		£000
1,387,976	Balance 1 April	1,524,899
38,272	Re-measurements of the net defined benefit (liability)/asset	36,817
104,618	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(45,360)
(5,967)	Employer's pensions contributions and direct payments to pensioners payable in the year	(6,029)
1,524,899	Balance 31 March	1,510,327

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. For example, annual leave entitlements carried forward as at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21		2021/22
£000		£000
2,114	Balance 1 April	2,114
(2,114)	Settlement or cancellation of accrual made at the end of the preceding year	(2,114)
2,114	Amounts accrued at the end of the current year	2,336
2,114	Balance 31 March	2,336

Note 18 - Property, Plant and Equipment

Refer to Note 18 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 19 - Impairment Losses

Refer to Note 19 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.



Note 20 - Assets Held for Sale

Refer to Note 20 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 21 - Investment Properties

Refer to Note 21 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 22 - Leases

Refer to Note 22 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 23 - Intangible Assets

Refer to Note 23 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 24 - Capital Expenditure and Capital Financing

Refer to Note 24 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 25 - Construction Contracts

At 31 March 2022 the OCC had no construction contracts in progress as the Office for the Police, Fire & Crime Commissioner (OPFCC) is the owner of all contracts. Please refer to Note 25 of the OPFCC's Group Statement of Accounts for further information.

Note 26 - Debtors

Refer to Note 26 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 27 - Inventories

Refer to Note 27 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 28 - Provisions

Refer to Note 28 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 29 - Creditors

These amounts represent sums owed by the Group to various sources, together with receipts in advance.

Total 31 March 2021 £000	Creditors	Total 31 March 2022 £000
(2,114)	Accumulated Absence Accrual	(2,336)
(2,114)	Total	(2,336)



Note 30 - Capitalisation of Borrowing Costs

Refer to Note 30 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 31 - Contingent Liabilities

There were no Contingent Liabilities to disclose as at 31st March 2022.

Note 32 - Contingent Assets

Refer to Note 32 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.

Note 33 - Cash and Cash Equivalents

Refer to Note 33 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.



Note 34 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000	2021/22 £000
(19) Interest received	(2)
- Interest paid	-
(19) Total	(2)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21 £000	2021/22 £000
- Depreciation	-
- Impairment and downward valuations	-
- Amortisation	-
- (Increase)/decrease in creditors	(222)
- Increase/(decrease) in debtors	-
- Increase/(decrease) in inventories	-
(37,611) Movement in pension liability	(48,639)
- Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-
- Other non-cash movements charged to the surplus or deficit on provision of services	-
(37,611) Total	(48,861)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2020/21 £000	2021/22 £000
- Any other items for which the cash effects are investing or financing cash flows	-
- Total	-

Note 35 - Cash Flow from Investing Activities

Refer to Note 35 Office of the Police, Fire & Crime Commissioner (OPFCC) Group Statement of Accounts.



Note 36 - Termination Benefits

The OCC has taken account of termination benefits in accordance of IAS 19. The termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service.

The OCC would have incurred costs if the termination was either a decision to terminate an employee's employment prior to their retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The OCC terminated the contracts of a number of employees in 2021/22, summarised below:

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total cost of Exit Packages in each Band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	FTE	FTE	FTE	FTE	FTE	FTE	£000	£000
£0 - £20,000	1	0	1	0	2	0	22	0
£20,001 - £40,000	0	0	2	1	2	1	49	26
£60,001 - £80,000	0	0	0	1	0	1	0	70
£160,001 - £180,000	0	1	0	0	0	1	0	179
Total	1	1	3	2	4	3	71	275

Note 37 - Pension Schemes Accounted for as Defined Contribution Schemes

a) Participation in Pension Schemes

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

The Group participates in pension schemes for both Police Staff and Police Officers, as follows:

- The Local Government Pension Scheme for police staff; this is administered by Northamptonshire County Council. This is a funded scheme, meaning that the OPFCC, OCC and Voice for Victims and Witnesses employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary to the fund is Hymans Robertson LLP. These schemes are all pooled under one LGPS pension group.
- The Police Pension Scheme for police officers, which includes the following pension schemes; the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and Police Pension Scheme 2015 (PPS). All schemes are administered by XPS on behalf of the OPFCC. These are unfunded, meaning that there



are no investment assets built-up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. These are defined benefit schemes (lump sum payments and periodic pension). New funding arrangements commenced on 1 April 2006 that required a police pension fund account to be created. This account is credited with employer contributions, and any shortfall over retirements benefits paid is met by a contribution by the OPFCC. However, the OPFCC's contribution is met by Home Office Pensions Top Up Grant. If there is a surplus, it is paid to the OPFCC in the first instance before being recouped by the Home Office. The levels of pension contribution rates are set nationally by the Home Office, following a review by the Government Actuary's Department (GAD).

(b) Transactions Relating to Retirement Benefits

Under IAS 19, the cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Account when employees earn them, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against the precept is based on the cash payable in the year, by reversing the real cost of retirement benefits out of the Statement of Movement in Reserves in the General Fund Balance.

Pensions liabilities and future considerations

The current service costs contained in the table below are part of the following values contained within the Comprehensive Income and Expenditure Statement.

- Local Government Pension Scheme; within Police Staff Pay and Allowances.
- Police Pension Scheme; within Police Officer Pay and Allowances



	Local Government Pension Scheme		Police Pension Scheme		TOTAL	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Comprehensive Income and Expenditure	£000	£000	£000	£000	£000	£000
Net Cost of Services						
Current service cost	(8,646)	(14,781)	(31,420)	(38,450)	(40,066)	(53,231)
Unfunded	0	0	0	0	0	0
Past service cost	(1)	(174)	(170)	(180)	(171)	(354)
Net Operating Expenditure						
Interest Costs**	(5,098)	(6,369)	(29,300)	(27,980)	(34,398)	(34,349)
Expected return on employers assets**	3,427	3,944	0	0	3,427	3,944
Net Charge to the Income and Expenditure Account	(10,318)	(17,380)	(60,890)	(66,610)	(71,208)	(83,990)
<u>Movement In Reserves</u>						
Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19)	(42,623)	(24,359)	(94,300)	(26,180)	(136,923)	(50,539)
<u>Actual amount charged against Council Tax (General Fund Balance) for pensions</u>						
Contributions to the Scheme	5,967	6,032	21,116	(21,618)	27,083	(15,586)
Additional Contributions to the Pension Fund			12,684	13,951		

** The net of interest costs and return on assets reconciles to the amount included within financing and investment income and expenditure on the face of the CIES.

In addition to the recognised gains and losses included in the CIES, actuarial gain of £63.211m (loss of £99.312m in 2020/21) were included within other Comprehensive Income & Expenditure.

The estimated 2021/22 pension scheme contributions are £128m for the Police Pension Scheme and £5.38m for the Local Government Pension Scheme.

In accordance with the Code of Practice and the Police Service Expenditure Analysis the items within the table above are credited / debited to the CIES in the following ways:

- Current Service Costs & Employers contributions to the scheme and additional contributions to the Police Pensions Fund Account are all apportioned across the Local Policing to National Policing headings by officer numbers; and
- Past Service Costs are wholly included within the heading Non-Distributed Costs;
- Interest Costs and Expected Return on Employers Assets are included within Financing & Investment Income & Expenditure.



Defined Benefit Pension Schemes

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of the Present Value of the Schemes Liabilities:

	Funded Liabilities Local Government Pension Scheme		Unfunded Liabilities Police Pension Scheme	
	31 Mar 21 £000	31 Mar 22 £000	31 Mar 21 £000	31 Mar 22 £000
Opening Defined Benefit Obligation 1st April	(219,235)	(304,764)	(1,316,240)	(1,394,550)
Current Service Cost (net up for employee contributions)	(8,646)	(14,781)	(31,420)	(38,450)
Interest Cost	(5,098)	(6,369)	(29,300)	(27,980)
Contributions by Scheme Participants	(1,720)	(1,897)	(6,170)	(6,500)
Actuarial (Gains)/ Losses	(74,887)	26,061	(61,040)	11,110
Past Service (Costs)/ Gains	402	(174)	15,820	(180)
(Losses)/ Gains on Curtailments	0	0	0	0
Transfers in	0	0	0	0
Estimated Unfunded Benefits Paid	3	3	0	0
Estimated Benefits Paid	4,417	4,480	33,800	35,820
Closing Defined Benefit Obligation 31st March	(304,764)	(297,441)	(1,394,550)	(1,420,730)



Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

	31 Mar 21 £000	31 Mar 22 £000
Pensions Asset 1st April	147,499	190,808
Expected Return on Assets	3,427	3,944
Contributions by Members	1,720	1,897
Employers Contributions (Inc Injuries) - excluding Top-Up Grant	5,964	6,029
Pension Fund Asset Split (Group to Single Entity)	0	0
Contributions in Respect of Unfunded Benefits	(3)	(3)
Actuarial Gains	36,615	9,646
Estimated Unfunded Benefits paid	3	3
Estimated Benefits Paid	(4,417)	(4,480)
Fair Value of Pensions Asset 31st March	190,808	207,844

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 estimated return on scheme assets in the year was £3.944m (£3.427m in 2020/21).

The OCC's total pension liability of £1,510.327m, reconciles to the Unusable Reserves within the Balance Sheet of £1,512.663m, by adding back the figures within the Movement in Reserves Statement of the Capital Adjustment Account, the Collection Fund Adjustment Account and the Revaluation Reserve to the Unusable Reserves total and then subtracting the Employee Benefit Reserve (Note 17).

The OPFCC did not elect to restate fair value of scheme assets for 2005/06 as permitted by IAS 19.

The liabilities show the underlying commitments that the OPFCC has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the OPFCC as recorded in the balance sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the OPFCC remains healthy.

- Local Government Pension Scheme (LGPS)
The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Police Pension Schemes
Finance is only required to be raised to cover police pensions when the pensions are actually paid. Any deficit on the Pensions Fund Account for the year is funded by the OPFCC with Home Office Top-Up Grant payable to cover the OPFCC's contribution.



Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit 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 are assessed by the Government Actuary's Department (GAD) and the Local Government Pension Scheme by Hymans Robertson LLP, an independent firm of actuaries. The main assumptions used in their calculations are as follows. Assumptions are the same for both OPFCC & Group:

	2020/21	2021/22	2020/21	2021/22
	Local Government Pension Scheme		Police Pension Scheme	
Expected Return on Assets	%	%	%	%
Investments	26.9	7.10	n/a	n/a
Mortality Assumptions	Years	Years	Years	Years
Longevity at 65 for current pensioners				
Men	21.70	21.70	22.00	22.00
Women	24.10	24.00	23.70	23.70
Longevity at 65 for future pensioners				
Men	22.80	22.70	23.70	23.70
Women	25.80	25.80	25.30	25.30
Financial Assumptions	%	%	%	%
Rate of Inflation	2.80	3.15	2.40	3.00
Rate of Increase in Salaries	3.30	3.65	4.15	4.75
Expected Return on Assets	5.00	5.00	n/a	n/a
Rate for Discounting Scheme Liabilities (Gross)	2.05	2.75	2.30	2.30
Rate of Revaluation for CARE Pensions	n/a	n/a	n/a	n/a
Take up Option to Convert annual Pension into retirement Lump Sum	50	50	n/a	n/a

Assumptions for the Police Pension Scheme are the same for both OCC & Group.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the OCC's pension liabilities, and this has been included within Non-Distributed Costs on the face of the Income and Expenditure Account.

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Fund are valued at fair value, principally market value for investment, and consist of the following categories by proportion of the total assets held by the Fund:



31 Mar 21	Description	31 Mar 22
%		%
0	Debt Securities	10
0	Private Equity	4
81	Equity Investments	63
10	Bonds	9
7	Property	7
0	Infrastructure	6
2	Cash and Liquidity	1
100	Total	100

Note 38 - Defined Benefit Pension Scheme

Police Pension Fund Account

This statement shows movements of funds related to police officer pensions. The Group and OCC are required to operate a Police Officer Pension Fund from 1 April 2006, under the Police Pension Fund Regulations 2008. The regulations specify the transactions that are paid into and out of the fund.

The Pensions Fund combines the accounting transaction of four pension schemes. These are the Police Pensions Scheme which was set up in 1987, 2006 Police Pensions Scheme, which was created under the Police Pension Regulations 2006, which applies to new recruits from 1 April 2006 and the 2015 Police Pension Scheme, which was created on 1 April 2015 and involved transfers in from the 1987 and 2006 schemes, based on length of service. The fourth scheme is the injury award scheme.

Following the Sargeant and McCloud High Court rulings, all members will be moved to the 2015 scheme from 1st April 2012 to ensure that there is no further possibility of age discrimination within the pension arrangements.

The Police Officer Pension Schemes are unfunded, which means there are no investment assets. Under these arrangements the Pension Fund Revenue Account balances to nil at the year-end by receiving a grant directly from the Home Office under the Top Up Grant arrangements. There are certain exceptions to these arrangements such as injury awards, which will continue to be charged directly to the CC's and Groups Income and Expenditure Account.



		Police Pension Scheme	
		2020/21	2021/22
Contributions Receivable			
Group			
From Employer			
	Normal	(14,263)	(15,110)
From Members			
	Early Retirements	(6,176)	(6,508)
Transfers In			
Individual Transfers in from other schemes		(163)	0
Benefits Payable			
Pensions		26,648	29,960
Commutations and lump sums retirement benefits		6,638	5,174
Other		0	241
Payments to and on account of leavers			
Refunds of Contributions		0	0
Individual Transfer Out from other schemes		0	194
Account to meet deficit/amount to the local policing body/Policing Operating Account in respect of the surplus for the year.		0	0
Sub-total for the year before transfer from CC		12,684	13,951
Additional funding payable by the CC to fund the deficit for the year		N/A	N/A
Net amount payable/receivable for the year		0	0

Details of the long-term pension obligation can be found within Note 17.

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2022.



Notes to the Police Pension Fund Account

A. Employer and Officer Contributions to the Pension Fund

These are based on percentages of pensionable pay set nationally by the Home Office and subject to a three yearly review by the Government's Actuary's Department. The current percentages of pensionable pay are:

Employer Contributions:	2021/22	31.0%
	2020/21	31.0%

Contributions by Police Officers:

Contributions by Police Officers			
	1987	2006	2015
Tier 1	14.25%	11.00%	12.44%
Tier 2	14.25%	12.05%	13.44%
Tier 3	15.05%	12.75%	13.78%

B. Transfer Values

These are received or paid in respect of officers changing employer and taking or bringing their accrued pension benefits with them.

C. Pensions Fund Liabilities

The Pension Fund does not take account of liabilities to pay pensions and other benefits after the period end. There are no IAS19 adjustments in this statement; they are part of the Group and CC Core Financial Statements and can be referred to in notes 37 to 38.

D. Accounting Policies

Accounting Policies conform to those in the Statement of Accounts.

E. Home Office Pensions Top-Up Grant

The Home Office Grant is received by the Group and OCC to cover the Group and OCC's deficit contribution to the Pension Fund Account. On the other hand, if the Pension Fund Account was in surplus, resulting in a contribution being made to the Group and OCC, an equivalent amount is recouped by the Home Office.

The funding arrangements for the police pension scheme in England and Wales changed on 1 April 2006. Before then the scheme did not have a percentage of pensionable pay type of employer's contribution; rather each OPFCC was responsible for paying pensions on a pay-as-you-go basis.

Under the current arrangements the scheme remains unfunded but is no longer on a pay-as-you-go basis as far as individual Police Officers are concerned. The Group and OCC's no longer meet the pension liability directly. Instead, the Force pays an employer's contribution based on a percentage of pay into the Pension Fund. The amounts that must be paid into and paid out of the pension fund are specified by regulation.

At the end of the financial year the pension fund is balanced to nil by a financial transfer from or to the police fund, made by the Secretary of State. Any payment from or to the Secretary of State in relation to the transfer is paid into or out of the police fund.



Note 39 - Financial Instruments

Refer to Note 39 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 40 - Joint Operations & Associate Entities

Refer to Note 40 Office of the Police, Fire & Crime Commissioner (OPFCC) Statement of Accounts.

Note 41 - Accounting Standards Issued, Not Adopted

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The relevant standards being introduced for 2021/22 are:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Note 42 - Restatements

No restatements have taken place in preparation of the 2021/22 Statement of Accounts for the OCC.



ACCOUNTING POLICIES

1) Introduction

The financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS). Any exceptions are disclosed below.

In applying the accounting policies, we have had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on Going Concern status, such as future levels of funding from central government departments
- Possible impairment of investments
- Whether other entities with which the OCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the OCC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

2) Recognition of Income and Expenditure

The OCC complies with IAS 39 in only recognising creditor liabilities when services are rendered or goods received. Debtors are recorded at historical cost, but the balance has been written down to fair value through a bad debt provision.

Both revenue and capital transactions are recorded on an accruals basis. This means that income and expenditure is accounted for in the year in which it becomes due regardless of whether cash has actually been received or paid in the year.

In particular:

- Fees, charges and rents due from the customers are accounted for as income at the date the organisation provides the relevant goods or services.
- The cost of supplies and services are accrued in that accounting period during which they were consumed or received, except for works which are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates; on a basis that it reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the income and expenditure account for the income that might not be collected.



3) Government Grants and Contributions

Revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement in the same period as the expenditure to which they relate. For the OPFCC, grants to support expenditure in general (eg. Revenue Support Grant) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure, within the Group accounts, income is transferred to the OCC through an intra-company adjustment within Taxation and Non-Specific Grant income line.

4) Intangible Fixed Assets

Intangible assets include software licences and agreements that are capitalised at cost. These are amortised on a straight-line basis over the useful life of the asset. As the amortisation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between 'Accounting Basis and Funding Basis under Regulation', with the corresponding entry in the Capital Adjustments Account.

Internally generated Intangible Assets are measured at cost during their construction (project staff, physical equipment and associated cost to bring the asset into its useful life) and when transferred are assessed for impairment against marketable value or use in service.

Additions to assets will be added to the carrying value of the asset and amortised over the remaining Useful Economic Life, where it meets the recognition criteria.

In accordance with IAS38, assets which are Police specific or that do not have a comparable active market for valuation purposes, will be measured at cost less accumulated amortisation, with the useful life being reviewed annually.

5) Tangible Fixed Assets Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised in accordance with IAS 16 (Recognition, Revaluation & Measurement of Tangible Fixed Assets). Subsequent capital expenditure is capitalised where it provides an enhancement of the economic benefits of the asset in excess of those previously assessed.

Where assets are bought into Fixed Assets from Assets Under Construction, these will be valued using the appropriate methodology, including componentisation as applicable.

The de minimis level policy is to capitalise all capital expenditure, £10,000 and over, on an individual asset basis (or a grouping of assets).

6) Redemption of Debt

Outstanding loan debt relating to police services was transferred to Northamptonshire Police from Northamptonshire County Council on 1 April 1995. Instalments of principal are charged to revenue in accordance with the statutory minimum revenue provision. This is calculated at 4% of the Capital Financing Requirement at the beginning of the year and is charged to the Capital Adjustment Account with a corresponding adjustment in Accounting Basis and Funding Basis under Regulations.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the debt.



7) Capital Receipts

Capital receipts from the disposal of assets are held in the Capital Receipts Reserve Account until such time as they are used to finance capital expenditure. Individual receipts of less than £10,000 are credited to revenue income.

8) Reserves

Reserves are maintained to finance expenditure on projects that will be carried out in future years and to protect the OPFCC and OCC against unexpected events. Certain reserves/accounts are kept to manage the accounting process for tangible fixed assets (Revaluation Reserve, Capital Adjustment Account) and retirement benefits (Pensions Reserve IAS 19). These do not represent usable resources for the OCC. A Reserves Strategy is in place and is reviewed at least twice a year.

9) Transactions relating to Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the OPFCC and OCC offer retirement benefits. These benefits will not actually be payable until employees retire, but the OPFCC discloses the value of the payments that would need to be paid at the time that employees earn their future entitlement.

The OCC participates in the following pension scheme:

The Local Government Pension Scheme for civilian employees

The Local Government Pension Scheme for civilian employees, administered locally by Northamptonshire County Council, is a funded defined benefit final salary scheme, meaning that the OCC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

The accounts show the full implementation of IAS 19 (Retirement Benefits). IAS 19 requires organisations to recognise retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned, even though the benefits will not be payable until employees retire. However, as statutory procedures require the charge against Council Tax to be based on the amounts payable by the OCC to the pension fund during the year, an appropriation is made with the pension's reserve which equals the net change in the pension's liability, recognised in the Comprehensive Income and Expenditure Statement. The neutralising entry is within Adjustments made between Accounting Basis and Funding Basis under Regulations.

The Balance Sheet discloses the OCC's net liability in relation to retirement benefits. The figures are based on the actuary's latest estimate.

Notes 37 and 38 to the Core Financial Statements provide further information about the pension schemes.



10) Leasing

These accounts have been prepared in accordance with IAS 17. Rentals paid under operating leases have been accrued and accounted for in the period to which they relate. Further information on Operating Leases is available in Note 22.

The organisation assesses its position on operating leases and lessor arrangements on an annual basis. It recognises lessor arrangements as the minimum payments on the asset and the residual value of that asset. Operating leases are not recognised as assets but the associated repayments are recognised as expense costs within the Comprehensive Income & Expenditure Statement.

11) Joint Arrangements

The OPFCC and OCC has interests in a number of Joint Arrangements. All these collaborations are governed by formal Section 22 Agreements and the OPFCC shares are fully incorporated in the Comprehensive Income & Expenditure Statement, Balance Sheet, Movement in Reserves Statement and the Cash Flow Statement, as required by the Code. Note 40 in the OPFCC Group Accounts provides further details.

12) Value Added Tax

VAT is included in the Accounts of the OCC, whether of a capital or revenue nature, only to the extent that it is not recoverable.

13) Contingent Assets and Contingent Liabilities

These are not recognised in the accounting statements but disclosed in the Notes to the Accounts.

14) Exceptional Items and Prior Period Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts.

Extraordinary items are disclosed and described on the Comprehensive Income and Expenditure Statement after dealing with all items within the ordinary activities of the OCC.

Material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors, are accounted for by restating the comparative figures for the preceding period in the Statement of Account and notes and adjusting the opening balance of reserves for the cumulative effect. The cumulative effect of the adjustments is at the foot of the statement of total movements in gains and losses of the current period.

15) Events After the Balance Sheet Date

Events after the balance sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave that authorisation is disclosed in the notes to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.



16) Accounting Convention

The accounting convention adopted in these financial statements is historical cost modified by the revaluation of land and buildings.

17) Estimation Techniques Used

The Code distinguishes between accounting concepts and estimation techniques that have been used, when required. The techniques below describe the steps taken to arrive at key monetary values in the Statement of Accounts:

- Payroll Creditors ie. overtime – average overtime rates
- IAS 19 Valuation – actuarial valuations of future pension liabilities are provided by independent actuaries
- Bad Debts are valued at the receivable value. Therefore, the cost of collection of debt assessed as recoverable are deducted from the outstanding value.
- Property assets are valued at Market Value (MV) and Depreciated Replacement Cost (DRC), but held in Fixed Assets at the depreciated cost assessed as MV/DRC less the cumulative depreciation over the Useful Economic Life of that asset.

18) Comparison with Previous Years

Comparative figures for the previous financial year are shown in the Accounts. The same items are treated alike from one year to the next, except where notes explain otherwise.

19) Cash and Cash Equivalents

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 investments that mature in three months or less from the date of acquisition, and that are readily convertible to or change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the OPFCC's cash management.

20) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave and flexible working hours for current employees, and are recognised as an expense for services in the year in which employees render service to the OCC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu, flexi or annual leave) earned by employees but not taken before the year-end that employees can carry forward into the next financial year.

21) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the OPFCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves



Statement from the General Fund Balance to the Capital Adjustment Account then reverses-out the amounts charged so that there is no impact on the level of council tax.

22) 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 are debited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

23) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the organisation to terminate an officer or staff employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the OCC is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the OCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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.

24) Interest in Companies and Other Entities

The OPFCC is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The OPFCC has involvement with Voice for Victims and Witnesses, a company set up by guarantee in 2017/18 and has concluded that the requirement to produce Group Accounts applies in relation to it.

25) Opening balances

Where the conclusion of an audit on prior year balances has not yet been concluded, opening balances will be based upon the last published Financial Statements and any change to this will be included within the re-statement note.

26) Going Concern

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that the functions of the organisation will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which public section organisations operate.



These provisions confirm that, as an OPFCC or OCC cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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



ANNUAL GOVERNANCE STATEMENT (OCC)

In the financial year 2021/22, the focus for the two corporations sole has been to develop the governance arrangements and strategies in place and to drive forward performance improvements, developing strategic management.

The financial year 2021/22 was the third full year the PFCC also undertook governance of Northamptonshire Commissioner Fire and Rescue Authority (NCFRA). Throughout the year, NCFRA have remained a separate corporation sole with separate legislative responsibilities.

The organisational powers and arrangements in place within the police service, relating to governance, are unique and any governance framework needs to take this into account. This is clearly recognised in the Chartered Institute of Public Finance and Accounting (CIPFA) document - *“Delivering good governance – Guidance notes for policing bodies in England and Wales, 2016”*.

In 2007, CIPFA developed with the Society of Local Authority Chief Executives (Solace) a framework – *“Delivering good governance in local government”*. This was subsequently reviewed in 2015 and an updated edition was published in April 2016.

This framework recognises that no two organisations are the same and as such allows an organisation to test its governance structures against a set of principles which are:

- **Principle A:** Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- **Principle B:** Ensuring openness and comprehensive stakeholder engagement
- **Principle C:** Defining outcomes in terms of sustainable, economic, social and environmental outcomes
- **Principle D:** Determining the interventions necessary to optimise the achievement of intended outcomes
- **Principle E:** Developing Capacity and Capability
- **Principle F:** Managing Risks and Performance
- **Principle G:** Implementing good practices in transparency, reporting and accountability.

What is Governance?

Governance as defined in the 2016 framework is:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and delivered.”

Good governance is not only about rules, policies and procedures but should also incorporate a spirit of good governance as an integral part of the culture of the organisation, its values and the expected behaviours.

Senior leaders have a significant responsibility not only to ensure that good governance arrangements are properly codified and documented but also that the proper culture exists so that the concept of good governance, including transparency and openness, is effectively conveyed throughout their organisation.



This statement explains how the Police, Fire and Crime Commissioner (PFCC) has complied with the CIPFA/SOLACE framework and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

The Annual Governance Statement

It is a requirement on each public body to prepare an annual governance statement. This is intended to provide an assessment of how effectively it has complied with its own governance arrangements and the principles set out in the framework.

This governance statement provides a high-level overview. It comments on the effectiveness of governance arrangements over 2021/22 and makes proposals to improve processes, or mitigate issues or risks identified.

The Purpose of the Governance Framework

The Corporate Governance Framework comprises the systems and processes, and culture and values, by which the OPFCC is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the OPFCC to monitor that the achievement of its strategic objectives have led to the delivery of appropriate, value-for-money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The PFCC and CC Joint Corporate Governance Framework was reviewed during the year.

The Governance Framework

Both the PFCC and CC continued to seek confirmation that appropriate management and reporting arrangements were in place to enable them to satisfy themselves that the approach to corporate governance was both adequate and effective in practice. These arrangements included:

- An Accountability Board forward plan seeking timely updates and assurances at appropriate times during the year. Minutes are publicly available on the PFCC's website
- A Risk Management Strategy, with regular OPFCC reviews by the Directors and PFCC
- An Annual Governance Statement produced by both the OPFCC and the CC
- A CIPFA Value for Money Assessment against the framework completed by the two S51 officers
- A Regional Annual Governance Statement for East Midlands Special Operations Unit (EMSOU) activities
- An effective Joint Independent Audit Committee (JIAC)
- Ensuring that there is an effective Internal Audit function
- Attendance by the OPFCC Directors, JIAC Chair and/or members at key meetings and briefings

The system of internal control is based on a system of financial, contractual, management and administrative controls and is reviewed by both internal and external audit. In addition to the arrangements above, the system includes:

- A Police and Crime Plan, reviewed and updated in February 2019 has now been replaced by a new Police, Fire and Crime Plan which was published in 2021/22.
- Updates to Police, Fire and Crime Panel meetings on the OPFCC Delivery Plan
- A Performance Management Framework, focused on achieving the objectives set out in the Plan



- Regular financial reporting for both the OPFCC and the CC
- Engagement in Value for Money benchmarking such as is conducted by HMICFRS
- Implementation of a Corporate Governance Framework for Voice for Victims and Witnesses
- Internal and External Audits of Voice for Victims and Witnesses
- To supplement the JIAC meetings, workshops are held during the year to focus on key areas of risk or internal control and supplement the lead member approach.
- HMICFRS Inspection in 2021/22 and the report was published in November 2021.
- An Enabling Services Board provides a structured approach to managing and monitoring collaboration opportunities between Fire and Policing.
- A Joint Assistant Chief Officer leads the Enabling Services programme and provides strategic leadership of support services across Fire and Policing.
- A collaboration agreement is in place in line with the Home Office Financial Management Code of practice.
- Regular Force Executive Meetings and a Strategic Planning Board to ensure appropriate governance, formal decision-making and strategic oversight for the Chief Constable.

Compliance with the Seven Principles set out in the CIPFA/SOLACE Framework

Principle A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law

The Corporate Governance Framework provides guidance on expected behaviours to ensure integrity, transparency and excellent standards of ethical behaviour. This includes an agreement to adhere to the College of Policing (CoP) Code of Ethics as the basis for how the OPFCC and staff behave. The Force internal and external ethics committee is in place and values have been included as an overarching element of the Police and Crime Plan.

The Force Professional Standards Department (PSD) investigates all instances of Fraud, Corruption and Whistleblowing and the Chief Financial Officers for both the CC and the PFCC and the Monitoring Officer have specific responsibility in legislation for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements and for reporting any such instances to the PFCC, CC, JIAC or Police, Fire and Crime Panel. The OPFCC has its own whistleblowing policy and associated policies in relation to complaints.

For 2021/22, related party disclosures have been undertaken for all key staff in the OPFCC, CC and JIAC members. Additionally, the PFCC and all members of OPFCC staff complete a declaration of business interests. At the time of the draft accounts, all returns were received and reviewed by the two S151 officers and any disclosures required are included within the Statement of Accounts.

Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement

The Commissioner's purpose is set out in statute. The vision for Northamptonshire policing is set out in the Police and Crime Plan which sets out the strategic direction of the PFCC's activities. It is underpinned by a delivery plan and the PFCC provides an update at each Police, Fire and Crime Panel meeting.

The OPFCC website provides information on the PFCC. It is used to publish a wide range of policy and information, making this easily accessible to the public. The OPFCC website was awarded the independent CoPaCC Transparency Award.



All agendas, unrestricted papers and meetings of the JIAC are open to the public and unrestricted papers are available on the PFCC website. The minutes of the Accountability Board are also published to transparently demonstrate the PFCC holding the Chief Constable to account in line with his statutory role.

Papers, reports and decisions made by the PFCC are published on the website, together with consultation and details of future public events and public surveys.

The OPFCC undertakes regular council taxpayer, customer and victim survey activities, ensuring that these can be used to inform council tax levels, service delivery by the Force and services which the PFCC has commissioned. During 2021/22, the PFCC consulted on the new Police, Fire and Crime Plan separate to the consultation on the level of the precept.

Principle C: Defining Outcomes in Terms of Sustainable, Economic, Social and Environmental Outcomes

The public and internal consultation that took place in relation to the previous Police and Crime Plan and the Police, Fire and Crime Plan has secured support for the outcomes required by the PFCC. The Plan was informed by the strategic policing requirement and used to direct the resources of the PFCC and the CC through the revenue and capital budgets. It informs where resources are most needed and targets investment to priority areas.

The 2021/22 budget, council tax levels and Medium Term Financial Plan (MTFP), alongside the Reserves, capital and Treasury Management Strategies were considered by the PFCC in proposing and setting his level of precept.

Grants for financial support were advertised on the PFCC website and administered in 2021/22 via the OPFCC. This includes the Supporting Communities and Police and Crime Plan Delivery Funds as well as a Road Safety Grants process. All resources are allocated in line with the objectives of the Police and Crime Plan.

The Force and PFCC support a number of collaborative arrangements, in the East Midlands, cross-region and nationally, aimed at better delivering positive outcomes. A number of these relate to the national Strategic Policing Requirement. The PFCC has a statutory responsibility to consider the national requirement and collaborative working enables him to respond in an efficient and cost-effective manner. The Regional Governance Team continued to support the Regional PFCCs to drive and develop collaboration.

In the context of resource constraints, Regional PFCC and CCs continue to review the most appropriate balance of local and regional resource delivery.

General Reserves were maintained at a sustainable level of £5m during the year which is in keeping with the Northamptonshire Reserves Strategy.

Principle D: Determining the Interventions Necessary to Optimise the Achievement of Intended Outcomes

Monitoring of the police officer establishment has developed over the year and the local and national increase of police officers under the national “uplift programme” has further outlined the importance of accurate and robust staffing information. A strong focus continued in this area during 2021/22 to ensure that local and national staffing recruitment levels were monitored regularly, and that reliance could be placed on the information and decisions made as a consequence.

The PFCC will continue to monitor closely the service improvement work being taken forward by the Chief Constable. Further details are available in the Narrative Statement.



In July 2020, three of the four partners to the Section 22 collaboration agreement for Multi Force Shared Services (MFSS) Project decided not to continue with the arrangements when it ceases in 2022. The PFCC and CC teams have worked with partners in this transition to leave MFSS alongside implementing local arrangements. A separate team has taken forward the transition and new systems were implemented on time and to budget by 1 April 2022. The two S151 officers instructed an internal audit to gain assurance on the new finance system arrangements which was assessed as giving “Significant” assurance, and internal audit work will be undertaken in the coming year to provide further assurances. Whilst Police implementation took place in 2022/23, the systems are being established to encompass Fire which will be joining in 2023/24.

Work to leave MFSS arrangements by all partners is well progressed and governance arrangements are in place at all levels. The system has a supplier final end-date for all partners of September 2022 and transition arrangements are in place to ensure all key activities can be completed before that date. The external auditors were made aware in 2021/22 of the system end date, and, given the delays experienced to Police external audit sign offs since 2018/19, it is probable that the 2021/22 external audit will not be completed by that date for at least two of the partners.

During 2021/22 the PFCC implemented a review of the company “Voice for Victims” which is a company limited by guarantee and which delivers services to Northamptonshire Victims, funded by PFCC budgets and Ministry of Justice Grant, together with contributions from local partners. The review is anticipated in Summer 2022.

In October 2020, together with the then PCC for Nottinghamshire, the PFCC established a Limited Liability Partnership, “Mint Commercial Services LLP” to deliver procurement services and solutions to the two PCCs and Police Forces and organisation and for the East Midlands Strategic Commercial Services Unit (EMSCU) Section 22 collaboration to terminate. This was intended to reduce the cost of procurement services for both Nottinghamshire and Northamptonshire Police Force, and generate additional income for the PCCs to be used on policing services from the establishment of procurement frameworks.

In 2021, both forces raised concerns with the contract for delivery of the procurement services and when a new PCC was appointed in Nottinghamshire in my 2020, they determined to cease procurement services. As such, Northamptonshire ceased the procurement services in October 2021 and a joint procurement team for Police and Fire was established in house. Furthermore, the new PCC in Nottinghamshire expressed a wish to exit the company and as a partnership, the company could not continue to operate with only one member. Agreement to terminate the company took place in October 2021 and Mint ceased trading in March 2022.

A formal project team was established to facilitate the termination arrangements and an internal audit was undertaken in April 2022 to review these which assessed the assurance of these arrangements as “Significant.”

The PFCC provided working capital of £200K which under the revised business plan was due to be repaid in 2023/24. Based on current estimates, it is envisaged that the sum of £66K will be paid back on termination and as the frameworks have novated back to the PCCs, the future income streams will meet the £134K remaining in line with the previous Mint timescales.

Principle E: Developing Capacity and Capability

During 2021/22, the Statutory Finance Officer and the Monitoring Officer remained in post.

Nick Adderley and Simon Nickless continued in the role of Chief Constable and Deputy Chief Constable respectively and continued to take forward the operational delivery arrangements within the Force under the Force strategic plan. Simon Nickless announced his intention to retire in 2022/23 and the Chief Constable



appointed Simon Blatchly as Temporary Deputy Chief Constable (previously Assistant Chief Constable). Pauline Sturman has retired as Assistant Chief Constable and there are two Temporary Assistant Chief Constables in post at this time.

The PFCC continued with his commitment to Early Intervention and Youth Work by appointing people to focus on these roles, and also invested in additional Domestic Violence and Sexual Abuse support for the County.

Completion of the collaboration agreement between NCFRA, the PFCC and CC has provided a sound structure to move forward with future collaborative initiatives. The collaboration agreement was reviewed in December 2021 and all collaborative activities are governed via the Transformation Board

Principle F: Managing Risk and Monitoring Performance

During 2021/22, the PFCC and his office continued to demonstrate his commitment to transparency, sharing information and briefings with the Force, the Police, Fire and Crime Panel and the JIAC. The PFCC meets regularly with the CC, the Chair and Vice Chair of the Panel and holds regular briefings for councillors and attends numerous engagement events.

Performance forms a significant part of the Accountability Board and a representative of the OPFCC attends the regular Performance Force Executive Meeting (FEM) to discuss performance at a more operational level and identify the issues and challenges.

The PFCC and CC have similar risk management policies and manage and record risks in the same manner, through the same system. Risks are reviewed regularly and considered at JIAC meetings.

During 2021/22, Mazars continued as internal auditors for the Region. Regular review and planning meetings took place with Force and OPFCC officers (both locally and regionally) to update on progress. Mazars attended each JIAC meeting to routinely report and give assurance on the adequacy and effectiveness of internal control. In addition, they contribute to the JIAC forward plan and agenda setting to inform and highlight national and regional themes, considerations and practices.

The JIAC Chair and one JIAC member completed their extended second tenures and retired during the year. The new JIAC Chair was appointed from the wider JIAC membership and recruitment for two new members took place during the year. One member was appointed and commenced their role in May 2022. The JIAC has one vacancy for which further recruitment is anticipated to take place in 2022/23. JIAC members were offered and some attended CIPFA, EY (the external auditors), Public Sector Audit Appointments (PSAA) or other events. Additionally, EY and other circulars are shared with JIAC members and senior officers on a regular basis.

Principle G: Implementing Good Practices in Transparency, Reporting and Accountability

There are detailed delivery plans that support the achievement of the Police, Fire and Crime Plan objectives. Processes are in place to hold to account OPFCC staff internally for delivery. There are nominated leads for all areas.

External governance is managed through a system of assurance that relies on appropriate attendance at meetings and forums by OPFCC staff to fully understand activities and associated risks. There is a robust, formal Accountability Board meeting regularly between the PFCC and CC and this is supported by regular informal meetings between them. The Commissioner provides regular updates to the Police, Fire and Crime Panel as well as to elected Members, officials and members of the local community. The PFCC undertakes regular public engagement across the County that supports this.



Comparing Police and Crime Commissioners CoPaCC (the independent organisation set up to monitor policing governance in England and Wales), have previously awarded the Transparency Quality Mark to the Northamptonshire PFCC for the way in which he provides public access to information about the PFCC and OPFCC.

The 2020/21 draft PFCC and CC statement of accounts were published on the OPFCC website within statutory timescale. However, at the time of publishing the draft 2021/22 accounts, the audit for 2020/21 has still not concluded. Concerns have been raised both locally and nationally by the Home Office regarding the time taken to complete the external audit of Police accounts. Given the delays to date, it is likely that there will also be an impact on the audit of the 2021/22 accounts. Notice of public inspection, draft statement of accounts and notice of delays are published on the OPFCC website in line with statutory requirements and to ensure public transparency.

Review of Effectiveness

The OPFCC and OCC have a responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the JIAC and the senior managers within the OPFCC and OCC who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The OPFCC and OCC continued to invest in an Internal Audit programme in 2021/22. This was prepared following discussion and consideration of the Risk Register, assurance requirements and informed by regional themes. Whilst the impact of Covid-19 has led to some delays in the audit programme, the scope and coverage of the audits has enabled the Internal Auditor to provide their annual report to give assurance for both corporation soles. The JIAC received updates in June, October and December 2021 and March 2022.

Significant assurance was received for GDPR and New Finance System; Satisfactory assurance was received Core Financials, Seized Property, Health and Safety Follow Up, Data Management and Governance. However, Limited assurance was received for Released under Investigation, Cyber Security and Business Change.

It is important to recognise that the audit plan was informed by Management and the risk register and specifically targeted to identify any issues in those areas. As such, a number of recommendations have been made which will be progressed to improve internal controls and assurances in those areas.

The outcome of the audit programme was as follows:

Audit Title	Assurance Level
Core Financials	Satisfactory
Seized Property	Satisfactory
Released Under Investigation	Limited
GDPR (Follow Up)	Significant
Health and Safety Follow Up	Satisfactory
Cyber Security	Limited
Business Change	Limited
Data Management	Satisfactory
Governance	Satisfactory
New Finance System	Significant



The Internal Audit Annual Report for 2021/22 has been produced and will be reported to and considered by the JIAC at their meeting in July 2022. Within it, the Internal Audit Opinion for the Police, Fire and Crime Commissioner and the Chief Constable is as follows:

On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Significant** in its overall adequacy and effectiveness. This opinion is provided on the basis that the framework of governance, risk management and control is adequate and effective.

It is noted that certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions during the period in respect of released under investigation, business change & cyber security.

These matters have been discussed with management, to whom we have made recommendations, several of which are categorised as Priority 1 and Priority 2. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Section 04.

There were four JIAC meetings during the year, a workshop in October 2021 on the draft 2020/21 Statement of Accounts and a workshop in February 2022 on the Joint Estates Strategy. The four meetings include as standard: Internal and External Audit updates and a review of the JIAC annual plan. Specific further areas considered were as follows:

JIAC Meeting	Areas Covered
July 2021	<ul style="list-style-type: none"> • Meeting of members with auditors without officers present • Annual Report of the JIAC and Terms of Reference Review • External Audit Annual Audit letter 2019/20 • External Audit Plan 2020/21 • Internal Audit Annual Report 2020/21 • 2020/21 Treasury Management Outturn • Internal Audit progress against recommendations update
October 2021	<ul style="list-style-type: none"> • Attendance of PFCC • Budget and MTFP Processes, Plan and Timetable • MINT and Procurement update • Enabling Services update • Future New Systems update
December 2021	<ul style="list-style-type: none"> • Attendance of PFCC • Fraud and Corruption Controls and Processes • MINT Update • Risk Register Update
March 2022	<ul style="list-style-type: none"> • Internal Audit Plan 2022/23 • 2022/23 Treasury Management Strategy and 2021/22 mid-year update • HMICFRS Update • Enabling Services Update

During 2021/22 Northamptonshire Police were subject to a Police Effectiveness, Legitimacy and Efficiency (PEEL) Inspection. The inspection results were published in Autumn 2021, the assessment of which was as follows:



Northamptonshire Police has improved the service it provides to the public, but it needs to make further changes, the police inspectorate has said.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) graded Northamptonshire Police's performance across 10 areas of policing and found the force was 'adequate' in four areas and 'requires improvement' in six areas.

HMICFRS said the areas requiring improvement included how the force protects vulnerable people and how it manages offenders.

Her Majesty's Inspector of Constabulary Roy Wilsher said:

"I am satisfied with some aspects of the performance of Northamptonshire Police, but there are areas where the force needs to improve.

"Northamptonshire Police has embarked on a major change programme since our last inspection and has addressed, or is addressing, most of the problems we found. By introducing new scrutiny and audit processes and recruiting more detectives, the force has made improvements in how it investigates crime. The force is also investing in neighbourhood policing to improve its ability to prevent crime.

"However, the force needs to get better at co-ordinating its community engagement and public scrutiny work. There is limited public scrutiny of its use of police powers, which needs to be addressed to make sure the force acts fairly and proportionately.

"The force is also missing opportunities to secure meaningful outcomes for victims, and it needs to make sure it can identify and support repeat victims so they can be properly safeguarded.

"Overall, I commend the progress made by Northamptonshire Police in improving the service it provides to the public. The force has clear plans for further improvements, which I will continue to monitor."

The CC has put in place an action plan and the PFCC will hold the CC to account for progress by requiring regular monitoring reports to the Accountability Board. An update on HMICFRS improvement action is also considered by JIAC during the year.

CIPFA Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into a series of financial standards that comprise: leadership and accountability, governance and financial management, medium term financial planning to inform and ensure financial resilience, and monitoring financial performance to address emerging issues through to financial reporting. Taken together these financial management standards underpin the effective governance of the use and control of resources utilised by NCFRA in pursuance of its stated objectives.

The S151 Officers, together with the Joint Finance Team and Joint Assistant Chief Officer for Enabling Services have considered a self-assessment against this framework. This review highlighted that compliance has mainly been achieved in all significant areas of the framework and a small number of areas have been highlighted for further consideration in 2022/23, and this is captured in the AGS action plan as a recommendation.

Significant Governance Issues

There were no formal reports issued by the Chief Finance Officer or Monitoring Officer during the year, outcomes of Monitoring Officer investigations, objections from local electors or ombudsman referrals.

The precept increases supplemented by identified efficiency savings and reserves are sufficient to provide a balanced budget in the medium term over the next 3 years, with minimal savings or reserves being required in 2022/23 and 2023/24. The PFCC will continue to actively seek a fairer funding settlement for Northamptonshire and support the Force in investing in ICT to facilitate the delivery of the efficiencies required.



Actions

Good progress has been made on implementing the recommendations to date identified in the governance statements for previous years as follows:

Progress on 2021/22 Internal Control Actions		
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 1 & 3 (2019/20) Together with Fire and OPFCC, ensure an effective, orderly and robust transition from MFSS and LGSS to new arrangements in line with plans and proposals.	Partially Completed – the new systems have been implemented and are working. Full closure of MFSS will not be completed until September 2022. MFSS Closedown carried forward to 2022/23
	Recommendation 2 (2020/21) To monitor delivery of GDPR improvements recommended as a result of the internal audit.	Completed – The internal audit follow-up report gave Significant Assurance with no recommendations.
	Recommendation 4 (2020/21) To consider the outcomes of the HMICFRS Inspection and take forward an action plan of any recommendations made.	Ongoing/Incorporated into Business as usual – an action plan and regular updates are in place and monitored through the Accountability Board and JIAC.
PRINCIPLE E: Developing Capacity and Capability	Recommendation 5 (2020/21) To implement the Joint teams for: Digital, Transport and HR in line with agreed timescales and to achieve agreed outcomes.	Completed/Incorporated into Business as Usual – All Joint Heads of Department are in place and Joint Teams established.
	Recommendation 6 (2020/21) To develop a commercial strategy in conjunction with Fire.	Completed – a joint post is in place and a commercial strategy has been approved.
PRINCIPLE G: Implementing good practices in transparency, reporting and Accountability	Recommendation 7 (2020/21) To take forward the recommendations of the Internal Audits that gave Limited Assurance	Ongoing/Incorporated into Business as Usual – regular monitoring in place for the recommendations and follow up audits scheduled.



Recommendations for 2022/23

Following the assessment of internal controls, the following areas have been recommended to improve internal controls for 2022/23:

2022/23 Internal Control Action Plan	
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 1 (2019/20) Ensure an effective, orderly and robust closedown and transition away from MFSS in line with plans and proposals.
	Recommendation 2 (NEW) Take forward the production of documentation and guidance notes for the new system arrangements in line with agreed timescales.
Principle E: Developing Capacity and Capability.	Recommendation 3 (NEW) Take forward the final year recruitment of additional uplift officers in line with recruitment plans and forecasts.
	Recommendation 4 (NEW) To conduct a review of demand modelling to better align resource to demand and to identify gaps in capacity.
Principle G: Implementing good practices in transparency, reporting and accountability.	Recommendation 5 (NEW) To take forward the Actions Identified from the self-assessment of the CIPFA Financial Management Code.

Conclusion

We propose over the coming year to take steps to address the above matters to progress the actions and further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Vaughan Ashcroft
Chief Finance Officer (S151)
Date:

Nick Adderley
Northamptonshire Police Chief Constable
Date:



ANNUAL GOVERNANCE STATEMENT (COLLABORATION)



ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2021/22

I confirm that the relevant controls and procedures are in place to manage the following issues within the East Midlands Special Operations Unit, which includes the Regional Organised Crime Unit, Major Crime, Forensic Services, Counter Terrorism Policing East Midlands, and Legal Services.

1. The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.

DCC (East Midlands) monitors performance. Exceptions are reported to the East Midlands Police & Crime Commissioners and Chief Constables' (EMPCC/CC) Board on a quarterly basis, with full performance reports reported twice a year.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Compliance is monitored by management review and supported by specialist professional advice where appropriate. Where areas for improvement are identified these are subject to action plans that are revisited to ensure that they have been attended to. Thematic inspections form part of the monitoring controls to ensure compliance with appropriate policies and regulations and demonstrate the effective and efficient use of resources.

3. That the appropriate controls are in place for the management of all resources deployed within Regional collaboration

A management structure is in place, with clear lines of accountability for both operational issues and use of resources. A budget is approved each year at the EMPCC/CC's Board which defines the expenditure targets for each area of policing within EMSOU. Each force actively supports the budget allocation and sets its own precept accordingly.

Management reports showing costs against budget are provided monthly. Unexpected variances are investigated and explained, ready for reporting to quarterly Management Boards and the EMPCC/CC's Board. Quarterly monitoring reports are shared across the region to provide each force with visibility over expenditure to date and projected outturn position.

4. Incorporating good governance arrangements in respect of partnerships.

The EMPCC/CC's Board provides a forum for all members of collaboration to feedback their experiences of the partnership work. All forces can discuss governance, performance and financial issues at the quarterly meetings. The collaboration builds on best practice from across the country and the region to improve performance as well as saving money.

Signed

Date 23/06/2022

Paul Gibson
Deputy Chief Constable (East Midlands)



GLOSSARY OF TERMS

Accounting Period

The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April.

Accrual

The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

Agency Arrangements

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

Budget

A statement of the OPFCC's plans in financial terms. A budget is prepared and approved by the PFCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds value to the life or value of an existing fixed asset.

Capital Financing Requirement

The Capital Financing Requirement represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the OPFCC's underlying need to borrow for a capital purpose.

Capital Receipts

These are proceeds from the sale of capital assets.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Contingent Liabilities

A potential liability at the balance sheet date when the Accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated with reasonable accuracy otherwise the liability will be disclosed as a note to the Accounts.

Corporate Democratic Core

This includes the cost of the corporate infrastructure (e.g. the Chief Executive and Treasury Offices, and external audit fees), and the cost of democratic representation.

Council Tax

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.



Creditors

Individuals or organisations to whom the OPFCC owes money.

Current Assets and Liabilities

Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

Debtors

Individuals or organisations who owe the OPFCC money.

Deferred Liabilities

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.

Earmarked Reserves

Monies set aside that are intended to be used for a specific revenue or capital purpose.

Employee Costs

The salaries and wages of employees together with national insurance, superannuation and all other pay-related allowances. Training expenses and professional fees are also included.

Finance Lease

A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with the ownership of an asset, other than legal title.

International Financial Reporting Standards (IFRS)

These standards are developed by the Accounting Standards Board to regulate the preparation of financial statements. The Companies Act 1985, which was later adopted by the SORP making it mandatory for Public Bodies and therefore requires compliance of these Standards or disclosures in the notes if there are any material departures from those standards.

Fixed Assets

These consist of: -

- Tangible: These are assets that yield benefits to the OPFCC for a period of more than one year (e.g. buildings and equipment).
- Intangible: Under IAS 38 (Goodwill and Intangible Assets), intangible assets are those that do not have physical substance but are identifiable (e.g. software and software licences).

Formula Grant Distribution System

A mechanism by which Central Government determines how much Revenue Support Grant, Home Office Police Grant and Business Rates each local OPFCC should receive in a given year to provide a common level of service. For the police service it is principally based on the resident and daytime populations, plus relevant socio-economic characteristics, for the area covered by an OPFCC.



IAS 19 Retirement Benefits

An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Impairment

A reduction in value in an asset caused by a general fall in prices, obsolescence or a clear consumption of economic benefit.

Interest Income

The money earned from the investment of surplus cash.

Net Book Value

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

Non-Distributed Costs

This consists of charges for police officers and police staff early retirements.

Operating Lease

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

Outturn

The actual amount spent in the financial year.

Payments in Advance

These represent payments made prior to supplies and services received.

Pension – Defined Benefit Scheme

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

Pension Assets – Expected Rate of Return

For a funded defined benefits scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pension – Interest Costs

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settle.

Pension – Past Service Costs

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



Pension Fund

A fund which makes pension payments on retirement of its participants.

Pensions Top-Up Grant (PTUG)

A grant from the Home Office that funds the difference between a nationally agreed employer's contribution paid into the Pension Fund Account, employee contributions and benefits paid to pensioners during the year.

Precept

The method by which the OPFCC obtains the income it requires from council tax via the collection Authorities (i.e. the seven district councils in Northamptonshire).

Provision

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Prudential Code

The code developed by CIPFA that sets out a framework for self-regulation of capital spending, in effect allowing OPFCC's to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable. The code came into Force from 1 April 2004 and is incorporated into the Local Government Act 2003 and associated regulations.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to Local OPFCC's at interest rates only slightly higher than those at which the government itself can borrow.

Receipts in Advance

These represent income received prior to supplies and services being provided by the OPFCC.

Receipts and Payments

Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Contributions

Capital Expenditure funded from the Revenue Account which reduces the requirement to borrow.



AUDIT REPORT

To be added following completion of the audit of the accounts.