



# Northamptonshire Police, Fire and Crime Commissioner

Single Entity & Group

Statement of Accounts for the year 2019/20



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## NARRATIVE STATEMENT

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### 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 Police, Fire and Crime Commissioner for Northamptonshire (OPFCC) and are in accordance with the Police Reform and Social Responsibility Act 2011.

They are prepared on a going concern basis, assuming that the Police, Fire and Crime Commissioner (PFCC) 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 2019/20.

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

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 OPFCC 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.

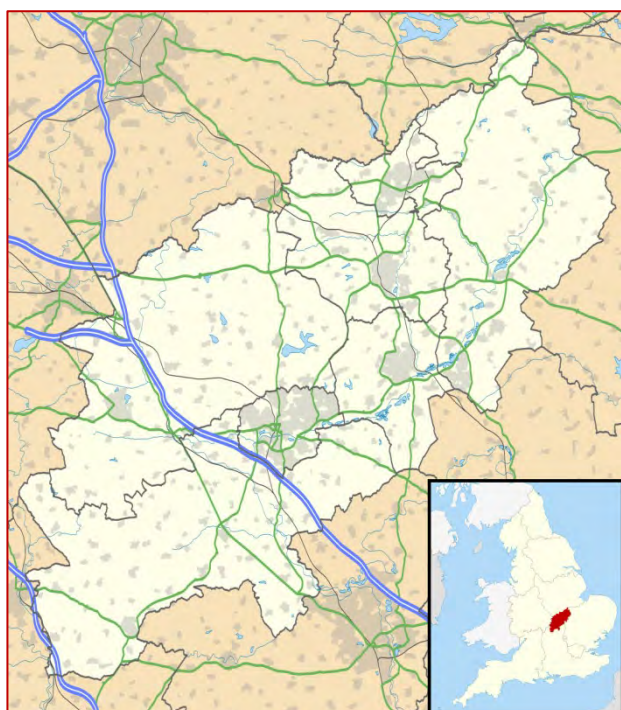
It includes information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.



## 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 is currently serviced by seven borough/district councils, but these are proposed to be consolidated into two unitary authorities in the near future.

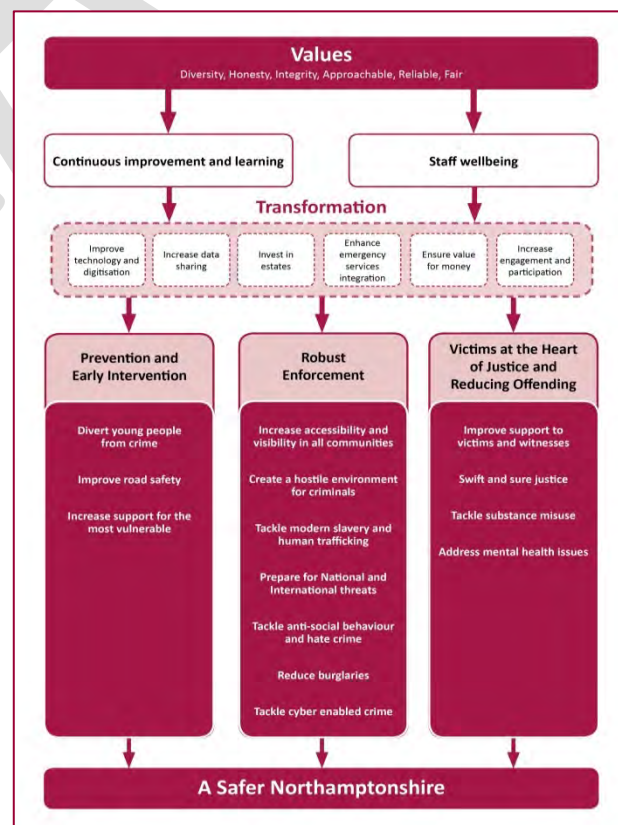


## POLICE & CRIME PLAN 2017-2021

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. Following the election of Stephen Mold as Police, Fire and Crime Commissioner in May 2016, the Police and Crime Plan was published in February 2017.

In February 2019, the PFCC updated the strategic direction set out in his Police and Crime Plan. This brought together learning from the first two and a half years in office, updates on achievements and provided greater clarity of focus on the priority areas. It remains effective until 2021. The PFCC's commitment is to deliver better policing, support to victims and continuing to strive to deliver a safer Northamptonshire. It strives to ensure that the public feel safe and thrive in Northamptonshire with fewer people involved in the Criminal Justice system whether as a victim or as an offender by:

- Keeping children and young people safe
- Community partnership
- Protecting people from harm
- Putting victims at the heart of justice





## THE CHIEF CONSTABLE'S STRATEGIC PLAN



The Chief Constable has invested in a strategic plan - **Futures Project**

**25** - a 5 year plan for Northamptonshire Police to drive better performance for the benefit of the public of Northamptonshire.

In October 2019, the Force changed its operating model, moving to a place based policing model and have continued to invest in a change programme to:

- Stabilise demand
- Create capacity
- Focus on quality
- Create clear ownership, improve service delivery and management of risk.

### How is the plan being delivered?

FP25 has 3 outcome deliverables, these are:

- 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.

These outcomes are linked to the Commissioner's Police and Crime Plan.

The roots of the Force's strategic plan represent the resources we need to be successful. These are our people, our kit and our resources. These are the key foundations for which we deliver a policing service to the public of Northamptonshire.

The next layer of the plan are the key things that are required in order to get there; Innovation, leadership and the right values and attitudes.

The heart of the plan are what we need to be best at to deliver those key outcomes for the public.

These are:

- Tackle and Prevent Crime
- Investigate Crime
- To focus on Early Intervention and Prevention

- To operate a place based policing model
- To be digitally enabled
- Ensure Northamptonshire is a great place to work

The FP25 Plan is all centred on the Force's mission, Fighting Crime, Protecting People and vision, that 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.

### 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 Force Strategic Board.

## 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 a 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 new 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 1<sup>st</sup> 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.

However, as a separate corporation sole, the funding and accounts for NCFRA are produced separately, therefore, not included in this set of group accounts.

## 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 31<sup>st</sup> March 2020 Northamptonshire Police Force and the OPFCC Budgeted establishment was 2,170 FTE. The analysis is shown in the table below:

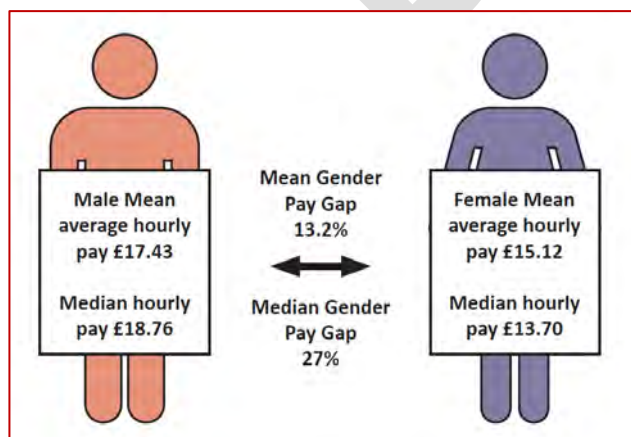
| Category of employee                                                 | 2018/19      | 2019/20      |
|----------------------------------------------------------------------|--------------|--------------|
| Police Officers                                                      | 1,227        | 1,284        |
| PCSO                                                                 | 81           | 81           |
| Police Staff                                                         | 745          | 762          |
| OPFCC Staff                                                          | 21           | 21           |
| OPFCC Delivery -<br>Complaints, Youth Work and<br>Early Intervention | 10           | 22           |
| <b>Total</b>                                                         | <b>2,084</b> | <b>2,170</b> |

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

In 2017, the Government introduced legislation that made it 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. The national mean average gender pay gap is 17.3% ours is 13.2% which is 4.1% lower than the national average.

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

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

Paul Bullen, the Director of Delivery, and Nicci Marzec Director of Early Intervention continued to undertake the role of Monitoring Officer and Deputy Monitoring Officer. This role was rotated until 30 March 2020 between them with each holding the role for approximately six months. With effect from that date, Paul Bullen moved to a shared secondment role with Police and Fire as the Director of Enabling Services and Nicci Marzec held the role of Monitoring Officer and Head of Paid Staff.

Chief Constable, Nick Adderley and Deputy Chief Constable, Simon Nickless continued in post throughout the year.

## STRATEGY AND RESOURCES

### 2019/20 Budget

Following public consultation, in both 2018/19 and 2019/20, the PFCC maximised the precept options available to him and used these increases in funding to invest in operational priorities and frontline policing requirements identified by the Chief Constable. He has done the same for 2020/21.

### 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 whilst the PFCC has produced a balanced budget for 2020/21, there is a lack of certainty after this, particularly in respect of national uplift funding



for additional officers. Whilst the national uplift programme financial planning assumptions have been helpful, they have been caveated.

Three scenarios for the MTFP have been modelled to understand and mitigate this uncertainty. The worst case scenario is that if only minimal national funding is available under the Spending Review 2020. In this case, there will still be sufficient levels of reserves available to mitigate grant funding shortfalls and to ensure the budget can be managed over three years.

#### Medium Term Financial Plan - Worst Case

|                     | 2020/21 | 2021/22 | 2021/22 | 2023/24 | 2024/25 |
|---------------------|---------|---------|---------|---------|---------|
|                     | £m      | £m      | £m      | £m      | £m      |
| Budget Requirement  | 146.8   | 154.3   | 160.8   | 165.0   | 169.4   |
| Anticipated Funding | (146.8) | (151.4) | (155.5) | (159.3) | (163.3) |
| Shortfall           | 0       | 2.9     | 5.3     | 5.7     | 6.1     |

#### Medium Term Financial Plan - Mid Case

|                     | 2020/21 | 2021/22 | 2021/22 | 2023/24 | 2024/25 |
|---------------------|---------|---------|---------|---------|---------|
|                     | £m      | £m      | £m      | £m      | £m      |
| Budget Requirement  | 146.8   | 154.3   | 160.8   | 165.0   | 169.4   |
| Anticipated Funding | (146.8) | (153.9) | (159.4) | (163.3) | (167.3) |
| Shortfall           | 0       | 0.4     | 1.4     | 1.7     | 2.1     |

#### Medium Term Financial Plan - Best Case

|                     | 2020/21 | 2021/22 | 2021/22 | 2023/24 | 2024/25 |
|---------------------|---------|---------|---------|---------|---------|
|                     | £m      | £m      | £m      | £m      | £m      |
| Budget Requirement  | 146.8   | 154.3   | 160.8   | 165.0   | 169.4   |
| Anticipated Funding | (146.8) | (155.4) | (162.0) | (165.8) | (169.9) |
| Shortfall           | 0       | (1.1)   | (1.2)   | (0.8)   | (0.5)   |

Even under the middle case scenario, there will be a requirement to realise efficiencies over the coming years and the PFCC and his office continue to work with the Force to meet this challenge.

## Reserves

The Reserves Strategy is reviewed each year as part of the budget and outlined a guideline level for General Reserves of 3% with a minimum level of 2.5%. The balance was increased in 2019/20 to £5.0m, representing 3.6% of the net revenue budget for the year, which is felt appropriate in the current financial climate.

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 2019

totalled £12.774m, increasing to £16.967m at 31st March 2020.

## Estates

The Police 'estate' has suffered from years of under-investment and this was addressed in the Estates Strategy produced in 2018/19 to provide investment in the estate 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.

## 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





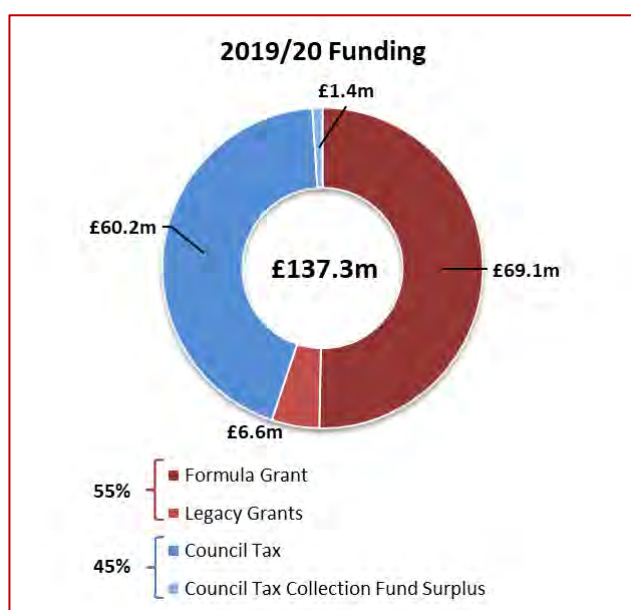
## FINANCIAL PERFORMANCE

### The Revenue Budget

#### Funding

Funding for the Police service is through a combination of government grant and precept (council tax). In 2019/20 the council tax element was based on a tax base of 245,392 properties at £245.04 at Band D. This was an increase of £24 per property compared to 2018/19.

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



In 2019/20, the PFCC continued with the investments in key areas made in the previous two financial years and increased the Chief's total funding envelope by £11.6m

compared to 2018/19. This increase enabled the full year impact of earlier years' investments to be funded, together with meeting additional pressures and opportunities.

Furthermore, the increase has supported growth of 83 additional police officers over two years, which, together with the national recruitment programme for police officers (the "Uplift programme") seeks to increase police officers to 1367 by 2021/22 and to over 1500 officers by 2023/24.

Despite the challenging circumstances experienced by COVID-19, recruitment remains on target.

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 for the Group

The outturn positions of the Chief and PFCC are described individually below. Together, a balanced budget was achieved after residual underspends were transferred to reserves.

### Budget Outturn of the Chief Constable

The PFCC allocated £130.174m for the Chief Constable and the table below shows the outturn position for the financial year:

| Over/ (Under)spends               | Budget<br>£000 | Outturn<br>£000 | Variance<br>£000 |
|-----------------------------------|----------------|-----------------|------------------|
| Police Pay & Pensions             | 68,436         | 66,996          | (1,440)          |
| PCSOs                             | 3,279          | 3,213           | (66)             |
| Corporate Budgets                 | 4,983          | 5,012           | 29               |
| Devolved Budgets                  | 43,405         | 43,893          | 488              |
| Collaboration Units               | 10,071         | 10,531          | 460              |
| <b>Total Managed by the Force</b> | <b>130,174</b> | <b>129,645</b>  | <b>(529)</b>     |

### Pay and Pensions

There was an underspend on Police Officer pay of £1,440k which was mainly a result of lower average salaries, underspends on NI and pension contributions and variations to the recruitment profile. This also includes £275k of unbudgeted funding from the Home Office to uplift officer numbers.



### PCSOs

There was a £66k underspend on PCSOs due to fluctuations in estimated starter and leaver profiles.

### Corporate Budgets

Savings targets were achieved and there was an underspend on national levies, but these were offset by overspends on major investigations and expenditure of £58k as a direct result of COVID-19.

### Devolved Budgets

The overspend on devolved budgets is mainly caused by the costs of a historic investigation and the revenue impact of IT projects progressing as part of the Digital Strategy.

### Regional

The main reason for the overspend on collaboration was the Multi-Force Shared Service (MFSS) budget due to revenue implications of system improvements, cancelled on-boarding of other partners and failure to achieve planned efficiency savings.

### Budget Outturn of the OPFCC

The PFCC budget for 2019/20 was £5.170m.

| Over/(Under)spends                                       | Budget<br>£000 | Outturn<br>£000 | Variance<br>£000 |
|----------------------------------------------------------|----------------|-----------------|------------------|
| <b>OPFCC Office Budget</b>                               | <b>1,309</b>   | <b>1,260</b>    | <b>(49)</b>      |
| <b>PFCC Delivery Budgets</b>                             |                |                 |                  |
| Research and Analysis                                    | 50             | 42              | (8)              |
| Public Involvement, Public Confidence and Communications | 92             | 22              | (70)             |
| To support Victims and Reduce Crime                      | 1,956          | 1,862           | (94)             |
| Early Intervention                                       | 1,263          | 784             | (479)            |
| Delivery and Accountability                              | 120            | 80              | (40)             |
| Complaints                                               | 104            | 18              | (86)             |
| Digital and ICT                                          | 26             | 14              | (12)             |
| Police and Crime Plan Delivery Fund                      | 250            | 48              | (202)            |
|                                                          | <b>3,861</b>   | <b>2,870</b>    | <b>(991)</b>     |
| <b>Total OPFCC and Delivery Budgets</b>                  | <b>5,170</b>   | <b>4,130</b>    | <b>(1,040)</b>   |
| Enabling Services                                        | 215            | 157             | (58)             |
| <b>Total PFCC and Enabling Services</b>                  | <b>5,385</b>   | <b>4,287</b>    | <b>(1,098)</b>   |

The OPFCC and Enabling Services budgets underspent by £1.098m. Of this amount, £0.800m was transferred as revenue contributions to capital and the balance transferred to reserves.

### PFCC Office Budget

The small underspend related to staff vacancy and office cost savings.

### Early Intervention (EI)

The underspend related to longer than anticipated recruitment timescales for the County Coordinators and Youth Workers.

### Complaints

As the complaints legislation was not finalised until the end of the financial year, recruitment of key staff did not take place until the final quarter of the year.

### Police and Crime Plan Delivery Fund

The impact of the COVID-19 pandemic towards the end of 2019/20 impacted on the potential allocations the PFCC was considering for this fund in the year. The Fund continues in 2020/21 and the PFCC will consider allocations as the year progresses.

### Other

Other delivery underspends related to timing savings in commissioning, public involvement and communications and staff vacancies in delivery functions.

### Transfer to Reserves

The PFCC transferred £0.800m to finance capital expenditure in the year to mitigate the impact on future years' capital financing costs. The balance was transferred to reserves to support investment and future potential pressures in the Chief Constable's budget, together with increasing resilience in general and insurance reserves.

### The Capital Budget

In addition to revenue expenditure, money is spent on assets such as buildings, computers and vehicles, which will be used by or on behalf of the PFCC to support policing requirements in the long term.

The Capital Programme underspent by £7.556m compared to the revised budget. The table below provides a summary of the capital expenditure and funding for the year:



|                        | Capital<br>Programme<br>£000 | Actual Capital<br>Expenditure<br>£000 | Variance<br>£000 |
|------------------------|------------------------------|---------------------------------------|------------------|
| <b>Programmes:</b>     |                              |                                       |                  |
| Information Technology | 7,405                        | 3,609                                 | (3,796)          |
| Estates                | 7,693                        | 5,034                                 | (2,659)          |
| Vehicles               | 1,578                        | 935                                   | (643)            |
| Operational Equipment  | 830                          | 372                                   | (458)            |
|                        | <b>17,506</b>                | <b>9,950</b>                          | <b>(7,556)</b>   |
| <b>Funding:</b>        |                              |                                       |                  |
| Grants                 | 474                          | 474                                   | 0                |
| Capital Receipts       | 458                          | 458                                   | 0                |
| Revenue Contributions  | 1,044                        | 2,862                                 | 1,818            |
| Borrowing              | 15,530                       | 6,156                                 | (9,374)          |
|                        | <b>17,506</b>                | <b>9,950</b>                          | <b>(7,556)</b>   |

Estates costs were lower than anticipated due to delays to redevelopment of the main headquarters site and final costs for the new training facility at Giffard House falling in early 2020/21.

There was slippage on some of the Information Technology Projects which include the Emergency Services Network.

The variance on vehicles was mainly due to extended lead times for vehicles on order, which have pushed costs into 2020/21.

Capital receipts were received for the Finedon and Earls Barton sites and there was £9.5m of external borrowing in March 2020.

### Capital Financing

A total of £2.86m of revenue budget from across the group was used to fund capital expenditure which reduces the need to borrow and subsequent financing costs in future years.

### Cash Flow

Total 'Cash and Cash Equivalents' at 31 March 2020 is £11.3m including a share of Joint Venture (Regional Collaboration) and Associates cash balances. The main factors that will affect cash in the future are:

- Acquisitions and disposals relating to the capital programme.
- The value of reserve balances, grants and contributions unapplied.

### Borrowing

The Local Government Act 2003 provides the PFCC with the power to borrow and describes his duty to determine and keep under review how much borrowing is affordable. Controls on borrowing are contained within the CIPFA Prudential Code for Capital Finance in Local Authorities and, under the provisions of the 2003 Act, the PFCC must have regard to the Code when carrying out his duties under the Act.

The key objectives of the Prudential Code are to ensure, within a clear framework that capital investment plans are:

- Affordable
- Prudent
- Sustainable

The PFCC reviews his Treasury Management Strategy and Minimum Revenue Provision annually. The last update was undertaken in March 2020.

A loan of £9.5m was taken out in March 2020 in line with the approved strategy. This is in addition to existing long-term loans totalling £1.3m.

## NON-FINANCIAL PERFORMANCE

### Outcomes

The PFCC produces an annual report each year which is considered in full at the Police, Fire and Crime Panel. This report details all key activities and areas of work undertaken by the PFCC, together with key performance areas. The full report when published will be available on the PFCC website and key outcomes developed or commenced in 2019/20 included:

The Early Intervention/ACE Team commenced in 2018/19 to work alongside partners helping some of the most vulnerable people and diverting young people from crime. The eight-strong team work alongside the Community Initiative to Reduce Violence (CiRV) Team and since February 2019 have received 419 referrals and 410 families have been supported, giving advice to 761 children and young people.

A new team of 11 specialist Youth Workers was established in 2019/20 who will work closely alongside



Northamptonshire Police, other partner agencies and community groups in a targeted way to provide support and mentoring to young people.

The OPFCC Youth Commission was launched in Summer 2019 to ensure the voices of young people in Northamptonshire are heard and to support, challenge and inform the work of Northamptonshire Police and Northamptonshire Fire and Rescue Service. The Youth Commission interviewed more than 1,100 young people. Their work identified issues the young people of Northamptonshire are concerned with and developed future areas of work to take forward.

The Northamptonshire Road Safety Alliance continued to work tirelessly to reach as many road users as possible by visiting schools and colleges, giving presentations to business groups and attending numerous community and sporting events. During the year, the PFCC established the Road Safety Community Fund which awards grants of between £500 and £5,000 to support the Northamptonshire Road Safety Plan.

During the year, the PFCC continued to actively fund and support those affected by domestic and sexual abuse and to prevent future victimisation. The PFCC continued to work with local authorities, health and education services, the voluntary sector and local businesses to create a joined up response to local problems.

Additional funding to the Chief Constable in 2019/20 has also included funding towards the following key developments:

- Supporting the new geographic operational delivery model.
- A new approach to household burglary where every victim is visited by a police officer.
- A 101 call-back pledge
- A new investigations team
- A new burglary prevention website
- Increasing the number of trained drone operators.

## Operational Performance

There are a number of external checks and balances that are in operation to ensure that Northamptonshire Police comply with legislative requirements. Best practice and efficiency reviews can be summarised under the following headings:

## Her Majesty's Inspector of Constabulary & Fire and Rescue Services (HMICFRS)

The HMICFRS assesses each Police Force in England and Wales on their effectiveness efficiency and legitimacy (known as the PEEL assessments) with a judgement as outstanding, good, requires improvement or inadequate based on Inspectors' findings, analysis and the Inspectors' professional judgement across the year.

The latest report, released in September 2019 was produced following an inspection in 2018 and rated Northamptonshire as follows:



The PFCC responded to the findings with the following statement:

"There is no doubt that this report makes disappointing reading and I thank the Inspectors for their thorough review, the information they provide and their advice is very helpful in my role of holding the Chief Constable to account and reflect the concerns I had already voiced to him. However this is the result of an inspection that took place more than nine months ago, it does not reflect Northamptonshire Police as it is performing today.

"The Chief Constable had only just joined Northamptonshire Police when the review took place late in 2018 and so he hadn't set the clear priorities and new focus that is now reshaping the Force. Nevertheless, I take this report very seriously and fully acknowledge the areas of concern which, despite the considerable movement forward, need the Force's full attention."

The PFCC stated that in the nine months since the report, the Force had taken a firm grip of crime and investigation and put a new focus on burglary that has improved detection rates to 18% – among the highest in the country.





He said that other achievements include that the Force has:

- Improved the way crimes are dealt with, allocating an officer quickly to every case to give people a clear point of contact and reduce handovers between teams of officers.
- Reduced the amount of time that people wait for a scheduled appointment with the police from 10 days to 48 hours – and this waiting time is on track to reduce still further.
- Adopted new systems that give every supervisor access to real time information on calls and incidents, so that they can identify and understand demand and so focus resources to the right areas.

Since making this statement, the Force has continued to make progress and has demonstrated significant improvements.

#### End of Year Performance Review

The Chief Constable published his second annual report as he began his third year in charge of the Force. It is available on the Force Website.

The report highlights the achievements of the past 12 months, acknowledging the significant additional challenges posed by the Covid-19 pandemic, while also looking ahead to what Northamptonshire Police will deliver for the communities it serves going into 2021.

Mr Adderley's report points to a number of key steps forward during the past 12 months including:

- The creation of a new and more effective policing model for the county based on two Local Policing Areas (Northamptonshire North and West)
- The opening of a new state-of-the-art training centre, Giffard House, in Northampton
- Record numbers of would-be officers applying to join Northamptonshire Police
- Significant reductions year-on-year falls in certain crime types, notably burglary (31%), vehicle crime (16.8%) and theft (12.1%)

Overall public confidence, measured in terms of victim satisfaction, in the service in Northamptonshire is at its highest level for nearly three years.

The Chief Constable also set out in his report his ambitions for the next 12 months, working alongside the Police, Fire and Crime Commissioner, Stephen Mold.

These include improving further the Force's digital capabilities and focusing further additional resources on priority areas, in particular roads policing and knife crime.

And 2021 will also see a significant addition to the Force estate with the opening of a new joint police and fire facility near Wellingborough.

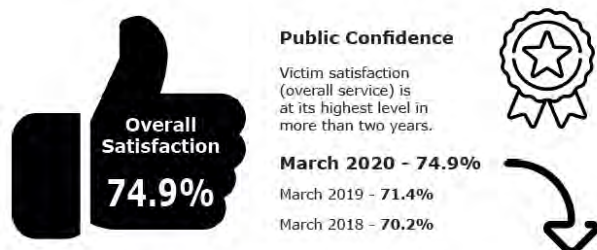
He states: "As I reflect on my second year as Chief Constable of this Force, I feel very proud of the efforts of all our people who have worked exceptionally hard again to serve the people of this county.

"This remains an exciting time for Northamptonshire Police and I am incredibly proud to be a part of it and to have the chance to meet so many members of the community, see the great work being delivered and to listen to the public as they talk so supportively of the Force."

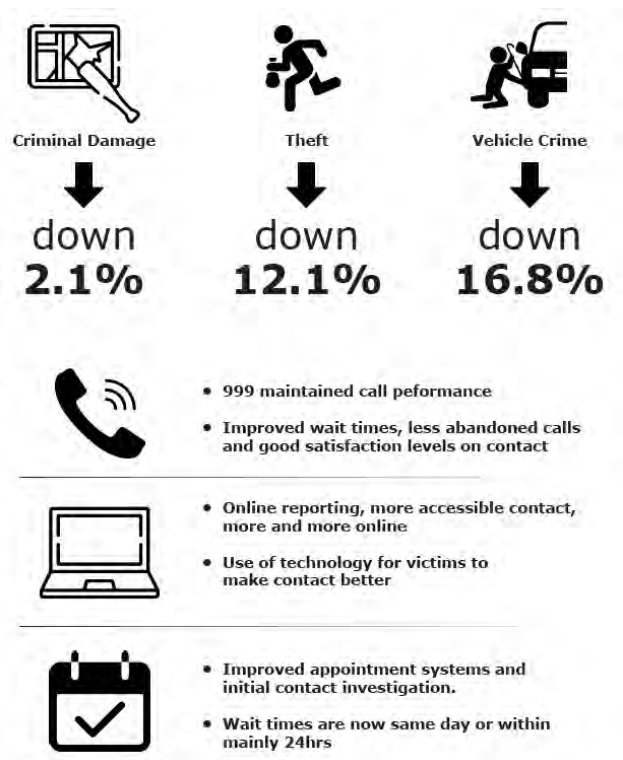
The Annual Report summarises the 2019/20 performance insights as follows:

#### Force Priorities

I introduced Force priorities when I came to Northamptonshire, these are informed priorities from our threat and risk assessment.



Higher for victims of Domestic Abuse (89.8%) and Burglary (76.7%)  
Strongest driver of victim satisfaction is "actions taken" – doing what we say  
Strongest driver of public confidence is "Police being there when you need them"



### 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 OPCC in respect of the strategic budget setting and medium term financial planning.
- Strategic consideration of key identified corporate level risks and scrutiny activity.

### Independent Custody Visitor Scheme

The Northamptonshire Police and Crime Commissioner has a statutory duty to operate an effective Independent Custody Visiting (ICV) Scheme. This scheme allows for volunteers to visit detainees in custody to check on their welfare. It offers mutual protection to detainees and police officers by providing independent scrutiny of the

treatment of detainees and the conditions in which they are being kept.

In March 2019 the Northamptonshire ICV Scheme was awarded a 'silver' level as part of the Independent Custody Visitors Association's Quality Assurance Framework.

There are currently 20 volunteers and in 2019/20, a total of 94 custody visits took place. Of the 588 detainees in custody at the time, ICV's spoke to 288.

### Review of Complaints against the Force

In accordance with the Independent Office for Police Conduct (IOPC) guidelines, until February 2020, the Force Professional Standards Department (PSD) was the appropriate authority in the first instances to assess any complaints made against Northamptonshire Police. Some of the more serious complaints are referred to the IOPC to handle and investigate, but many are retained and handled by the PSD.

The way that complaints and compliments about Northamptonshire Police changed dramatically in February 2020. These changes, resulting from the Policing and Crime Act 2017, gave Police, Fire and Crime Commissioners a much greater role in Police complaints. From 1<sup>st</sup> February 2020, any expression of dissatisfaction with the service provided by Northamptonshire Police is now recorded by the PFCC Customer Service Team. The aim is to provide the public with a better, swifter and more consistent service that is independent and that they can have confidence in.

## 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 (up to £10), this was for one year only and needs to be considered in terms of 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.

### Fire Governance Transfer

In the first full financial year following the Fire Governance Transfer, Fire have also continued to work closely with Police colleagues to integrate essential support services and arrangements where appropriate, building capacity and resilience and releasing efficiencies over the medium term.

Whilst this collaborative working will drive synergistic benefits, the financial climate remains challenging.

### 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.

The PFCC undertook consultation on the level of the precept to gain the views of 1,250 local residents. More than two thirds of residents (71%) were willing to pay an increase for policing, with 43% prepared to pay £10 or more.

## OUTLOOK

### Risks and Opportunities

There are some significant areas of uncertainty which include:

#### The Comprehensive Spending Review (CSR) 2020

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.

In July 2020, the Chancellor launched the 2020 Comprehensive Spending Review (CSR). The Review, which will be published in the autumn, will set out the government's spending plans for the parliament. The CSR will be for a three-year period for resource budgets (2021/22 to 2023/24) and a four-year period for capital budgets (2021/22 to 2024/25).

### 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.

The medium and long term financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy.

As the condition did exist at the year end, some costs have been included as at 31 March 2020. Whilst Policing has not received any additional funding towards PPE costs, in July 2020, the Home Office advised that funding for medical grade PPE costs would be reimbursed.

The impact on the Council Tax and Business Rates Surplus and Deficits are unknown at this time. However, the recent MCHLG advice that shortfalls can be smoothed over a three year period will assist in mitigating this impact.

### 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. It is now anticipated that the funding formula would be revisited after the next spending review.

### Changing Demand

The Joint Strategic Needs Assessment (JSNA) for Northamptonshire in 2019 outlined that Northamptonshire's population has increased by 29.9% over the 30 years, compared with 17.7% across England. It also estimates this will increase by a further 14% by 2041.

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 are outlined earlier in the narrative statement. There has been a great amount of focus by the force on areas for improvement, and it is expected that the next inspection will give better results and demonstrate the progress that has been made.

### Estate

Northamptonshire Police operates within an ageing estate and there had been limited investment in it until recently.

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 ring-fenced the sum of £750k in 2020/21 from the funding settlement to be invested in priority policing areas identified by the Chief.

This is in addition to existing investment plan and the national recruitment uplift plan which increases the Force police officer establishment to 1,367 by April 2021. 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.

However, there remain shortfalls identified in the Medium Term Financial Plan after 2020/21 and the uncertainty and

level of future funding to meet the costs arising from the police officer recruitment uplift after 2020/21 adds further to this uncertainty.

Whilst these shortfalls can be met from reserves and managed over the next three years, the PFCC and CC will continue to identify and realise savings to ensure the use of reserves is minimised and that resources for frontline services can be maximised.

### Futures Project 2025 (FP25)

As detailed earlier, FP25 is a change project that implements the Chief Constable's vision of a force that is designed to meet the challenges for the future. It will continue to review and reshape the organisation to better meet the needs of the public over the medium term and beyond.

The following guidelines apply:

- Clear accountability and ownership
- Resolve at the first point of contact
- Least number of handovers / processes
- Reduce demand failure
- Ability to flex resources to demand

All developments to the new operating model will be designed with the above five principles in mind.

### 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



## 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 two sets of accounts; the PFCC Single Entity accounts and the PFCC Group accounts, which incorporate the accounts produced by the Chief Constable and other group entities.

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. However, if 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 impact of COVID-19 and Brexit remains uncertain 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 2020/21.

The PFCC has highlighted the need to ensure recommendations from HMICFRS are taken forward and implemented in a timely and effective manner to ensure the best services can be delivered for the public of Northamptonshire.

The 2020/21 funding settlement has provided the PFCC with an opportunity to increase investment in policing in the areas highlighted by the public. The long term funding implications from the national and local increase in officers are significant and without the detail of any funding settlements post 2020/21, the financial outlook remains challenging and the PFCC has prioritised both NCFRA and Northamptonshire Police to actively seek 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.

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Helen King  
Chief Finance Officer (S151)  
Date:

Stephen Mold  
Northamptonshire Police, Fire and Crime Commissioner  
Date:



## ANNUAL GOVERNANCE STATEMENT (OPFCC)

### Background and Framework

In the financial year 2019/20, the focus for the two corporations sole has been to develop the governance arrangements and strategies in place and to drive forward performance improvements, develop strategic management and take forward change in the area of Fire Governance.

The financial year 2019/20 was the first 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 2019/20 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 adopted a Joint Corporate Governance Framework which underwent significant review in April 2018. The next review was commenced in 2019 and will be concluded in 2020.

### 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 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
- 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



- A Commissioning Framework to support the priorities for PFCC Commissioning
- 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.
- A Joint Assistant Chief Officer has been appointed to lead the Enabling Services Programme and to provide strategic leadership of support services across Fire and Policing.

An Enabling Services Board has been established with representatives of the PFCC, and chaired on rotation by the Chief Constable and Chief Fire Officer. It provides a structured approach to managing and monitoring collaboration opportunities between Fire and Policing. A collaboration agreement is almost concluded and will be finalised in the near future.

### **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 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) investigate all instances of Fraud, Corruption and Whistleblowing and the Chief Financial officers (Section 151) 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 2019/20, related party disclosures have been undertaken for all key staff in the OPFCC, CC and JIAC members and this information is disclosed within the Statement of Accounts. Additionally, the PFCC and all members of OPFCC staff complete a declaration of business Interests.

#### **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 website is currently being updated to reflect NCFRA and the role of the PFCC in Fire Governance. The OPFCC website was been awarded the independent CoPaCC Transparency Award, two years in succession.

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 2019/20, the PFCC consulted on the revised Police and Crime Plan alongside 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 Police 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 and commissioning framework. It informs where resources are most needed and targets investment to priority areas.

The PFCC has in place a treasury management strategy (which includes a minimum revenue provision policy statement), and developed a capital strategy for 2020-21, which, together with the reserves strategy, revenue budget and capital programme 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 2019/20 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 forwards.

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

Good progress was made in 2019/20 on the effective level of reserves to ensure a reasonable buffer is in place. By the 31<sup>st</sup> March 2020, General Reserves had increased to a sustainable level of £5m.

### **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 will continue in this area to ensure that local and national staffing recruitment levels are monitored regularly, that reliance can be placed on the information and decisions made as a consequence.

The PFCC will continue to monitor closely the Futures Project 2025 (FP25) work being taken forward by the Chief Constable. Further details are available in the Narrative Statement.

As described below, we have a robust set of internal audits and processes in place for acting on and reporting back on recommendations. An example is the 2019/20 follow up internal audit of Seized Property, which resulted in a limited assurance opinion. The Force implemented improvement actions and the 2019/20 budget resulted in a significant resource increase in this area. A number of updates have been considered at the



Accountability Board and it was also the focus of a JIAC workshop. Whilst the overall position will continue to be monitored through Internal Audit Recommendations, performance will now be monitored as part of usual business.

Both the Force and the OPFCC continued to raise concerns with the delivery of the Multi-Force Shared Services (MFSS) project implementation which had resulted in increased costs, one partner deciding to leave and delays to the upgrade. This is alongside concerns about the quality of the business-as-usual arrangements.

As highlighted in 2018/19, significant officer engagement has taken place to secure implementation of the upgraded system and steps to address and improve service delivery, accountability and transparency. The upgrade took place on 1<sup>st</sup> April 2019 and concerns were identified with the payroll and duty management of the new system. Whilst some rectification work was possible and undertaken, significant concerns with the level of service continued throughout 2019/20.

In July 2020, three of the four partners to the Section 22 collaboration agreement for MFSS decided not to continue with the arrangements when it ceases in 2022. The PFCC and CC will continue to work with Fire and take forward plans to implement separate services from the collaboration end date. Funding has been secured for a team to take this work forward and the transition from MFSS and to new arrangements will be a significant piece of work over the next two years.

### **Principle E: Developing Capacity and Capability**

During 2019/20, the Statutory Section 151 (S151) Officer remained in post and the Monitoring role was rotated between Paul Bullen and Nicci Marzec until 31<sup>st</sup> March 2020. After this time Paul Bullen took on the role of joint Assistant Chief Officer for Fire and Policing support services and Nicci Marzec took on the role of Monitoring Officer.

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 FP25. The temporary appointment of an additional Assistant Chief Constable has provided capacity to deliver improvements relating to vulnerability, a risk area identified in the most recent HMICFRS PEEL inspection. There has also been an increase in the Superintendent establishment to create additional senior leadership capacity to drive the required cultural and operational changes.

The PFCC continued with his commitment to Early Intervention and Youth Work by appointing to these roles, continuing with the Early Intervention Youth Fund (which was grant-funded by the Home Office) and funding this for a further year after the grant funding ended.

Completion of the collaboration agreement between NCFRA, the PFCC and CC will give a sound structure to move forward with future collaborative initiatives.

### **Principle F: Managing Risk and Monitoring Performance**

During 2019/20, 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. Additionally, the PFCC has introduced a newsletter for Members of Parliament.

Performance forms a significant part of the Accountability Board and a representative of the OPFCC attends the regular Service Improvement Board meetings to discuss performance at a more operational level and identify the issues and challenges.



During 2019/20, the PFCC appointed an analyst role. Work has commenced on both defining the PFCC's performance monitoring arrangements, embedding them.

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 2019/20, Mazars continued as internal auditors for the Region. Regular review and planning meetings took place with Force and OPFCC officers to update on progress and review and to attend the Regional Finance meetings.

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.

Two new JIAC members were appointed during the year and received induction training in November 2019 and one retired after their second tenure.

Other JIAC members were offered and some attended CIPFA, EY, 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 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 has a structured programme of 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.

### **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 2019/20 which gave assurance under the arrangements for both corporation soles.





The 2019/20 Internal Audit Plan was discussed at the JIAC in March 2019 and was prepared following discussion and consideration of the Risk Register, assurance requirements and informed by regional themes. These ensured specific audits on:

- Business Continuity
- Complaints Management
- Absence Management – Follow Up
- Project/Benefits Realisation
- Force Management of MFSS – Follow Up
- Core Financial Systems
  - o General Ledger
  - o Cash, Bank and Treasury Management
  - o Payments and Creditors
  - o Income and Debtors
  - o Payroll
- MFSS Balance Transfers
- GDPR Follow Up

The collaboration internal audit plan for 2019/20 covered the following areas:

- Performance Management
- Health and Safety
- Business Continuity

With the exception of two audits (GDPR follow up and Payroll which were assessed as limited), all other audits were assessed as satisfactory assurance or significant assurance. Two collaboration audits (Health and Safety and Business Continuity) remained to be finalised at year end.

The Internal Audit Annual Report for 2019/20 has been produced and was reported to and considered by the JIAC at their meeting in July 2020.

The Internal Audit Opinion for the Police, Fire and Crime Commissioner reflected that:

**“Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation’s objectives. We have, however, identified weaknesses that require addressing.”**

The weaknesses referred to set out in the Internal Audit Annual report and relate to limited opinions in the areas of: General Data Protection Requirements (GDPR) and Payroll.

The Chief Constable received a similar Internal Audit opinion.

There were four JIAC meetings held during the year, which were supplemented by workshops. These included updates on Internal Audit, the progress of Internal Audit Recommendations, a review of the JIAC annual plan and an external audit. During the year, the JIAC discussed their intention to undertake an Audit Committee effectiveness self-assessment review, reviewed their terms of reference and produced an annual report. The JIAC approved their annual report in July 2020 for the 2019/20 financial year. This will be considered at the Police, Fire and Crime Panel in September 2020.



The workshop in June 2019 covered the Draft 2018/19 Statement of Accounts and the Draft Annual Report of the Committee. There were two further workshops on Seized and Found Property and Police Performance and FP25 during the year.

Additional areas considered by JIAC were as follows:

| JIAC Meeting   | Areas Covered                                                                                                                                                                                                                                                                                                                                                                          |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 2019      | <ul style="list-style-type: none"> <li>• Meeting of members and auditors without officers present</li> <li>• Annual Report of the JIAC and Terms of Reference Review</li> <li>• Draft Statement of Accounts 2018/19 update</li> <li>• External Audit Proposed Fee Scales 2018/19</li> </ul>                                                                                            |
| September 2019 | <ul style="list-style-type: none"> <li>• Budget and MTFP Processes, Plan and Timetable</li> <li>• 2018/19 Treasury Management Outturn and 2019/20 Progress</li> <li>• Draft Statement of Accounts 2018/19 update</li> <li>• Key Roles and Responsibilities in Fire, Policing and OPFCC</li> <li>• Business Continuity and Disaster Recovery</li> <li>• Risk Register Review</li> </ul> |
| December 2019  | <ul style="list-style-type: none"> <li>• Draft Statement of Accounts Update</li> <li>• Update on LGSS and MFSS</li> <li>• HMIC Recommendations Update on Progress</li> <li>• Update on Joint Estates Strategy</li> </ul>                                                                                                                                                               |
| March 2020     | <ul style="list-style-type: none"> <li>• Draft Statement of Accounts Update and Draft ISA260</li> <li>• Internal Audit Plan 2020/21</li> <li>• External Audit Proposed Fee Levels 2019/20</li> <li>• Performance Framework</li> <li>• Risk Register</li> <li>• Treasury Management Strategy</li> <li>• Update on LGSS and MFSS</li> </ul>                                              |

During 2018/19 Northamptonshire Police were subject to a Police Effectiveness, Legitimacy and Efficiency (PEEL) Inspection. The inspection results were published in Autumn 2019, the assessment of which was as follows:

- “The extent to which the force is effective at reducing crime and keeping people safe requires improvement.
- The extent to which the force operates efficiently and sustainably is inadequate.
- The extent to which the force treats the public and its workforce legitimately requires improvement.”

As a result of this, Northamptonshire is working with the Police Performance Oversight Group (PPOG) to regularly update on the progress of implementing the recommendations set out in the inspection. These updates are also reviewed regularly at the Accountability Board.

### Significant Governance Issues

There were no formal reports issued by the S151 or Monitoring Officer during the year, outcomes of Monitoring Officer Investigations, objections from local electors or ombudsman referrals.

The Independent auditor’s report to the members of Police and Crime Commissioner for Northamptonshire for 2018/19 was received on the 3 August 2020.



The report highlighted the following:

“In our opinion the financial statements:

- give a true and fair view of the financial position of the Police, Fire and Crime Commissioner for Northamptonshire and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.”

In respect of the Conclusion on Police, Fire and Crime Commissioner for Northamptonshire’s arrangements for securing economy, efficiency and effectiveness in its use of resources a qualified conclusion was received as follows:

#### **Basis for Qualified Conclusion**

“Working with partners and other third parties

On 22 March 2017, the Police, Fire and Crime Commissioner and the Chief Constable approved the Business Case for the upgrade of the Police's back office system by the Multi Force Shared Service (MFSS) to "Oracle Cloud Computing" (project Fusion). On review of the progress of the project in 2018-19, we noted that:

- The project was not delivered until 1 April 2019 a year after its expected implementation date of 1 April 2018;
- As a result of the delayed implementation and the addition of a new partner, in 2018/19 the share of Police, Fire and Crime Commissioner and Chief Constable’s MFSS budget increased from £2.2 million to £4.2 million with an extra £1.9 million costs attributable to Project Fusion, funded from the Police, Fire and Crime Commissioner’s earmarked reserves; and
- The expected functionality of the newly implemented system was not in line with the original scope, which has reduced the recurring revenue savings expected from implementing the project.

In investigating these issues, the Police, Fire and Crime Commissioner and Chief Constable identified that MFSS did not have adequate governance and monitoring arrangements in place to enable them to exercise significant influence on the progress of the project and cost implications. As such we have concluded that these issues are evidence of weaknesses in the Police, Fire and Crime Commissioner for Northamptonshire’s arrangements for commissioning services effectively to support the delivery of strategic priorities.”

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

The PFCC, the CC and JIAC have engaged significantly with the three other S22 partners in the collaboration (as part of a Section 22 (S22) collaboration agreement) to address the issues and have continued to seek regular reports and assurances throughout the year on MFSS. However, despite this, required improvements have not been made and in July 2020, the Shared Services Joint Oversight Committee (SSJOC) decided not to continue with the collaboration after November 2022, when the current agreement expires. Work is already in train on alternative solutions and the Force and OPFCC will work closely with partners on the transition.



Whilst the 2020/21 financial settlement has enabled a balanced budget for the year and the precept increase supplemented by reserves are sufficient to provide a balanced budget in the medium term over the next 3 years, there are additional pressures. The ongoing impact of additional police officers is significant, the impact of Brexit on funding is unknown, the next Comprehensive Spending Review is awaited and financial shortfalls are evident if savings are not identified.

Furthermore, the impact of COVID-19 on valuations and the services provided and received by the PFCC and CC is unknown. It will continue to be closely monitored.

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 2017/18 and 2018/19 recommendations identified in the governance statements for those years as follows:

| Policing – Update on 2017/18 Action Plan Progress                                                                                |                                                                                                                                                                                                                                     |                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE A:</b><br>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law | <b>Recommendation 1</b><br>Complete the formal review of existing HR policies, practices and procedures and consider recommendations made.                                                                                          | Completed.<br>OPFCC policies were consulted on, adopted and issued in 2019/20.                          |
| <b>PRINCIPLE C:</b><br>Defining outcomes in terms of sustainable, economic, social and environmental outcomes                    | <b>Recommendation 5</b><br>Recommendations and subsequently agreed actions from the JIAC annual report taken forwards along with annual report being presented to the Police and Crime Panel.                                       | Ongoing.<br>JIAC Publication on the website remains an ongoing action.                                  |
| <b>PRINCIPLE D:</b><br>Determining the interventions necessary to optimise the achievement of intended outcomes                  | <b>Recommendation 8</b><br>To work with colleagues to ensure acceptable management and delivery of the MFSS upgrade and arrangements.                                                                                               | Superseded by a 2019/20 action.<br>In July 2020, the partners agreed to cease the arrangements in 2022. |
| <b>PRINCIPLE F:</b><br>Managing risk and monitoring performance                                                                  | <b>Recommendation 10</b><br>Train OPFCC staff in risk awareness and management.                                                                                                                                                     | Completed.<br>Training was provided and PFCC and Directors review monthly.                              |
|                                                                                                                                  | <b>Recommendation 12</b><br>To ensure the Force has in place suitable financial monitoring arrangements and robust savings plans in place to meet the pressures identified and enable balanced budgets in 2018-19 and future years. | Completed.<br>Incorporated in Business as Usual.                                                        |
| <b>PRINCIPLE G:</b><br>Implementing good practices in transparency, reporting and accountability                                 | <b>Recommendation 13</b><br>To ensure the effective implementation of the Policing and Crime Act 2017 responsibilities are delivered in respect of Complaints.                                                                      | Completed.<br>The new arrangements were implemented in February 2020.                                   |



| Policing – Update on 2018/19 Action Plan Progress                                                               |                                                                                                                                                                                             |                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE D:</b><br>Determining the interventions necessary to optimise the achievement of intended outcomes | <b>Recommendation 1</b><br>To work with the Force to establish tighter internal controls in relation to the Victim's Code of Practice to reflect the increased responsibilities for PFCC's. | Completed.<br>Incorporated Into Business as usual. Force has developed this further under FP25 and has a revised Public Confidence and Victim Satisfaction Strategy aimed at the provision of a more customer focused service                |
|                                                                                                                 | <b>Recommendation 2</b><br>To work with the Force to establish and embed better strategic planning processes to support effective resource allocation.                                      | Completed.<br>Incorporated into Business as Usual for the Budget Setting process. Also features under a significant piece of demand assessment work completed under FP25 relating to operational resource allocation to better meet demands. |
| <b>PRINCIPLE C:</b><br>Defining outcomes in terms of sustainable, economic, social and environmental outcomes   | <b>Recommendation 3</b><br>To work with the Force to ensure stronger establishment monitoring and control arrangements are implemented and embedded.                                        | Ongoing. Processes are now embedded as BAU.                                                                                                                                                                                                  |
|                                                                                                                 | <b>Recommendation 4</b><br>To agree a joint OPFCC/Force priorities for digital projects and activity to transform service delivery.                                                         | Completed.<br>Incorporated in Business As Usual. Managed via Digital Strategy Board and Change Steering Group.                                                                                                                               |
| <b>PRINCIPLE E:</b><br>Developing capacity and capability                                                       | <b>Recommendation 5</b><br>To agree a joint collaboration agreement with Force and NCFRA to provide a structured approach to managing and monitoring collaboration opportunities.           | Ongoing.<br>A draft agreement has been supported by all partners and is anticipated will be signed by the three organisations (PFCC, CC and NCFRA) in the near future.                                                                       |
|                                                                                                                 | <b>Recommendation 6</b><br>To ensure an action plan for HMIC recommendations is produced and to monitor progress of the Force on these recommendations.                                     | Ongoing.<br>Monitored regularly throughout the year and will remain ongoing for the time being.                                                                                                                                              |
| <b>PRINCIPLE D:</b><br>Determining the interventions necessary to optimise the achievement of intended outcomes | <b>Recommendation 7</b><br>To monitor delivery of the Seized Property improvement actions.                                                                                                  | Completed.<br>Incorporated into Business As Usual through the Accountability Board and regular JIAC reviews of recommendations. Additional investment was provided to support this area.                                                     |





## Recommendations for 2019/20

Following the assessment of internal controls, the following areas have been recommended to improve internal controls for 2019/20:

| Policing 2019/20 Action Plan                                                                                    |                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE C:</b><br>Defining outcomes in terms of sustainable, economic, social and environmental outcomes   | <b>Recommendation 1 (2017/18)</b><br>Recommendations and subsequently agreed actions from the JIAC annual report taken forwards along with annual report being presented to the Police and Crime Panel. |
|                                                                                                                 | <b>Recommendation 2 (2018/19)</b><br>To work with the Force to ensure stronger establishment monitoring and control in line with the requirements set out in the police officer uplift ambition.        |
|                                                                                                                 | <b>Recommendation 3 (New)</b><br>To continue to inform, develop and implement proposals for Enabling Services, together with Fire.                                                                      |
| <b>PRINCIPLE D:</b><br>Determining the interventions necessary to optimise the achievement of intended outcomes | <b>Recommendation 3 (2018/19)</b><br>To ensure an action plan for HMICFRS recommendations is produced and to monitor progress by the Force on these recommendations.                                    |
|                                                                                                                 | <b>Recommendation 4 (New)</b><br>Together with Fire, ensure an effective, orderly and robust transition from MFSS and LGSS to new arrangements in line with plans and proposals.                        |
| <b>PRINCIPLE E:</b><br>Developing capacity and capability.                                                      | <b>Recommendation 5 (2018/19)</b><br>To agree a joint collaboration agreement with Force and NCFRA to provide a structured approach to managing and monitoring collaboration opportunities.             |
| <b>PRINCIPLE F:</b><br>Managing risks and performance                                                           | <b>Recommendation 6 (New)</b><br>To embed effective performance monitoring arrangements.                                                                                                                |
|                                                                                                                 | <b>Recommendation 7 (New)</b><br>To continue to update and monitor the MTFP and identify, review and implement savings proposals required to balance the budgets.                                       |

## 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:

Helen King  
Chief Finance Officer (S151)  
Date:

Stephen Mold  
Northamptonshire Police, Fire and Crime Commissioner  
Date:

## ANNUAL GOVERNANCE STATEMENT (COLLABORATION)



### **ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2019/20**

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 bimonthly 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**

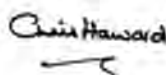
A management structure is in place, with clear lines of accountability for both operational issues and use of resources. A budget is approved each year at the EMPCC/CC's Board which defines the expenditure targets for each area of policing within EMSOU. Each force actively supports the budget allocation 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. Monthly expenditure 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 02/07/2020

Chris Haward  
Deputy Chief Constable (East Midlands)



## 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 2019.

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; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- Kept proper accounting records which are up to date; and
- 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 and Crime Commissioner.

Northamptonshire Police Financial Services staff under the supervision of, and with the assistance of the PCC's Office, carries out the preparation of the accounts and liaises with the external auditors, KPMG LLP, during the audit process.

### Chief Finance Officer (OPFCC) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the OPFCC and Northamptonshire Police Force as at 31 March 2020 and the income and expenditure for the year ended 31 March 2020.

Helen King  
Chief Finance Officer (Section 151)  
Date:

Stephen Mold  
Northamptonshire Police, Fire and Crime Commissioner  
Date:



## EXPENDITURE AND FUNDING ANALYSIS (GROUP)

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.

| 2018/19                            |               |                             | Group                                                     | 2019/20                            |               |                             |
|------------------------------------|---------------|-----------------------------|-----------------------------------------------------------|------------------------------------|---------------|-----------------------------|
| Net Expenditure chargeable to CIES | Adjustments   | Net Expenditure as per CIES |                                                           | Net Expenditure chargeable to CIES | Adjustments   | Net Expenditure as per CIES |
| £000                               | £000          | £000                        |                                                           | £000                               | £000          | £000                        |
| 119,214                            | (4,283)       | 114,931                     | Policing Services                                         | 125,999                            | 13,181        | 139,180                     |
| 5,529                              | 4,411         | 9,940                       | OPFCC & Commissioning                                     | 6,673                              | 4,457         | 11,130                      |
| -                                  | 59,350        | 59,350                      | Non-Distributed Costs                                     | -                                  | 4,802         | 4,802                       |
| <b>124,743</b>                     | <b>59,478</b> | <b>184,221</b>              | <b>Cost Of Services</b>                                   | <b>132,672</b>                     | <b>22,440</b> | <b>155,112</b>              |
| 172                                | (172)         | -                           | JV Outturn Surplus/ Deficit Transfer Financial Statements | (151)                              | 151           | -                           |
| -                                  | -             | -                           | CC Surplus Transfer Financial Statements                  | -                                  | -             | -                           |
| (126,035)                          | 34,056        | (91,979)                    | Other Income and Expenditure                              | (136,714)                          | 37,396        | (99,318)                    |
| <b>(1,120)</b>                     | <b>93,362</b> | <b>92,242</b>               | <b>Surplus or Deficit on the Provision of Services</b>    | <b>(4,193)</b>                     | <b>59,987</b> | <b>55,794</b>               |
| (11,654)                           |               |                             | Opening Combined General Fund Balance                     | (12,774)                           |               |                             |
| -                                  |               |                             | Surplus or Deficit on the General Fund                    | -                                  |               |                             |
| (1,120)                            |               |                             | Transfers to/from other Reserves                          | (4,193)                            |               |                             |
| <b>(12,774)</b>                    |               |                             | <b>Closing Combined General Fund</b>                      | <b>(16,967)</b>                    |               |                             |

## EXPENDITURE AND FUNDING ANALYSIS (OPFCC)

| 2018/19                            |              |                             | Office of the Police, Fire & Crime Commissioner           | 2019/20                            |              |                             |
|------------------------------------|--------------|-----------------------------|-----------------------------------------------------------|------------------------------------|--------------|-----------------------------|
| Net Expenditure chargeable to CIES | Adjustments  | Net Expenditure as per CIES |                                                           | Net Expenditure chargeable to CIES | Adjustments  | Net Expenditure as per CIES |
| £000                               | £000         | £000                        |                                                           | £000                               | £000         | £000                        |
| 978                                | -            | 978                         | Policing Services                                         | 554                                | -            | 554                         |
| 5,529                              | 4,411        | 9,940                       | OPFCC & Commissioning                                     | 6,673                              | 4,457        | 11,130                      |
| -                                  | 15           | 15                          | Non-Distributed Costs                                     | -                                  | -            | -                           |
| <b>6,507</b>                       | <b>4,426</b> | <b>10,933</b>               | <b>Cost Of Services</b>                                   | <b>7,227</b>                       | <b>4,457</b> | <b>11,684</b>               |
| 119,359                            | -            | 119,359                     | Intra-Organisational Adjustment                           | 126,609                            | -            | 126,609                     |
| 172                                | (172)        | -                           | JV Outturn Surplus/ Deficit Transfer Financial Statements | (151)                              | 151          | -                           |
| -                                  | -            | -                           | CC Surplus Transfer Financial Statements                  | -                                  | -            | -                           |
| (127,158)                          | (215)        | (127,373)                   | Other Income and Expenditure                              | (137,878)                          | 917          | (136,961)                   |
| <b>(1,120)</b>                     | <b>4,039</b> | <b>2,919</b>                | <b>Surplus or Deficit on the Provision of Services</b>    | <b>(4,193)</b>                     | <b>5,525</b> | <b>1,332</b>                |
| (11,654)                           |              |                             | Opening Combined General Fund Balance                     | (12,774)                           |              |                             |
| -                                  |              |                             | Surplus or Deficit on the General Fund                    | -                                  |              |                             |
| (1,120)                            |              |                             | Transfers to/from other Reserves                          | (4,193)                            |              |                             |
| <b>(12,774)</b>                    |              |                             | <b>Closing Combined General Fund</b>                      | <b>(16,967)</b>                    |              |                             |



## MOVEMENT IN RESERVES STATEMENT (GROUP)

This statement shows the movement in the year on the different reserves held by the OPFCC, 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 OPFCC'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.

| Group                                                                             | General Fund Balance<br>£000 | Earmarked General Fund Reserves<br>£000 | Total Usable Reserves<br>£000 | Unusable Reserves<br>£000 | Total Reserves<br>£000 |
|-----------------------------------------------------------------------------------|------------------------------|-----------------------------------------|-------------------------------|---------------------------|------------------------|
| Balance at 31 March 2019                                                          | (4,335)                      | (8,439)                                 | (12,774)                      | 1,440,016                 | 1,427,242              |
| <b>Movement in reserves during 2019/20</b>                                        |                              |                                         |                               |                           |                        |
| Surplus or deficit on the provision of services                                   | 55,794                       | -                                       | 55,794                        | -                         | 55,794                 |
| Other Comprehensive Income / Expenditure                                          | -                            | -                                       | -                             | (146,900)                 | (146,900)              |
| <b>Total Comprehensive Income and Expenditure</b>                                 | <b>55,794</b>                | <b>-</b>                                | <b>55,794</b>                 | <b>(146,900)</b>          | <b>(91,106)</b>        |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | (59,987)                     | -                                       | (59,987)                      | 59,987                    | -                      |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>            | <b>(4,193)</b>               | <b>-</b>                                | <b>(4,193)</b>                | <b>(86,913)</b>           | <b>(91,106)</b>        |
| Transfers to / from Earmarked Reserves                                            | 3,528                        | (3,528)                                 | -                             | -                         | -                      |
| <b>Increase or Decrease in 2019/20</b>                                            | <b>(665)</b>                 | <b>(3,528)</b>                          | <b>(4,193)</b>                | <b>(86,913)</b>           | <b>(91,106)</b>        |
| <b>Balance at 31 March 2020</b>                                                   | <b>(5,000)</b>               | <b>(11,967)</b>                         | <b>(16,967)</b>               | <b>1,353,103</b>          | <b>1,336,136</b>       |

| Group                                                                             | General Fund Balance<br>£000 | Earmarked General Fund Reserves<br>£000 | Total Usable Reserves<br>£000 | Unusable Reserves<br>£000 | Total Reserves<br>£000 |
|-----------------------------------------------------------------------------------|------------------------------|-----------------------------------------|-------------------------------|---------------------------|------------------------|
| Balance at 31 March 2018                                                          | (3,760)                      | (7,894)                                 | (11,654)                      | 1,297,910                 | 1,286,256              |
| <b>Movement in reserves during 2018/19</b>                                        |                              |                                         |                               |                           |                        |
| Surplus or deficit on the provision of services                                   | 92,242                       | -                                       | 92,242                        | -                         | 92,242                 |
| Other Comprehensive Income / Expenditure                                          | -                            | -                                       | -                             | 48,744                    | 48,744                 |
| <b>Total Comprehensive Income and Expenditure</b>                                 | <b>92,242</b>                | <b>-</b>                                | <b>92,242</b>                 | <b>48,744</b>             | <b>140,986</b>         |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | (93,362)                     | -                                       | (93,362)                      | 93,362                    | -                      |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>            | <b>(1,120)</b>               | <b>-</b>                                | <b>(1,120)</b>                | <b>142,106</b>            | <b>140,986</b>         |
| Transfers to / from Earmarked Reserves                                            | 545                          | (545)                                   | -                             | -                         | -                      |
| <b>Increase or Decrease in 2018/19</b>                                            | <b>(575)</b>                 | <b>(545)</b>                            | <b>(1,120)</b>                | <b>142,106</b>            | <b>140,986</b>         |
| <b>Balance at 31 March 2019</b>                                                   | <b>(4,335)</b>               | <b>(8,439)</b>                          | <b>(12,774)</b>               | <b>1,440,016</b>          | <b>1,427,242</b>       |



## MOVEMENT IN RESERVES STATEMENT (OPFCC)

| Office of the Police, Fire & Crime Commissioner                                   | General Fund Balance<br>£000 | Earmarked General Fund Reserves<br>£000 | Total Usable Reserves<br>£000 | Unusable Reserves<br>£000 | Total Reserves<br>£000 |
|-----------------------------------------------------------------------------------|------------------------------|-----------------------------------------|-------------------------------|---------------------------|------------------------|
| Balance at 31 March 2019                                                          | (4,335)                      | (8,439)                                 | (12,774)                      | (43,863)                  | (56,637)               |
| <b>Movement in reserves during 2019/20</b>                                        |                              |                                         |                               |                           |                        |
| Surplus or deficit on the provision of services                                   | 1,332                        | -                                       | 1,332                         | -                         | 1,332                  |
| Other Comprehensive Income / Expenditure                                          | -                            | -                                       | -                             | 1,351                     | 1,351                  |
| <b>Total Comprehensive Income and Expenditure</b>                                 | <b>1,332</b>                 | <b>-</b>                                | <b>1,332</b>                  | <b>1,351</b>              | <b>2,683</b>           |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | (5,525)                      | -                                       | (5,525)                       | 5,525                     | -                      |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>            | <b>(4,193)</b>               | <b>-</b>                                | <b>(4,193)</b>                | <b>6,876</b>              | <b>2,683</b>           |
| Transfers to / from Earmarked Reserves                                            | 3,528                        | (3,528)                                 | -                             | -                         | -                      |
| <b>Increase or Decrease in 2019/20</b>                                            | <b>(665)</b>                 | <b>(3,528)</b>                          | <b>(4,193)</b>                | <b>6,876</b>              | <b>2,683</b>           |
| <b>Balance at 31 March 2020</b>                                                   | <b>(5,000)</b>               | <b>(11,967)</b>                         | <b>(16,967)</b>               | <b>(36,987)</b>           | <b>(53,954)</b>        |

| Office of the Police, Fire & Crime Commissioner                                   | General Fund Balance<br>£000 | Earmarked General Fund Reserves<br>£000 | Total Usable Reserves<br>£000 | Unusable Reserves<br>£000 | Total Reserves<br>£000 |
|-----------------------------------------------------------------------------------|------------------------------|-----------------------------------------|-------------------------------|---------------------------|------------------------|
| Balance at 31 March 2018                                                          | (3,760)                      | (7,894)                                 | (11,654)                      | (44,989)                  | (56,643)               |
| <b>Movement in reserves during 2018/19</b>                                        |                              |                                         |                               |                           |                        |
| Surplus or deficit on the provision of services                                   | 2,919                        | -                                       | 2,919                         | -                         | 2,919                  |
| Other Comprehensive Income / Expenditure                                          | -                            | -                                       | -                             | (2,913)                   | (2,913)                |
| <b>Total Comprehensive Income and Expenditure</b>                                 | <b>2,919</b>                 | <b>-</b>                                | <b>2,919</b>                  | <b>(2,913)</b>            | <b>6</b>               |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | (4,039)                      | -                                       | (4,039)                       | 4,039                     | -                      |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>            | <b>(1,120)</b>               | <b>-</b>                                | <b>(1,120)</b>                | <b>1,126</b>              | <b>6</b>               |
| Transfers to / from Earmarked Reserves                                            | 545                          | (545)                                   | -                             | -                         | -                      |
| <b>Increase or Decrease in 2018/19</b>                                            | <b>(575)</b>                 | <b>(545)</b>                            | <b>(1,120)</b>                | <b>1,126</b>              | <b>6</b>               |
| <b>Balance at 31 March 2019</b>                                                   | <b>(4,335)</b>               | <b>(8,439)</b>                          | <b>(12,774)</b>               | <b>(43,863)</b>           | <b>(56,637)</b>        |





## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (GROUP)

This account summarises the resources that have been generated and consumed in providing services and managing the Group 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<br>£000 | 2018/19<br>Income<br>£000 | Net<br>£000    | Group                                                    | Expenditure<br>£000 | 2019/20<br>Income<br>£000 | Net<br>£000      |
|---------------------|---------------------------|----------------|----------------------------------------------------------|---------------------|---------------------------|------------------|
| 146,203             | (31,272)                  | 114,931        | Policing Services                                        | 172,573             | (33,393)                  | 139,180          |
| 9,217               | -                         | 9,217          | Police, Fire & Crime Commissioner                        | 10,940              | (1,188)                   | 9,752            |
| 2,007               | (1,284)                   | 723            | Commissioning                                            | 2,830               | (1,452)                   | 1,378            |
| 59,350              | -                         | 59,350         | Non-Distributed Costs                                    | 4,802               | -                         | 4,802            |
| <b>216,777</b>      | <b>(32,556)</b>           | <b>184,221</b> | <b>Cost of Services</b>                                  | <b>191,145</b>      | <b>(36,033)</b>           | <b>155,112</b>   |
| -                   | -                         | -              | Intra-Organisational Adjustment                          | -                   | -                         | -                |
| 1,379               | (78)                      | 1,301          | Other Operating Expenditure (Note 7)                     | 1,209               | (101)                     | 1,108            |
| 34,372              | (36)                      | 34,336         | Financing and Investment Income and Expenditure (Note 8) | 36,599              | (50)                      | 36,549           |
| -                   | (127,616)                 | (127,616)      | Taxation and Non-Specific Grant Income (Note 9)          | -                   | (136,975)                 | (136,975)        |
| <b>252,528</b>      | <b>(160,286)</b>          | <b>92,242</b>  | <b>Surplus or Deficit on Provision of Services</b>       | <b>228,953</b>      | <b>(173,159)</b>          | <b>55,794</b>    |
|                     |                           | (3,248)        | Surplus or Deficit on Revaluation of Non-Current Assets  |                     |                           | 1,890            |
|                     |                           | 51,992         | Actuarial Gains/Losses on Pension Schemes                |                     |                           | (148,790)        |
|                     |                           | <b>48,744</b>  | <b>Other Comprehensive Income and Expenditure</b>        |                     |                           | <b>(146,900)</b> |
|                     |                           | <b>140,986</b> | <b>Total Comprehensive Income and Expenditure</b>        |                     |                           | <b>(91,106)</b>  |

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (OPFCC)

| Expenditure<br>£000 | 2018/19<br>Income<br>£000 | Net<br>£000    | Office of the Police, Fire & Crime Commissioner          | Expenditure<br>£000 | 2019/20<br>Income<br>£000 | Net<br>£000   |
|---------------------|---------------------------|----------------|----------------------------------------------------------|---------------------|---------------------------|---------------|
| 14,965              | (13,987)                  | 978            | Policing Services                                        | 9,487               | (8,933)                   | 554           |
| 9,217               | -                         | 9,217          | Police, Fire & Crime Commissioner                        | 10,940              | (1,188)                   | 9,752         |
| 2,007               | (1,284)                   | 723            | Commissioning                                            | 2,830               | (1,452)                   | 1,378         |
| 15                  | -                         | 15             | Non-Distributed Costs                                    | -                   | -                         | -             |
| <b>26,204</b>       | <b>(15,271)</b>           | <b>10,933</b>  | <b>Cost of Services</b>                                  | <b>23,257</b>       | <b>(11,573)</b>           | <b>11,684</b> |
| 119,359             | -                         | 119,359        | Intra-Organisational Adjustment                          | 126,609             | -                         | 126,609       |
| 204                 | -                         | 204            | Other Operating Expenditure (Note 7)                     | (43)                | -                         | (43)          |
| 39                  | -                         | 39             | Financing and Investment Income and Expenditure (Note 8) | 57                  | -                         | 57            |
| -                   | (127,616)                 | (127,616)      | Taxation and Non-Specific Grant Income (Note 9)          | -                   | (136,975)                 | (136,975)     |
| <b>145,806</b>      | <b>(142,887)</b>          | <b>2,919</b>   | <b>Surplus or Deficit on Provision of Services</b>       | <b>149,880</b>      | <b>(148,548)</b>          | <b>1,332</b>  |
|                     |                           | (3,248)        | Surplus or Deficit on Revaluation of Non-Current Assets  |                     |                           | 1,890         |
|                     |                           | 335            | Actuarial Gains/Losses on Pension Schemes                |                     |                           | (539)         |
|                     |                           | <b>(2,913)</b> | <b>Other Comprehensive Income and Expenditure</b>        |                     |                           | <b>1,351</b>  |
|                     |                           | <b>6</b>       | <b>Total Comprehensive Income and Expenditure</b>        |                     |                           | <b>2,683</b>  |



## BALANCE SHEET (OPFCC & GROUP)

This account shows the overall financial position of the Group at 31 March 2020. It therefore differs from the other financial accounts shown in this statement in that it deals with the position of the OPFCC at the end of the 2019/20 financial year instead of dealing with day-to-day transactions within that financial year.

| OPFCC<br>31/03/2019<br>£000 | Group<br>31/03/2019<br>£000 | Note                             | OPFCC<br>31/03/2020<br>£000 | Group<br>31/03/2020<br>£000 |
|-----------------------------|-----------------------------|----------------------------------|-----------------------------|-----------------------------|
| 53,070                      | 53,070                      | Property, Plant and Equipment 18 | 54,016                      | 54,016                      |
| 2,233                       | 2,233                       | Intangible Assets 23             | 1,468                       | 1,468                       |
| 11                          | 11                          | Long Term Investments            | 11                          | 11                          |
| <b>55,314</b>               | <b>55,314</b>               | <b>Long Term Assets</b>          | <b>55,495</b>               | <b>55,495</b>               |
| -                           | -                           | Short-term Investments           | -                           | -                           |
| -                           | -                           | Short-term Borrowing 39          | (9,500)                     | (9,500)                     |
| 1,881                       | 1,881                       | Assets Held for Sale 20          | 2,421                       | 2,421                       |
| 553                         | 553                         | Inventories 27                   | 546                         | 546                         |
| 12,593                      | 12,593                      | Short Term Debtors 26            | 21,261                      | 21,261                      |
| 9,606                       | 9,606                       | Cash and Cash Equivalents 33     | 11,289                      | 11,289                      |
| <b>24,633</b>               | <b>24,633</b>               | <b>Current Assets</b>            | <b>26,017</b>               | <b>26,017</b>               |
| (18,604)                    | (20,167)                    | Short-Term Creditors 29          | (22,847)                    | (24,961)                    |
| (1,478)                     | (1,478)                     | Provisions 28                    | (1,516)                     | (1,516)                     |
| <b>(20,082)</b>             | <b>(21,645)</b>             | <b>Current Liabilities</b>       | <b>(24,363)</b>             | <b>(26,477)</b>             |
| -                           | -                           | Long Term Creditors              | -                           | -                           |
| -                           | -                           | Long Term Provisions 28          | -                           | -                           |
| (1,300)                     | (1,300)                     | Long Term Borrowing 39           | (1,300)                     | (1,300)                     |
| (1,928)                     | (1,484,244)                 | Other Long-Term Liabilities 37   | (1,895)                     | (1,389,871)                 |
| <b>(3,228)</b>              | <b>(1,485,544)</b>          | <b>Long Term Liabilities</b>     | <b>(3,195)</b>              | <b>(1,391,171)</b>          |
| <b>56,637</b>               | <b>(1,427,242)</b>          | <b>Net Assets</b>                | <b>53,954</b>               | <b>(1,336,136)</b>          |
| (12,774)                    | (12,774)                    | Usable Reserves 16               | (16,967)                    | (16,967)                    |
| (43,863)                    | 1,440,016                   | Unusable Reserves 17             | (36,987)                    | 1,353,103                   |
| <b>(56,637)</b>             | <b>1,427,242</b>            | <b>Total Reserves</b>            | <b>(53,954)</b>             | <b>1,336,136</b>            |

Signed:

Helen King  
Chief Finance Officer (S151)  
Date:

Stephen Mold  
Northamptonshire Police, Fire and Crime Commissioner  
Date:



## CASH FLOW STATEMENT (OPFCC & GROUP)

This statement shows a summary of the cash flowing in and out of the Group 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.

| 2018/19        |                |                                                                                                                                              | 2019/20        |                |
|----------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| OPFCC<br>£000  | Group<br>£000  |                                                                                                                                              | OPFCC<br>£000  | Group<br>£000  |
| 2,919          | 92,242         | <b>Net Surplus/Deficit on Provision of Services</b>                                                                                          | 1,332          | 55,794         |
| (12,870)       | (102,193)      | Adjustments to net surplus/deficit on the provision of services for non cash movements (Note 34)                                             | (4,670)        | (59,132)       |
| 79             | 79             | Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities (Note 34) | 1,076          | 1,076          |
| <b>(9,872)</b> | <b>(9,872)</b> | <b>Net cash flows from Operating Activities</b>                                                                                              | <b>(2,262)</b> | <b>(2,262)</b> |
| 5,402          | 5,402          | Investing Activities (Note 35)                                                                                                               | 10,079         | 10,079         |
| -              | -              | Financing Activities                                                                                                                         | (9,500)        | (9,500)        |
| <b>(4,470)</b> | <b>(4,470)</b> | <b>Net (increase) or decrease in cash &amp; cash equivalents</b>                                                                             | <b>(1,683)</b> | <b>(1,683)</b> |
| 5,136          | 5,136          | Cash & cash equivalents at the beginning of the reporting period                                                                             | 9,606          | 9,606          |
| <b>9,606</b>   | <b>9,606</b>   | <b>Cash &amp; cash equivalents at the end of the reporting period</b>                                                                        | <b>11,289</b>  | <b>11,289</b>  |



## NOTES TO THE ACCOUNTS

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## **Note 1 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in the Accounting Policies section, the OPFCC 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 ongoing concern status, such as future levels of funding for central government departments
- Possible impairment of investments
- Whether other entities with which the OPFCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the OPFCC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

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

The concept of a going concern assumes that the functions of the Office of the Police, Fire and Crime Commissioner for Northamptonshire 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 2018/19) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

As at the end of July 2020, the cost of COVID-19 stood at £456k, which included £58k falling in 2019/20 which was offset by in-year underspends. The cost projections have been reviewed on a weekly basis throughout the crisis and will continue to be monitored closely over the coming months as the country moves further away from the peak of infection and into the 'new normal'. Whilst costs continue to be incurred and there is expected to be higher levels of expenditure on PPE into the future, there is no expectation that these will cause concerns with regard to ongoing financial viability of Northamptonshire Police. There is sufficient capacity built into the Reserves Strategy to meet the financial pressures should budgeted contingencies be exceeded. This position will be kept under close review.

Councils are anticipating a potential deficit on the Collection Fund for Council Tax due to reduced collection rates and a decrease to the taxbase (number of properties paying council tax). However, this will not affect the OPFCC's income in 2019/20 or 2020/21. Under normal circumstances, any deficit arising on the Collection Fund would be declared during 2020/21 and distributed in 2021/22. However, the Ministry of Housing, Communities and Local Government (MHCLG) has announced a phasing scheme that allows deficits arising in 2020/21 to be repaid over 3 years rather than 1, smoothing the impact across 2021/22, 2022/23 and 2023/24.



We recognise that there remains uncertainty over the longer term impact of Covid-19 and therefore the total costs which will be incurred as a result. A number of scenarios have been explored and the worst case impact assessed as £1.6m. However, there are funds being made available from the Department of Health to reimburse PPE costs, which could reduce this by up to £200k. In light of the scenario-modelling, an earmarked reserve has been created to supplement budgeted contingencies in 2020/21 and beyond, and as such there is expected to be minimal impact on the general reserve balance even if the worst case materialises.

The assumptions used in the Medium Term Financial Plan (MTFP) and Reserves Strategy will be revised as necessary ahead of the next budget-setting round.

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 2018/2019 financial statements as a going concern.

## **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 OPFCC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, as balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the OPFCC's Balance Sheet at 31 March 2020 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                                                                                                                                                                                                                          |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property                                            | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.                                               | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase £0.062m for every year that useful lives had to be reduced.</p>   |
| Vehicles, Plant and Equipment and Intangible Assets | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case. | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for vehicles would increase by £1.197m for every year that useful lives had to be reduced.</p> |





|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Joint Venture      | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the joint assets could be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.                                                                                                                                                                                                                                    | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.                                                                                                                                                                                                                                                                                                   |
| Provisions         | The Authority requested an external expert assess its liability at the end of the 2019/20 Financial Year and has made a provision of £1.515m for the settlement of insurance claims, based on the number of known claims.<br>As none of these claims have yet been settled the extent of the liability is still unknown.                                                                                                                                                                                                                                                                                                                          | An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.152m to the provision needed.                                                                                                                                                                                                                    |
| 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 2019/20, the Authority's actuaries advised that the net pension's liability had decreased by £94.373m as a result of estimates being corrected. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the OPFCC could face would be £1389.871m, being the total pension liability. |
| Arrears            | At 31 March 2020, the OPFCC had a balance of sundry debtors for £1.052m. A review of balances given the likelihood of default suggested that a bad debts provision of £0.102m was appropriate.                                                                                                                                                                                                                                                                                                                                                                                                                                                    | If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.102m to set aside as an allowance.                                                                                                                                                                                                                                        |
| Investments        | At 31 March 2020, the OPFCC held a balance of investments of £11.289m, before IFRS accounting adjustments for cash & cash equivalents.<br>A review of these investments showed they were all banking institutes were either Within the top 30 most secure (rating completed by Building Society's Association, ranked by group assets), or other financial investment bodies are reviewed for credit worthiness via a stability assessment, based on short and long term market forecasts provided by the three main credit rating agencies.<br>In the current unprecedented economic climate financial institutes have a higher risk of failure. | If one of these institutes were to fail, the maximum liability the OPFCC could face would be £8.001m for an internally managed fund.                                                                                                                                                                                                                                                                           |

### Note 3 - Events After the Balance Sheet Date

Where events taking place before this date provided information about conditions existing at 31 March 2020, 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:

| 2018/19        |                |                    | 2019/20        |                   |                |                |
|----------------|----------------|--------------------|----------------|-------------------|----------------|----------------|
| OPFCC<br>Total | Group<br>Total | £'s                | OPFCC<br>Staff | Group<br>Officers | Group<br>Staff | Group<br>TOTAL |
| 2              | 48             | 50,000 to 54,999   | 2              | 23                | 14             | 37             |
| -              | 17             | 55,000 to 59,999   | -              | 35                | 4              | 39             |
| 1              | 5              | 60,000 to 64,999   | -              | 11                | 4              | 15             |
| -              | 4              | 65,000 to 69,999   | -              | 4                 | 1              | 5              |
| 1              | 6              | 70,000 to 74,999   | 2              | 3                 | 3              | 6              |
| 4              | 7              | 75,000 to 79,999   | 1              | 4                 | 3              | 7              |
| -              | 1              | 80,000 to 84,999   | 2              | 5                 | 2              | 7              |
| 1              | 2              | 85,000 to 89,999   | -              | 2                 | -              | 2              |
| 1              | 2              | 90,000 to 94,999   | 1              | 1                 | 1              | 2              |
| -              | 2              | 95,000 to 99,999   | -              | -                 | -              | -              |
| -              | 1              | 100,000 to 104,999 | -              | -                 | -              | -              |
| -              | 1              | 105,000 to 109,999 | 1              | -                 | 1              | 1              |
| -              | -              | 110,000 to 114,999 | -              | -                 | -              | -              |
| -              | -              | 115,000 to 119,999 | -              | 1                 | -              | 1              |
| -              | -              | 120,000 to 124,999 | -              | 2                 | -              | 2              |
| -              | -              | 125,000 to 129,999 | -              | -                 | -              | -              |
| -              | -              | 130,000 to 134,999 | -              | -                 | -              | -              |
| -              | -              | 135,000 to 139,999 | -              | -                 | -              | -              |
| -              | -              | 140,000 to 144,500 | -              | -                 | -              | -              |
| -              | -              | 145,000 to 149,999 | -              | -                 | -              | -              |
| -              | -              | 150,000 to 154,999 | -              | -                 | -              | -              |
| -              | -              | 155,000 to 159,999 | -              | 1                 | -              | 1              |
| <b>10</b>      | <b>96</b>      |                    | <b>9</b>       | <b>92</b>         | <b>33</b>      | <b>125</b>     |

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:

| 2019/20<br>Post Holder Information                       | Start<br>Date | Leaving<br>Date | Salary  | Bonus | Expense<br>Allowances<br>(1) | Loss of<br>office | Benefits in<br>Kind | Other (3) | Total<br>Excluding<br>Pension | Employers<br>Contrib-<br>utions | Total Including<br>Pension |
|----------------------------------------------------------|---------------|-----------------|---------|-------|------------------------------|-------------------|---------------------|-----------|-------------------------------|---------------------------------|----------------------------|
|                                                          |               |                 | £       | £     | £                            | £                 | £                   | £         | £                             | £                               | £                          |
| <b>Police, Fire and Crime Commissioner</b>               |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Stephen Mold - Police, Fire and Crime Commissioner       | 12/05/2016    |                 | 74,400  | -     | 2,202                        | -                 | -                   | -         | 76,602                        | 15,103                          | 91,706                     |
| <b>Office of the Police, Fire and Crime Commissioner</b> |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Project Director for Enabling Services                   | 17/12/2018    | 05/01/2020      | 74,997  | -     | 1,306                        | -                 | -                   | -         | 76,303                        | 15,224                          | 91,528                     |
| Director and Monitoring Officer                          | 17/12/2018    | 29/03/2020      | 81,261  | -     | 984                          | -                 | -                   | -         | 82,244                        | 16,530                          | 98,774                     |
| Director of Technology & Digital Transformation (2)      | 22/11/2016    |                 | 107,721 | -     | -                            | -                 | -                   | -         | 107,721                       | 21,867                          | 129,589                    |
| Director for Delivery                                    | 21/11/2016    |                 | 78,943  | -     | 461                          | -                 | -                   | -         | 79,404                        | -                               | 79,404                     |
| Chief Finance Officer                                    | 09/11/2017    |                 | 94,262  | -     | 984                          | -                 | -                   | -         | 95,247                        | 19,135                          | 114,382                    |
| Director and Monitoring Officer                          | 17/12/2018    |                 | 81,716  | -     | 2,212                        | -                 | -                   | -         | 83,927                        | 16,622                          | 100,549                    |
| <b>Voice Ltd</b>                                         |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Chief Executive                                          | 01/08/2017    |                 | 61,810  | -     | 71                           | -                 | -                   | -         | 61,881                        | 15,700                          | 77,581                     |
| <b>Chief Constable</b>                                   |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Nick Adderley - Chief Constable                          | 06/08/2018    |                 | 152,188 | -     | 488                          | -                 | -                   | 3,688     | 156,363                       | 47,178                          | 203,541                    |
| Deputy Chief Constable                                   | 04/02/2019    |                 | 119,407 | -     | -                            | -                 | -                   | 3,675     | 123,081                       | 37,016                          | 160,097                    |
| Assistant Chief Constable 1                              | 15/05/2017    |                 | 114,346 | -     | -                            | -                 | -                   | 8,215     | 122,561                       | 35,447                          | 158,008                    |
| Assistant Chief Constable 2                              | 13/02/2019    |                 | 112,427 | -     | 2,887                        | -                 | -                   | 3,698     | 119,012                       | 31,621                          | 150,632                    |
| Assistant Chief Constable 3                              | 30/12/2019    |                 | 25,902  | -     | 310                          | -                 | -                   | -         | 26,212                        | 8,030                           | 34,242                     |
| Chief Superintendent 1                                   | 24/09/2018    |                 | 86,305  | -     | 1,735                        | -                 | -                   | -         | 88,040                        | 26,754                          | 114,794                    |
| Chief Superintendent 2                                   | 01/10/2018    |                 | 88,601  | -     | 2,425                        | -                 | -                   | 3,698     | 94,724                        | 27,466                          | 122,190                    |
| Chief Superintendent 3                                   | 11/03/2019    |                 | 84,827  | -     | 1,577                        | -                 | -                   | 3,188     | 89,592                        | 26,296                          | 115,888                    |
| Head of HR                                               | 01/07/2019    |                 | 57,281  | -     | 169                          | -                 | -                   | -         | 57,450                        | 11,628                          | 69,077                     |
| Head of Finance                                          | 21/05/2018    |                 | 74,620  | -     | 121                          | -                 | -                   | -         | 74,740                        | 15,148                          | 89,888                     |
| Director of Enabling Services (5)                        | 30/03/2020    |                 | 455     | -     | -                            | -                 | -                   | -         | 455                           | 92                              | 547                        |
| Director of HR (4)                                       | 14/01/2016    | 31/07/2019      | 32,419  | -     | -                            | 37,805            | -                   | 1,831     | 72,055                        | 6,581                           | 78,637                     |
| ACO Finance and Resources (4)                            | 14/01/2016    | 31/08/2019      | -       | -     | -                            | -                 | -                   | -         | -                             | -                               | -                          |

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

(2) Following 26<sup>th</sup> February 2019, this person continues to be paid by the OPFCC but is seconded outside the organisation and their costs recovered from a third party.

(3) Other includes Rent Allowance, Housing Allowance, Car Allowance, ACPO Med Allowance, Relocation Allowances and tax paid on Relocation Allowances.

(4) The ACO Finance and Resources and Director of HR posts were shared between Northamptonshire (50%) and Leicestershire (50%). The ACO for Resources was employed by Leicestershire, and so the total salary costs associated with this post are not included in the table above. The sharing arrangement for both of these posts has now ceased.

(5) A new post of Director of Enabling Services was appointed on 30<sup>th</sup> March 2020 to oversee all enabling services functions across Policing and Fire.

| 2018/19<br>Post Holder Information                       | Start<br>Date | Leaving<br>Date | Salary  | Bonus | Expense<br>Allowances<br>(1) | Loss of<br>office | Benefits in<br>Kind | Other (3) | Total<br>Excluding<br>Pension | Employers<br>Contrib-<br>utions | Total Including<br>Pension |
|----------------------------------------------------------|---------------|-----------------|---------|-------|------------------------------|-------------------|---------------------|-----------|-------------------------------|---------------------------------|----------------------------|
|                                                          |               |                 | £       | £     | £                            | £                 | £                   | £         | £                             | £                               | £                          |
| <b>Police, Fire and Crime Commissioner</b>               |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Stephen Mold - Police, Fire and Crime Commissioner (4)   | 12/05/2016    |                 | 72,033  | -     | 4,771                        | -                 | 2,890               | -         | 79,694                        | 14,623                          | 94,317                     |
| <b>Office of the Police, Fire and Crime Commissioner</b> |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Chief Executive                                          | 15/11/2016    | 16/12/2018      | 67,665  | -     | 1,312                        | -                 | -                   | -         | 68,977                        | 13,857                          | 82,834                     |
| Project Director for Enabling Services                   | 17/12/2018    |                 | 24,296  | -     | -                            | -                 | -                   | -         | 24,296                        | 5,101                           | 29,397                     |
| Director for Delivery 1                                  | 01/09/2016    |                 | 75,252  | -     | 1,426                        | -                 | -                   | -         | 76,678                        | 15,515                          | 92,192                     |
| Director of Technology & Digital Transformation (2)      | 22/11/2016    | 26/02/2019      | 75,894  | -     | -                            | -                 | -                   | -         | 75,894                        | 15,397                          | 91,291                     |
| Director for Delivery 2                                  | 21/11/2016    |                 | 74,671  | -     | 493                          | -                 | -                   | -         | 75,165                        | -                               | 75,165                     |
| Chief Finance Officer                                    | 09/11/2017    |                 | 86,078  | -     | 2,541                        | -                 | -                   | -         | 88,619                        | 17,720                          | 106,339                    |
| Director for Early Intervention                          | 07/11/2016    |                 | 75,252  | -     | 5,246                        | -                 | -                   | -         | 80,498                        | 15,515                          | 96,012                     |
| <b>Voice Ltd</b>                                         |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Chief Executive                                          | 01/08/2017    |                 | 61,363  | -     | 97                           | -                 | -                   | -         | 61,460                        | 15,586                          | 77,046                     |
| <b>Chief Constable</b>                                   |               |                 |         |       |                              |                   |                     |           |                               |                                 |                            |
| Nick Adderley - Chief Constable (5)                      | 06/08/2018    |                 | 100,283 | -     | 355                          | -                 | 21,140              | 8,411     | 130,189                       | 24,354                          | 154,544                    |
| Simon Edens - Chief Constable                            | 27/07/2015    | 05/08/2018      | 52,483  | -     | 147                          | -                 | -                   | -         | 52,630                        | -                               | 52,630                     |
| Deputy Chief Constable                                   | 15/05/2017    | 03/02/2019      | 97,928  | -     | 236                          | -                 | -                   | 2,685     | 100,850                       | 23,756                          | 124,605                    |
| Deputy Chief Constable                                   | 04/02/2019    |                 | 18,564  | -     | -                            | -                 | -                   | 679       | 19,243                        | 4,493                           | 23,736                     |
| Assistant Chief Constable 1                              | 15/05/2017    |                 | 104,926 | -     | 418                          | -                 | -                   | 7,684     | 113,028                       | 25,493                          | 138,521                    |
| Assistant Chief Constable 2                              | 15/05/2017    |                 | 91,882  | -     | 1,431                        | -                 | -                   | 3,698     | 97,011                        | 20,960                          | 117,971                    |
| ACO Finance and Resources (6)                            | 14/01/2016    |                 | -       | -     | -                            | -                 | -                   | -         | -                             | -                               | -                          |
| Director of HR (6)                                       | 14/01/2016    |                 | 94,466  | -     | 2,950                        | -                 | -                   | 5,494     | 102,909                       | 17,937                          | 120,846                    |

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

(2) Following 26<sup>th</sup> February 2019, this person continues to be paid by the OPFCC but is seconded outside the organisation and their costs recovered from a third party.

(3) Other includes Rent Allowance, Housing Allowance, Car Allowance, ACPO Med Allowance, Relocation Allowances and tax paid on Relocation Allowances.

(4) On 1<sup>st</sup> Jan 2019 the PCC took on Fire Governance (to become PFCC) and the PFCC costs of this are included within these accounts.

(5) Prior to the Chief Constable starting with the OCC on 6<sup>th</sup> August 2018, he was seconded to the PCC from Staffordshire, but these costs are recorded within Staffordshire's accounts.

(6) The ACO Finance and Resources and Director of HR posts were shared between Northamptonshire (50%) and Leicestershire (50%). The ACO for Resources was employed by Leicestershire, and so the total salary costs associated with this post are not included in the table above.



## Note 5A - Note to the Expenditure and Funding Analysis

| 2019/20 - Group                                                                                                                   | Net Capital<br>Statutory<br>Adjustments<br>£000 | Net Pensions<br>Statutory<br>Adjustments<br>£000 | Other Statutory<br>Adjustments<br>£000 | Total Adjustments<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------------|---------------------------|
| Policing Services                                                                                                                 | -                                               | 17,433                                           | 550                                    | 17,983                    |
| OPFCC & Commissioning                                                                                                             | 7,051                                           | 451                                              | (3,045)                                | 4,457                     |
| <b>Net Cost of Services</b>                                                                                                       | <b>7,051</b>                                    | <b>17,884</b>                                    | <b>(2,495)</b>                         | <b>22,440</b>             |
| Joint Venture & Associates                                                                                                        | (393)                                           | -                                                | 544                                    | 151                       |
| Other Income and Expenditure                                                                                                      | (1,119)                                         | 36,536                                           | 1,979                                  | 37,396                    |
| Exceptional Item                                                                                                                  | -                                               | -                                                | -                                      | -                         |
| <b>Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>5,539</b>                                    | <b>54,420</b>                                    | <b>28</b>                              | <b>59,987</b>             |

| 2018/19 - Group                                                                                                                   | Net Capital<br>Statutory<br>Adjustments<br>£000 | Net Pensions<br>Statutory<br>Adjustments<br>£000 | Other Statutory<br>Adjustments<br>£000 | Total Adjustments<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------------|---------------------------|
| Policing Services                                                                                                                 | -                                               | 56,242                                           | (1,190)                                | 55,052                    |
| PCC & Commissioning                                                                                                               | 6,873                                           | 184                                              | (2,631)                                | 4,426                     |
| <b>Net Cost of Services</b>                                                                                                       | <b>6,873</b>                                    | <b>56,426</b>                                    | <b>(3,821)</b>                         | <b>59,478</b>             |
| Joint Venture & Associates                                                                                                        | 137                                             | -                                                | (309)                                  | (172)                     |
| Other Income and Expenditure                                                                                                      | (267)                                           | 34,310                                           | 13                                     | 34,056                    |
| Exceptional Item                                                                                                                  | -                                               | -                                                | -                                      | -                         |
| <b>Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>6,743</b>                                    | <b>90,736</b>                                    | <b>(4,117)</b>                         | <b>93,362</b>             |

| 2019/20 - OPFCC                                                                                                                   | Net Capital<br>Statutory<br>Adjustments<br>£000 | Net Pensions<br>Statutory<br>Adjustments<br>£000 | Other Statutory<br>Adjustments<br>£000 | Total<br>Adjustments<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------------|------------------------------|
| Policing Services                                                                                                                 | -                                               | -                                                | -                                      | -                            |
| OPFCC & Commissioning                                                                                                             | 7,051                                           | 451                                              | (3,045)                                | 4,457                        |
| <b>Net Cost of Services</b>                                                                                                       | <b>7,051</b>                                    | <b>451</b>                                       | <b>(3,045)</b>                         | <b>4,457</b>                 |
| Joint Venture & Associates                                                                                                        | (393)                                           | -                                                | 544                                    | 151                          |
| Other Income and Expenditure                                                                                                      | (1,119)                                         | 57                                               | 1,979                                  | 917                          |
| Exceptional Item                                                                                                                  | -                                               | -                                                | -                                      | -                            |
| <b>Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>5,539</b>                                    | <b>508</b>                                       | <b>(522)</b>                           | <b>5,525</b>                 |

| 2018/19 - OPFCC                                                                                                                   | Net Capital<br>Statutory<br>Adjustments<br>£000 | Net Pensions<br>Statutory<br>Adjustments<br>£000 | Other Statutory<br>Adjustments<br>£000 | Total<br>Adjustments<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|----------------------------------------|------------------------------|
| Policing Services                                                                                                                 | -                                               | -                                                | -                                      | -                            |
| PCC & Commissioning                                                                                                               | 6,873                                           | 184                                              | (2,631)                                | 4,426                        |
| <b>Net Cost of Services</b>                                                                                                       | <b>6,873</b>                                    | <b>184</b>                                       | <b>(2,631)</b>                         | <b>4,426</b>                 |
| Joint Venture & Associates                                                                                                        | 137                                             | -                                                | (309)                                  | (172)                        |
| Other Income and Expenditure                                                                                                      | (267)                                           | 39                                               | 13                                     | (215)                        |
| Exceptional Item                                                                                                                  | -                                               | -                                                | -                                      | -                            |
| <b>Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement</b> | <b>6,743</b>                                    | <b>223</b>                                       | <b>(2,927)</b>                         | <b>4,039</b>                 |



## Note 5B - Segmental Analysis of Income and Expenditure

| 2019/20 - Group       | Revenues from<br>External<br>Customers<br>£000 | Interest Revenue<br>£000 | Interest Expense<br>£000 | Depreciation and<br>Amortisation<br>£000 |
|-----------------------|------------------------------------------------|--------------------------|--------------------------|------------------------------------------|
| Policing Services     | (24,460)                                       | (50)                     | 63                       | -                                        |
| OPFCC & Commissioning | (1,452)                                        | -                        | -                        | 7,051                                    |
| <b>Total</b>          | <b>(25,912)</b>                                | <b>(50)</b>              | <b>63</b>                | <b>7,051</b>                             |

| 2018/19 - Group       | Revenues from<br>External<br>Customers<br>£000 | Interest Revenue<br>£000 | Interest Expense<br>£000 | Depreciation and<br>Amortisation<br>£000 |
|-----------------------|------------------------------------------------|--------------------------|--------------------------|------------------------------------------|
| Policing Services     | (23,222)                                       | (36)                     | 63                       | -                                        |
| OPFCC & Commissioning | (1,284)                                        | -                        | -                        | 6,873                                    |
| <b>Total</b>          | <b>(24,506)</b>                                | <b>(36)</b>              | <b>63</b>                | <b>6,873</b>                             |

| 2019/20 - OPFCC       | Revenues from<br>External<br>Customers<br>£000 | Interest Revenue<br>£000 | Interest Expense<br>£000 | Depreciation and<br>Amortisation<br>£000 |
|-----------------------|------------------------------------------------|--------------------------|--------------------------|------------------------------------------|
| Policing Services     | -                                              | -                        | -                        | -                                        |
| OPFCC & Commissioning | (1,452)                                        | -                        | -                        | 7,051                                    |
| <b>Total</b>          | <b>(1,452)</b>                                 | <b>-</b>                 | <b>-</b>                 | <b>7,051</b>                             |

| 2018/19 - OPFCC       | Revenues from<br>External<br>Customers<br>£000 | Interest Revenue<br>£000 | Interest Expense<br>£000 | Depreciation and<br>Amortisation<br>£000 |
|-----------------------|------------------------------------------------|--------------------------|--------------------------|------------------------------------------|
| Policing Services     | -                                              | -                        | -                        | -                                        |
| OPFCC & Commissioning | (1,284)                                        | -                        | -                        | 6,873                                    |
| <b>Total</b>          | <b>(1,284)</b>                                 | <b>-</b>                 | <b>-</b>                 | <b>6,873</b>                             |

## Note 5C - Expenditure and Income Analysed by Nature

| 2018/19     |           | Nature of Expenditure or Income                                   | 2019/20   |           |
|-------------|-----------|-------------------------------------------------------------------|-----------|-----------|
| OPFCC       | Group     |                                                                   | OPFCC     | Group     |
| £000        | £000      |                                                                   | £000      | £000      |
| Expenditure |           |                                                                   |           |           |
| 6,055       | 177,074   | Employee Benefit Expenses                                         | 6,890     | 146,859   |
| 13,794      | 33,427    | Other Services Expenses                                           | 9,316     | 37,234    |
| 7,314       | 7,314     | Depreciation, amortisation, Impairment                            | 7,051     | 7,051     |
| 39          | 34,372    | Interest Payments                                                 | 57        | 36,599    |
| -           | 1,174     | Precepts and Levies                                               | -         | 1,253     |
| (755)       | (833)     | Gain on the disposal of assets                                    | (43)      | (43)      |
| 26,447      | 252,528   | Total Expenditure                                                 | 23,271    | 228,953   |
| 119,359     | -         | Intra Company Adjustment (Expenditure)                            | 126,609   | -         |
| 145,806     | 252,528   | Total Expenditure (Including Intra Company)                       | 149,880   | 228,953   |
| Income      |           |                                                                   |           |           |
| (14,399)    | (15,615)  | Fees, Charges and Other Service Income                            | (10,442)  | (17,831)  |
| -           | (36)      | Interest and Investment Income                                    | -         | (50)      |
| (54,092)    | (54,092)  | Income from Council Tax, Non-Domestic Rates, district rate income | (61,452)  | (61,452)  |
| (74,396)    | (90,543)  | Government Grants and Contributions                               | (76,654)  | (93,826)  |
| (142,887)   | (160,286) | Total Income                                                      | (148,548) | (173,159) |
| -           | -         | Intra Company Adjustment (Income)                                 | -         | -         |
| (142,887)   | (160,286) | Total Income (Including Intra Company)                            | (148,548) | (173,159) |
| 2,919       | 92,242    | Surplus or Deficit on the Provision of Services                   | 1,332     | 55,794    |



## 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 Group in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the OPFCC, to meet future capital and revenue expenditure.

| 2019/20                                                                                                                                                                                              | OPFCC<br>General Fund<br>Balance<br>£000 | OPFCC<br>Movement in<br>Unusable<br>Reserves<br>£000 | Group<br>General Fund<br>Balance<br>£000 | Group<br>Movement in<br>Unusable<br>Reserves<br>£000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------|------------------------------------------|------------------------------------------------------|
| <b>Adjustments to the Revenue Resources</b>                                                                                                                                                          |                                          |                                                      |                                          |                                                      |
| 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)                                                                                                                                         | 508                                      | (508)                                                | 54,420                                   | (54,420)                                             |
| Financial Instruments (transferred to the Financial Instruments Adjustments Account)                                                                                                                 | -                                        | -                                                    | -                                        | -                                                    |
| Council tax and NDR (transfers to or from the Collection Fund)                                                                                                                                       | 1,387                                    | (1,387)                                              | 1,387                                    | (1,387)                                              |
| Holiday pay (transferred to the Accumulated Absences reserve)                                                                                                                                        | 4                                        | (4)                                                  | 555                                      | (555)                                                |
| 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)                   | 836                                      | (836)                                                | 836                                      | (836)                                                |
| <b>Total Adjustments to Revenue Resources</b>                                                                                                                                                        | <b>2,735</b>                             | <b>(2,735)</b>                                       | <b>57,198</b>                            | <b>(57,198)</b>                                      |
| <b>Adjustments between Revenue and Capital Resources</b>                                                                                                                                             |                                          |                                                      |                                          |                                                      |
| Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)                                                                                                           | 441                                      | (441)                                                | 441                                      | (441)                                                |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)                                                                                                      | 2,344                                    | (2,344)                                              | 2,344                                    | (2,344)                                              |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                                                                                                                       | <b>2,785</b>                             | <b>(2,785)</b>                                       | <b>2,785</b>                             | <b>(2,785)</b>                                       |
| Other adjustments                                                                                                                                                                                    | 5                                        | (5)                                                  | 4                                        | (4)                                                  |
| <b>Total Adjustments</b>                                                                                                                                                                             | <b>5,525</b>                             | <b>(5,525)</b>                                       | <b>59,987</b>                            | <b>(59,987)</b>                                      |





| 2018/19                                                                                                                                                                                              | General Fund<br>Balance<br>OPFCC<br>£000 | Movement in<br>Unusable<br>Reserves<br>OPFCC<br>£000 | General Fund<br>Balance<br>Group<br>£000 | Movement in<br>Unusable<br>Reserves<br>Group<br>£000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------|------------------------------------------|------------------------------------------------------|
| <b>Adjustments to the Revenue Resources</b>                                                                                                                                                          |                                          |                                                      |                                          |                                                      |
| 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)                                                                                                                                         | 223                                      | (223)                                                | 90,736                                   | (90,736)                                             |
| Financial Instruments (transferred to the Financial Instruments Adjustments Account)                                                                                                                 |                                          |                                                      |                                          |                                                      |
| Council tax and NDR (transfers to or from the Collection Fund)                                                                                                                                       | (36)                                     | 36                                                   | (36)                                     | 36                                                   |
| Holiday pay (transferred to the Accumulated Absences reserve)                                                                                                                                        | (4)                                      | 4                                                    | (1,194)                                  | 1,194                                                |
| 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)                   | 1,739                                    | (1,739)                                              | 1,739                                    | (1,739)                                              |
| <b>Total Adjustments to Revenue Resources</b>                                                                                                                                                        | <b>1,922</b>                             | <b>(1,922)</b>                                       | <b>91,245</b>                            | <b>(91,245)</b>                                      |
| <b>Adjustments between Revenue and Capital Resources</b>                                                                                                                                             |                                          |                                                      |                                          |                                                      |
| Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)                                                                                                           | 556                                      | (556)                                                | 556                                      | (556)                                                |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)                                                                                                      | 1,557                                    | (1,557)                                              | 1,557                                    | (1,557)                                              |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                                                                                                                       | <b>2,113</b>                             | <b>(2,113)</b>                                       | <b>2,113</b>                             | <b>(2,113)</b>                                       |
| Other adjustments                                                                                                                                                                                    | 4                                        | (4)                                                  | 4                                        | (4)                                                  |
| <b>Total Adjustments</b>                                                                                                                                                                             | <b>4,039</b>                             | <b>(4,039)</b>                                       | <b>93,362</b>                            | <b>(93,362)</b>                                      |

## Note 7 - Other Operating Expenditure

Other Operating Expenditure for 2019/20 includes:

| 2018/19       |                                                        | 2019/20       |               |
|---------------|--------------------------------------------------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000                                          | OPFCC<br>£000 | Group<br>£000 |
| -             | 1,175 Levies                                           | -             | 1,253         |
| 204           | 204 Gains/losses on the Disposal of Non-Current Assets | (44)          | (44)          |
| -             | (78) Other                                             | -             | (101)         |
| <b>204</b>    | <b>1,301 Total Other Operating Expenditure</b>         | <b>(44)</b>   | <b>1,108</b>  |

## Note 8 - Financing and Investment Income and Expenditure

| 2018/19       |                                                                  | 2019/20       |               |
|---------------|------------------------------------------------------------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000                                                    | OPFCC<br>£000 | Group<br>£000 |
|               | 63 Interest payable and similar charges                          | -             | 63            |
| 39            | 34,309 Net interest on the net defined benefit liability (asset) | 57            | 36,536        |
|               | (36) Interest receivable and similar income                      | -             | (50)          |
| <b>39</b>     | <b>34,336 Total</b>                                              | <b>57</b>     | <b>36,549</b> |



### Note 9 - Taxation and Non-Specific Grant Income

| 2018/19          |                        | 2019/20          |                  |
|------------------|------------------------|------------------|------------------|
| OPFCC<br>£000    | Group<br>£000          | OPFCC<br>£000    | Group<br>£000    |
| (54,092)         | (54,092)               | (61,452)         | (61,452)         |
| -                | -                      | -                | -                |
| (73,053)         | (73,053)               | (74,447)         | (74,447)         |
| (471)            | (471)                  | (1,076)          | (1,076)          |
| -                | -                      | -                | -                |
| <b>(127,616)</b> | <b>(127,616) Total</b> | <b>(136,975)</b> | <b>(136,975)</b> |

### Note 10 - Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement or within Notes 5-9, such as the disposals of Fixed Assets and Investments or reversals of provisions, the nature of these material amounts are set out below:

| 2018/19       |                  | 2019/20       |               |
|---------------|------------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000    | OPFCC<br>£000 | Group<br>£000 |
| 1,478         | 1,478            | 1,516         | 1,516         |
| -             | -                | -             | -             |
| (959)         | (959)            | -             | -             |
| 441           | 441              | -             | -             |
| <b>960</b>    | <b>960 Total</b> | <b>1,516</b>  | <b>1,516</b>  |

### Note 11 - Trading Operations

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

### Note 12 - Members' Allowances

During 2019/20 a total of £0.014m was paid to JIAC members (2018/19 £0.015m).

| 2018/19       |                 | 2019/20       |               |
|---------------|-----------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000   | OPFCC<br>£000 | Group<br>£000 |
| 14            | 14              | 14            | 14            |
| 1             | 1               | 0             | 0             |
| <b>15</b>     | <b>15 Total</b> | <b>14</b>     | <b>14</b>     |



### Note 13 - External Audit Costs

During the year the group incurred direct external audit fees for EY. The planned audit fees of £34k in 2018/19 and £35k in 2019/20 relate to the audit work for the Statement of Accounts, which is a statutory requirement.

| 2018/19       |               |                                                                                                                            | 2019/20       |               |
|---------------|---------------|----------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000 |                                                                                                                            | OPFCC<br>£000 | Group<br>£000 |
| 23            | 34            | Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year | 23            | 35            |
| <b>23</b>     | <b>34</b>     | <b>Total</b>                                                                                                               | <b>23</b>     | <b>35</b>     |

### Note 14 - Grant Income

The OPFCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20.

#### Grant Income Credited to Taxation and Non-Specific Grant Income and Expenditure

| 2018/19         |                 |                                          | 2019/20         |                 |
|-----------------|-----------------|------------------------------------------|-----------------|-----------------|
| OPFCC<br>£000   | Group<br>£000   |                                          | OPFCC<br>£000   | Group<br>£000   |
| (66,409)        | (66,409)        | Revenue Support Grant                    | (67,803)        | (67,803)        |
| (6,644)         | (6,644)         | Council Tax Burden Grant                 | (6,644)         | (6,644)         |
| (471)           | (471)           | Capital Grants and Contributions         | (1,076)         | (1,076)         |
| -               | -               | - Other Capital Grants and Contributions | -               | -               |
| <b>(73,524)</b> | <b>(73,524)</b> | <b>Total</b>                             | <b>(75,523)</b> | <b>(75,523)</b> |

#### Credited to Services

| 2018/19       |                 |                      | 2019/20        |                 |
|---------------|-----------------|----------------------|----------------|-----------------|
| OPFCC<br>£000 | Group<br>£000   |                      | OPFCC<br>£000  | Group<br>£000   |
| -             | (363)           | ACPO (TAM)           | -              | (100)           |
| -             | (15,119)        | Pension Top Up Grant | -              | (16,006)        |
| -             | (531)           | IPV Funding          | -              | (543)           |
| (852)         | (852)           | Ministry of Justice  | (1,131)        | (1,131)         |
| (20)          | (154)           | Proceeds of Crime    | -              | (523)           |
| <b>(872)</b>  | <b>(17,019)</b> | <b>Total</b>         | <b>(1,131)</b> | <b>(18,303)</b> |

### Note 15 - Related Parties

IPSAS 20 Related Party Disclosures, based on IAS 24, 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.

The OPFCC has direct control over the OPFCC's financial and operating policies. Chief Officers might also be in a position to influence significantly the policies of the OPFCC.

During the year, "Voice for Victims and Witnesses" (Voice) continued as a company limited by guarantee to deliver support services to victims (these services were previously provided by Victim Support).

In 2019/20, the PFCC provided £1.191m funding to Voice which equated to a grant in the year of £0.856m (part of the Ministry of Justice Grant received by the PFCC). The Voice underspend of £0.015m (prior to any pensions adjustment) was transferred to the PFCC at year end in line with the grant agreement and placed in the Victims Reserve.

In October 2019, the Sunflower Team, previously employed by and funds managed by Northamptonshire Police but funded by public sector partner contributions (including the PFCC), transferred under TUPE arrangements to Voice. Part-year funding contributions of £0.233m were transferred, together with a historic accrued partnership underspend of £0.167m. At year end the sum of £0.237m was returned to the PFCC and held in the Victim Reserve for Sunflower purposes.

The PFCC is the chair of the Voice Board which is comprised of the Voice Chief Executive and during the year, the Chief Constable and three other directors.

The Director of Delivery, the Monitoring Officer, Chief Finance Officer and the OPFCC and Fire Accountant continued to advise Voice in a professional capacity during the year. Advice was also provided from specialist staff in the force from areas such as ICT and Estates.

As the OPFCC staff provide advice to Voice, as such they may have the opportunity to significantly influence the policies of Voice. Measures are in place to mitigate this influence and with a grant agreement and a service level agreement in place,

together with the development of a corporate governance framework and the requirements of the Ministry of Justice Grant conditions.

Key members of staff in the OPFCC and Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the OPFCC during the financial year. This has included Joint Independent Audit Committee members (JIAC). Returns have been received from all individuals.

In January 2019, the PFCC took over Governance for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) for which a separate Statement of Accounts is produced. The Director of Delivery (and Monitoring Officer) and Chief Finance Officer undertake these roles in NCFRA. All Directors, OPFCC staff and the OPFCC and NCFRA Accountant undertake work for both organisations and this includes two additional roles. In 2019/20, the sum of £0.335m has been charged to NCFRA for this support. Furthermore, the sum of £0.017m was returned to NCFRA to reflect their share of transition costs which were lower than anticipated.

A separate collaboration agreement is in the final stages of approval which sets out the governance arrangements for existing and future collaborative activities between OPFCC, CC and NCFRA.

Northamptonshire Police received funds during the year from NCFRA in respect of contributions to communications and stores roles. These contributions equated to approximately £0.069m.

Both the OPFCC and the Police Service 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.

During 2019/20, the following related party transactions are reported within the OPCC:

During 2019/20, the PFCC awarded or committed over £0.230m for grants to support a wide range of



initiatives and organisations, including initiatives to reduce and prevent crime and anti-social behaviour and grants to support the aims of the Northamptonshire Road Safety Alliance. The main allocations are set out in the PFCC annual report for 2019/20.

During the year, the Director of Early Intervention continued as a Trustee for Groundwork for which the OPFCC provided funding in 2019/20 and previous years.

The Director of Early Intervention continued as a Board member for Northamptonshire Emergency Cadets for NCFRA, Police and Ambulance. The Force made a financial contribution of £118K in-kind support during the year.

During the year, the Director of Delivery represented the OPFCC on the Crimestoppers Board for which the PFCC provided funding and was as a non-voting director onto the Northamptonshire Business Crime Partnership.

During 2019/20, the PFCC of Northamptonshire and the PCC of Nottinghamshire considered arrangements for the creation of a trading organisation “Mint Commercial Services LLP” to deliver procurement services and solutions to the two PCCs and Police Forces. It is intended this will reduce the £0.150m annual costs of procurement services. The company will be incorporated and commence trading in 2020/21.

### Note 16 - Transfers to/from Earmarked Reserves

This note sets out the Group amounts set aside from the General Fund and Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet the General Fund requirements in 2019/20.

The adequacy of reserves is assessed as part of the annual budget process where the strategic, operational and financial risks facing the OPFCC are considered. The Reserves Strategy is published annually in the Budget Report where the rationale for each Reserve is clearly stated.

On 31st March 2020, the total Earmarked Reserves and General Fund balance stood at £16.967m (£12.774m in 2019/20). This includes a General Fund balance of £5.000m.

| Group                           | Balance at<br>31 March 2018<br>£000 | Transfers in<br>2018/19<br>£000 | Transfers out<br>2018/19<br>£000 | Balance at<br>31 March 2019<br>£000 | Transfers in<br>2019/20<br>£000 | Transfers out<br>2019/20<br>£000 | Balance at<br>31 March 2020<br>£000 |
|---------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| Insurance                       | (1,082)                             | (525)                           | -                                | (1,607)                             | (259)                           | 37                               | (1,829)                             |
| Operational Equipment           | -                                   | -                               | -                                | -                                   | (200)                           | -                                | (200)                               |
| CC Carry Forwards               | (167)                               | -                               | 167                              | -                                   | -                               | -                                | -                                   |
| Earmarked Funding               | -                                   | -                               | -                                | -                                   | (669)                           | -                                | (669)                               |
| Victims                         | (163)                               | (135)                           | -                                | (298)                               | (252)                           | -                                | (550)                               |
| Pensions                        | (1,286)                             | -                               | 11                               | (1,275)                             | (350)                           | 1,125                            | (500)                               |
| S106 Reserve                    | -                                   | (198)                           | -                                | (198)                               | (571)                           | -                                | (769)                               |
| Initiatives Fund                | (1,972)                             | (35)                            | 390                              | (1,617)                             | (1,179)                         | 800                              | (1,996)                             |
| Invest to Save                  | (977)                               | -                               | 337                              | (640)                               | (98)                            | 250                              | (488)                               |
| Enabling Services               | -                                   | -                               | (400)                            | (400)                               | -                               | -                                | (400)                               |
| Safer Roads                     | (1,468)                             | (181)                           | 43                               | (1,606)                             | (228)                           | 162                              | (1,672)                             |
| Additionality Reserve           | -                                   | (152)                           | -                                | (152)                               | (3,060)                         | 1,011                            | (2,201)                             |
| Capital                         | -                                   | (46)                            | -                                | (46)                                | -                               | 46                               | -                                   |
| Collaboration                   | (779)                               | (76)                            | 255                              | (600)                               | (93)                            | -                                | (693)                               |
| <b>Total Earmarked Reserves</b> | <b>(7,894)</b>                      | <b>(1,348)</b>                  | <b>803</b>                       | <b>(8,439)</b>                      | <b>(6,959)</b>                  | <b>3,431</b>                     | <b>(11,967)</b>                     |
| General Fund                    | (3,760)                             | (931)                           | 356                              | (4,335)                             | (665)                           | -                                | (5,000)                             |
| <b>Total Reserves</b>           | <b>(11,654)</b>                     | <b>(2,279)</b>                  | <b>1,159</b>                     | <b>(12,774)</b>                     | <b>(7,624)</b>                  | <b>3,431</b>                     | <b>(16,967)</b>                     |



The key purposes of these reserves are as follows:

#### Insurance Reserve

To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.

#### Operational Equipment

To smooth the impact of operational equipment purchases on the revenue budget such as replacement body armour and bodyworn video equipment.

#### CC Carry-forwards

To fund specific expenditure requested by the Force from prior year underspends. The 2018/19 value was fully utilised and none were requested in 2019/20.

#### Earmarked Funding

To cover specific areas of potential future financial impact, particularly in relation to Covid-19.

#### Victims

To fund specific programmes or schemes to support victims services.

#### Pensions

To meet the costs of any ill-health or injury retirements which are unbudgeted and any significant overspend on the employer pension contributions account.

#### S106 Reserve

This holds developer contributions, received when the legal conditions have been met, but they are held until the OPFCC can allocate them against an appropriate purpose.

#### Initiatives Fund

To deliver funding for specific initiatives and radical solutions in order to deliver against the Police and Crime Plan.

#### Invest to Save

To fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.

#### Enabling Services

To meet additional costs of the programme in the short-term which will support the delivery of joint shared services across Fire and Policing.

#### Safer Roads

For surpluses of fines and speed awareness course income that is to be reinvested in replacement equipment and road safety initiatives.

#### Additionality Reserve

This is held to mitigate future costs from areas of agreed investment and growth, allowing for multi-year investment plans.

#### Capital Reserve

The reserve was set up to fund the future capital spending to ensure the OPFCC can continue to fund its capital programme at the planned levels. The 2018/19 balance was used to reduce external borrowing against the 2019/20 capital programme.

#### Regional Reserve

Transfers in relate to our share of underspends on regional collaboration. Transfers out represent contributions towards costs arising from regional decisions.

#### General Fund

This is held for exceptional circumstances to maintain a degree of in-year financial flexibility, to deal with unforeseen circumstances and incidents, and to provide an operational contingency at service level. It is maintained at recommended levels and reviewed annually to ensure it doesn't fall below 2.5% of net budget requirement. It is currently above the guideline requirement of 3% as set out in the Reserves Strategy.





### Note 17 - Unusable Reserves

| 2018/19         |                  | 2019/20         |                  |
|-----------------|------------------|-----------------|------------------|
| OPFCC<br>£000   | Group<br>£000    | OPFCC<br>£000   | Group<br>£000    |
| (16,560)        | (16,560)         | (14,001)        | (14,001)         |
| (27,910)        | (27,910)         | (24,958)        | (24,958)         |
| 1,928           | 1,484,244        | 1,895           | 1,389,871        |
| (1,431)         | (1,431)          | (44)            | (44)             |
| 110             | 1,673            | 121             | 2,235            |
| <b>(43,863)</b> | <b>1,440,016</b> | <b>(36,987)</b> | <b>1,353,103</b> |

### Revaluation Reserve

| 2018/19         |                 | 2019/20         |                 |
|-----------------|-----------------|-----------------|-----------------|
| OPFCC<br>£000   | Group<br>£000   | OPFCC<br>£000   | Group<br>£000   |
| <b>(16,405)</b> | <b>(16,405)</b> | <b>(16,560)</b> | <b>(16,560)</b> |
|                 |                 |                 |                 |
| (5,332)         | (5,332)         | -               | -               |
|                 |                 |                 |                 |
| 2,077           | 2,077           | 1,890           | 1,890           |
|                 |                 |                 |                 |
| <b>(3,255)</b>  | <b>(3,255)</b>  | <b>1,890</b>    | <b>1,890</b>    |
|                 |                 |                 |                 |
| 528             | 528             | 464             | 464             |
|                 |                 |                 |                 |
| <b>528</b>      | <b>528</b>      | <b>464</b>      | <b>464</b>      |
|                 |                 |                 |                 |
| 2,572           | 2,572           | 205             | 205             |
|                 |                 |                 |                 |
| -               | -               | -               | -               |
|                 |                 |                 |                 |
| <b>(16,560)</b> | <b>(16,560)</b> | <b>(14,001)</b> | <b>(14,001)</b> |

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised



## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting, for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the OPFCC as finance for the costs of acquisition, construction and enhancement.

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

Note 5 & 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve, which is directly transferred between the two reserves.

| 2018/19         |                                                                                                                                                          | 2019/20         |                 |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| OPFCC<br>£000   | Group<br>£000                                                                                                                                            | OPFCC<br>£000   | Group<br>£000   |
| (28,686)        | (28,686)                                                                                                                                                 | (27,910)        | (27,910)        |
|                 | <b>Balance 1 April</b>                                                                                                                                   |                 |                 |
| 4,396           | 4,396                                                                                                                                                    | 4,998           | 4,998           |
|                 | Charges for depreciation and impairment of non-current assets                                                                                            |                 |                 |
| (390)           | (390)                                                                                                                                                    | (200)           | (200)           |
|                 | Revaluation gain/losses on non-current assets                                                                                                            |                 |                 |
| 2,480           | 2,480                                                                                                                                                    | 2,053           | 2,053           |
|                 | Amortisation of intangible assets                                                                                                                        |                 |                 |
| (486)           | (486)                                                                                                                                                    | -               | -               |
|                 | Revaluation Reserve written out                                                                                                                          |                 |                 |
| 1,251           | 1,251                                                                                                                                                    | (42)            | (42)            |
|                 | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement |                 |                 |
| <b>7,251</b>    | <b>7,251</b>                                                                                                                                             | <b>6,809</b>    | <b>6,809</b>    |
|                 | <b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>                       |                 |                 |
| (528)           | (528)                                                                                                                                                    | (464)           | (464)           |
|                 | Adjusting Amounts written out of the Revaluation Reserve                                                                                                 |                 |                 |
| <b>6,723</b>    | <b>6,723</b>                                                                                                                                             | <b>6,345</b>    | <b>6,345</b>    |
|                 | <b>Net written out amount of the cost of non-current assets consumed in the year</b>                                                                     |                 |                 |
| (471)           | (471)                                                                                                                                                    | (474)           | (474)           |
|                 | Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              |                 |                 |
| (556)           | (556)                                                                                                                                                    | (441)           | (441)           |
|                 | Statutory provision for the financing of capital investment charged against the General Fund                                                             |                 |                 |
| (4,976)         | (4,976)                                                                                                                                                  | (2,478)         | (2,478)         |
|                 | Capital expenditure charged against the General Fund                                                                                                     |                 |                 |
| <b>(6,003)</b>  | <b>(6,003)</b>                                                                                                                                           | <b>(3,393)</b>  | <b>(3,393)</b>  |
|                 | <b>Capital financing applied in year:</b>                                                                                                                |                 |                 |
| 56              | 56                                                                                                                                                       | -               | -               |
|                 | Other movements                                                                                                                                          |                 |                 |
| <b>(27,910)</b> | <b>(27,910)</b>                                                                                                                                          | <b>(24,958)</b> | <b>(24,958)</b> |
|                 | <b>Balance 31 March</b>                                                                                                                                  |                 |                 |



## Pensions Reserve

| 2018/19       |               |                                                                                                                                                                                    | 2019/20       |               |  |
|---------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--|
| OPFCC<br>£000 | Group<br>£000 |                                                                                                                                                                                    | OPFCC<br>£000 | Group<br>£000 |  |
| 1,367         | 1,341,513     | Balance 1 April                                                                                                                                                                    | 1,928         | 1,484,244     |  |
| 335           | 51,992        | Re-measurements of the net defined benefit (liability)/asset                                                                                                                       | (539)         | (148,790)     |  |
| 226           | 108,391       | 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 | 506           | 71,369        |  |
| -             | (17,652)      | Employer's pensions contributions and direct payments to pensioners payable in the year                                                                                            | -             | (16,952)      |  |
| 1,928         | 1,484,244     | Balance 31 March                                                                                                                                                                   | 1,895         | 1,389,871     |  |

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 OPFCC 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 OPFCC 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 OPFCC 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.

## Collection Fund Adjustment Account

| 2018/19       |               |                                                                                                                                                                                                                                  | 2019/20       |               |  |
|---------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--|
| OPFCC<br>£000 | Group<br>£000 |                                                                                                                                                                                                                                  | OPFCC<br>£000 | Group<br>£000 |  |
| (1,395)       | (1,395)       | Balance outstanding at start of year                                                                                                                                                                                             | (1,431)       | (1,431)       |  |
| (36)          | (36)          | Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements. | 1,387         | 1,387         |  |
| (1,431)       | (1,431)       | Balance outstanding at year end                                                                                                                                                                                                  | (44)          | (44)          |  |

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The reduction in balance between 2018/19 and 2019/20 is mainly due to the effect of the Covid-19 Pandemic and the impact on the collection rates.



## Accumulated Absences Account

| 2018/19                                                                     |               | 2019/20       |               |
|-----------------------------------------------------------------------------|---------------|---------------|---------------|
| OPFCC<br>£000                                                               | Group<br>£000 | OPFCC<br>£000 | Group<br>£000 |
| 130                                                                         | 2,883         | 110           | 1,673         |
| <b>Balance 1 April</b>                                                      |               |               |               |
| (130)                                                                       | (2,883)       | (110)         | (1,673)       |
| Settlement or cancellation of accrual made at the end of the preceding year |               |               |               |
| 110                                                                         | 1,673         | 121           | 2,235         |
| Amounts accrued at the end of the current year                              |               |               |               |
| <b>110</b>                                                                  | <b>1,673</b>  | <b>121</b>    | <b>2,235</b>  |
| <b>Balance 31 March</b>                                                     |               |               |               |

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 e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. Some of the increase in value have arisen as a result of the working requirements during the Covid-19 pandemic.

## Note 18 - Property, Plant and Equipment

| Movements to 31 March 2020                                                                       | Land & Buildings<br>£000 | Vehicles, Plant, & Equipment<br>£000 | Assets Under Construction<br>£000 | Total Property, Plant and Equipment<br>£000 |
|--------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------|-----------------------------------|---------------------------------------------|
| <b>Cost or Valuation</b>                                                                         |                          |                                      |                                   |                                             |
| <b>at 1 April 2019</b>                                                                           | <b>50,232</b>            | <b>14,425</b>                        | <b>467</b>                        | <b>65,124</b>                               |
| Opening Adjustment for Joint Ventures                                                            | (42)                     | 548                                  | -                                 | 506                                         |
| <b>Revised Balance</b>                                                                           | <b>50,190</b>            | <b>14,973</b>                        | <b>467</b>                        | <b>65,630</b>                               |
| Additions                                                                                        | 4,218                    | 3,782                                | 791                               | 8,791                                       |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | (1,890)                  | -                                    | -                                 | (1,890)                                     |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | -                        | -                                    | -                                 | -                                           |
| Derecognition – disposals                                                                        | (7)                      | (2,025)                              | -                                 | (2,032)                                     |
| Reclassifications and transfers                                                                  | 177                      | 230                                  | (417)                             | (10)                                        |
| Reclassifications to Assets Held for Sale                                                        | (800)                    | -                                    | -                                 | (800)                                       |
| <b>at 31 March 2020</b>                                                                          | <b>51,888</b>            | <b>16,960</b>                        | <b>841</b>                        | <b>69,689</b>                               |
| <b>Accumulated Depreciation and Impairment</b>                                                   |                          |                                      |                                   |                                             |
| <b>at 1 April 2019</b>                                                                           | <b>(2,736)</b>           | <b>(9,318)</b>                       | <b>-</b>                          | <b>(12,054)</b>                             |
| Opening Adjustment for Joint Ventures                                                            | 24                       | (530)                                | -                                 | (506)                                       |
| <b>Revised Balance</b>                                                                           | <b>(2,712)</b>           | <b>(9,848)</b>                       | <b>-</b>                          | <b>(12,560)</b>                             |
| Depreciation charge                                                                              | (1,407)                  | (3,695)                              | -                                 | (5,102)                                     |
| Depreciation written out to the Revaluation Reserve                                              | -                        | -                                    | -                                 | -                                           |
| Reversal of Depreciation on transfer to AHFS                                                     | 110                      | -                                    | -                                 | 110                                         |
| Derecognition – disposals                                                                        | 8                        | 1,871                                | -                                 | 1,879                                       |
| <b>at 31 March 2020</b>                                                                          | <b>(4,001)</b>           | <b>(11,672)</b>                      | <b>-</b>                          | <b>(15,673)</b>                             |
| <b>Net Book Value</b>                                                                            |                          |                                      |                                   |                                             |
| <b>at 31 March 2020</b>                                                                          | <b>47,887</b>            | <b>5,288</b>                         | <b>841</b>                        | <b>54,016</b>                               |
| <b>at 31 March 2019</b>                                                                          | <b>47,496</b>            | <b>5,107</b>                         | <b>467</b>                        | <b>53,070</b>                               |



| Movements to 31 March 2019                                                                       | Land & Buildings | Vehicles, Plant, & Equipment | Assets Under Construction | Total Property, Plant and Equipment |
|--------------------------------------------------------------------------------------------------|------------------|------------------------------|---------------------------|-------------------------------------|
|                                                                                                  | £000             | £000                         | £000                      | £000                                |
| <b><u>Cost or Valuation</u></b>                                                                  |                  |                              |                           |                                     |
| <b>at 1 April 2018</b>                                                                           | <b>49,421</b>    | <b>12,636</b>                | <b>640</b>                | <b>62,697</b>                       |
| Additions                                                                                        | 706              | 2,549                        | 417                       | 3,672                               |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | 3,255            | -                            | -                         | 3,255                               |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 390              | -                            | -                         | 390                                 |
| Derecognition – disposals                                                                        | (559)            | (2,450)                      | -                         | (3,009)                             |
| Reclassifications and transfers                                                                  | (1,100)          | 1,690                        | (590)                     | -                                   |
| Reclassifications to Assets Held for Sale                                                        | (1,881)          | -                            | -                         | (1,881)                             |
| <b>at 31 March 2019</b>                                                                          | <b>50,232</b>    | <b>14,425</b>                | <b>467</b>                | <b>65,124</b>                       |
| <b><u>Accumulated Depreciation and Impairment</u></b>                                            |                  |                              |                           |                                     |
| <b>at 1 April 2018</b>                                                                           | <b>(2,816)</b>   | <b>(7,402)</b>               | <b>-</b>                  | <b>(10,218)</b>                     |
| Depreciation charge                                                                              | (259)            | (4,139)                      | -                         | (4,398)                             |
| Depreciation written out to the Revaluation Reserve                                              | 352              | 134                          | -                         | 486                                 |
| Derecognition – disposals                                                                        | (13)             | 2,089                        | -                         | 2,076                               |
| <b>at 31 March 2019</b>                                                                          | <b>(2,736)</b>   | <b>(9,318)</b>               | <b>-</b>                  | <b>(12,054)</b>                     |
| <b><u>Net Book Value</u></b>                                                                     |                  |                              |                           |                                     |
| <b>at 31 March 2019</b>                                                                          | <b>47,496</b>    | <b>5,107</b>                 | <b>467</b>                | <b>53,070</b>                       |
| <b>at 31 March 2018</b>                                                                          | <b>46,605</b>    | <b>5,234</b>                 | <b>640</b>                | <b>52,479</b>                       |

The figures contained within this note are represented by the OPFCC assets, Joint Venture assets & the assets held for sale.

The OPFCC's final capital expenditure figure in Note 24 to the Accounts was £9.950m.

### **Note 19 - Impairment Losses**

There were no impairment losses in 2019/20.

### **Note 20 - Assets Held for Sale**

As the 31 March 2020, the OPFCC held 3 assets that are classified as Assets Held for Sale. These are properties at Kettering, Finedon (Thrapston Road) & Corby. A property at Earls Barton was sold during 2019/20.

| 2018/19      |              | 2019/20      |              |
|--------------|--------------|--------------|--------------|
| OPFCC        | Group        | OPFCC        | Group        |
| £000         | £000         | £000         | £000         |
| 2,900        | 2,900        | 1,881        | 1,881        |
| (2,900)      | (2,900)      | (260)        | (260)        |
| 1,881        | 1,881        | 800          | 800          |
| <b>1,881</b> | <b>1,881</b> | <b>2,421</b> | <b>2,421</b> |



### Note 21 - Investment Properties

The OPFCC does not hold any investment property interests that could be classified and accounted for as investment properties, therefore, no adjustments or disclosures are required.

### Note 22 - Leases

The OPFCC holds premises and some equipment on an operating lease basis, made payments of £0.402m for the year and was committed to making the following lease payments:

| 2019/20                                     | Future Years Committed Expenditure |                   |                   |               |
|---------------------------------------------|------------------------------------|-------------------|-------------------|---------------|
|                                             | Land<br>£000                       | Buildings<br>£000 | Equipment<br>£000 | Total<br>£000 |
| Leases expiring in 2020/21                  | 7                                  | 10                | -                 | 17            |
| Leases expiring between 2021/22 and 2024/25 | 47                                 | 63                | 9                 | 119           |
| Leases expiring 2025/26 and after           | 106                                | 144               | -                 | 250           |
| <b>Total</b>                                | <b>160</b>                         | <b>217</b>        | <b>9</b>          | <b>386</b>    |

| 2018/19                                     | Future Years Committed Expenditure |                   |                   |               |
|---------------------------------------------|------------------------------------|-------------------|-------------------|---------------|
|                                             | Land<br>£000                       | Buildings<br>£000 | Equipment<br>£000 | Total<br>£000 |
| Leases expiring in 2019/20                  | 33                                 | 45                | 9                 | 87            |
| Leases expiring between 2020/21 and 2023/24 | 35                                 | 48                | -                 | 83            |
| Leases expiring 2024/25 and after           | 69                                 | 94                | -                 | 163           |
| <b>Total</b>                                | <b>137</b>                         | <b>187</b>        | <b>9</b>          | <b>333</b>    |

As at the end of 31st March 2019 and 2020, the group had no Finance Leases.

### Note 23 - Intangible Assets

The Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period in which the software is expected to be of use to the Group.

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life. Amortisation of £2.053m was charged to revenue in 2019/20.

The movement on Intangible Asset balances during the year is as follows:





| 31 March 2019                   |              |                                             | 31 March 2020 |              |  |
|---------------------------------|--------------|---------------------------------------------|---------------|--------------|--|
| OPFCC                           | Group        |                                             | OPFCC         | Group        |  |
| Total                           | Total        |                                             | Total         | Total        |  |
| £000                            | £000         |                                             | £000          | £000         |  |
| <b>Balance at start of year</b> |              |                                             |               |              |  |
| 11,293                          | 11,293       | Gross carrying amounts                      | 12,486        | 12,486       |  |
| (8,310)                         | (8,310)      | Accumulated amortisation                    | (10,253)      | (10,253)     |  |
| <b>2,983</b>                    | <b>2,983</b> | <b>Net carrying amount at start of year</b> | <b>2,233</b>  | <b>2,233</b> |  |
| <b>Additions</b>                |              |                                             |               |              |  |
| 1,730                           | 1,730        | Internal development                        | 1,296         | 1,296        |  |
| -                               | -            | Purchases                                   | -             | -            |  |
| (537)                           | (537)        | Other disposals                             | (6,250)       | (6,250)      |  |
| -                               | -            | - Reclassifications and transfers           | -             | -            |  |
| -                               | -            | - Other adjustments                         | -             | -            |  |
| (2,480)                         | (2,480)      | Amortisation for the period                 | (2,053)       | (2,053)      |  |
| 537                             | 537          | Amortisation written off on disposal        | 6,242         | 6,242        |  |
| <b>2,233</b>                    | <b>2,233</b> | <b>Net carrying amount at end of year</b>   | <b>1,468</b>  | <b>1,468</b> |  |
| <b>Comprising</b>               |              |                                             |               |              |  |
| 12,486                          | 12,486       | Gross carrying amounts                      | 7,532         | 7,532        |  |
| (10,253)                        | (10,253)     | Accumulated amortisation                    | (6,064)       | (6,064)      |  |
| <b>2,233</b>                    | <b>2,233</b> | <b>Total</b>                                | <b>1,468</b>  | <b>1,468</b> |  |

Due to the nature of some of the key operational equipment within Intangible Assets, all lines above the (Surplus)/Deficit on the Provision of Services line from Local to National Policing include elements of Amortisation of Intangible Assets.



## Note 24 - Capital Expenditure and Capital Financing

The capital financing requirement measures the OPFCC's need to borrow for a capital purpose. The following statement shows the effect of the OPFCC's capital investment decisions in 2019/20 upon the capital financing requirement. The minimum revenue provision decreased to £0.442m, which was due to the OPFCC providing for a repayment of borrowing through revenue, which incorporates the repayments for the internal borrowing.

| 31 Mar 2019<br>OPFCC<br>£000 | 31 Mar 2019<br>Group<br>£000 | Capital Expenditure and Capital Financing               | 31 Mar<br>2020<br>OPFCC<br>£000 | 31 Mar<br>2020<br>Group<br>£000 |
|------------------------------|------------------------------|---------------------------------------------------------|---------------------------------|---------------------------------|
| 13,293                       | 13,293                       | <b>Opening Capital Financing Requirement</b>            | 12,737                          | 12,737                          |
|                              |                              | Capital Investment:                                     |                                 |                                 |
| 3,663                        | 3,663                        | Property Plant and Equipment                            | 9,986                           | 9,986                           |
| 1,739                        | 1,739                        | Intangible Assets                                       | 93                              | 93                              |
| -                            | -                            | - Assets Held for Sale                                  | -                               | -                               |
| -                            | -                            | - Revenue Expenditure Funded from Capital Under Statute | -                               | -                               |
| -                            | -                            | - Other Capital Expenditure                             | -                               | -                               |
| 5,402                        | 5,402                        | <b>Total Capital Spending</b>                           | 10,079                          | 10,079                          |
|                              |                              | Sources of Finance:                                     |                                 |                                 |
| -                            | -                            | - Capital receipts                                      | (458)                           | (458)                           |
| (471)                        | (471)                        | Government Grants and other contributions               | (474)                           | (474)                           |
|                              |                              | Sums set aside from revenue:                            |                                 |                                 |
| (4,931)                      | (4,931)                      | - Direct revenue contributions                          | (2,472)                         | (2,472)                         |
| (556)                        | (556)                        | - Minimum revenue provision                             | (442)                           | (442)                           |
| (5,958)                      | (5,958)                      | <b>Total Sources of Finance</b>                         | (3,846)                         | (3,846)                         |
| 12,737                       | 12,737                       | <b>Closing Capital Financing Requirement</b>            | 18,970                          | 18,970                          |

## Note 25 - Construction Contracts

At 31 March 2020 the OPFCC had two construction contract in progress for a total of £1.227m, with £0.959m for Giffard House Fit Out and £0.268m for a replacement of Force Headquarters roof



## Note 26 - Debtors

These amounts represent sums falling due within one year to the OPFCC from various sources, together with bad debt provision and prepayments.

| 2018/19       |               | 2019/20       |               |
|---------------|---------------|---------------|---------------|
| OPFCC         | Group         | OPFCC         | Group         |
| £000          | £000          | £000          | £000          |
| 3,899         | 3,899         | 6,605         | 6,605         |
| 5,463         | 5,463         | 4,382         | 4,382         |
| 1             | 1             | 246           | 246           |
| 0             | 0             | 0             | 0             |
| 3,230         | 3,230         | 10,028        | 10,028        |
| <b>12,593</b> | <b>12,593</b> | <b>21,261</b> | <b>21,261</b> |

## Note 27 - Inventories

The following stocks were held as available for issue as at 31 March 2020:

| Group                                  | Vehicle Fuel |           | Operational |            | Uniforms   |            | Total      |            |
|----------------------------------------|--------------|-----------|-------------|------------|------------|------------|------------|------------|
|                                        | 2018/19      | 2019/20   | 2018/19     | 2019/20    | 2018/19    | 2019/20    | 2018/19    | 2019/20    |
|                                        | £000         | £000      | £000        | £000       | £000       | £000       | £000       | £000       |
| Balance outstanding at start of year   | 73           | 148       | 71          | 96         | 288        | 309        | 432        | 553        |
| Purchases                              | 148          | 82        | 96          | 130        | 309        | 334        | 553        | 546        |
| Recognised as an expense in the year   | (73)         | (148)     | (71)        | (96)       | (288)      | (309)      | (432)      | (553)      |
| <b>Balance Outstanding at Year End</b> | <b>148</b>   | <b>82</b> | <b>96</b>   | <b>130</b> | <b>309</b> | <b>334</b> | <b>553</b> | <b>546</b> |

Each total represents both Group and OPFCC balances.



### Note 28 - Provisions

An independent evaluation of the Insurance Provision as at 31 March 2020 has identified a requirement of £1.5156 for future year's potential claims, an increase of £0.038m.

#### Current Provisions

| 2019/20                           | Insurance<br>Provision<br>£000 | Property<br>Dilapidations<br>£000 | Loss of Office<br>£000 | Legal<br>£000 | Total<br>£000  |
|-----------------------------------|--------------------------------|-----------------------------------|------------------------|---------------|----------------|
| <b>Opening Balance</b>            | <b>(1,478)</b>                 | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>(1,478)</b> |
| Increase in provision during year | (1,516)                        | 0                                 | 0                      | 0             | (1,516)        |
| Utilised during year              | 1,478                          | 0                                 | 0                      | 0             | 1,478          |
| Unused in Year                    | 0                              | 0                                 | 0                      | 0             | 0              |
| <b>Closing Balance</b>            | <b>(1,516)</b>                 | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>(1,516)</b> |

| 2018/19                           | Insurance<br>Provision<br>£000 | Property<br>Dilapidations<br>£000 | Loss of Office<br>£000 | Legal<br>£000 | Total<br>£000  |
|-----------------------------------|--------------------------------|-----------------------------------|------------------------|---------------|----------------|
| <b>Opening Balance</b>            | <b>(1,362)</b>                 | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>(1,362)</b> |
| Increase in provision during year | (1,478)                        | 0                                 | 0                      | 0             | (1,478)        |
| Utilised during year              | 1,362                          | 0                                 | 0                      | 0             | 1,362          |
| Unused in Year                    | 0                              | 0                                 | 0                      | 0             | 0              |
| <b>Closing Balance</b>            | <b>(1,478)</b>                 | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>(1,478)</b> |

#### Long Term Provisions

| 2019/20                           | Insurance<br>Provision<br>£000 | Property<br>Dilapidations<br>£000 | Loss of Office<br>£000 | Legal<br>£000 | Total<br>£000 |
|-----------------------------------|--------------------------------|-----------------------------------|------------------------|---------------|---------------|
| <b>Opening Balance</b>            | <b>0</b>                       | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>0</b>      |
| Increase in provision during year | 0                              | 0                                 | 0                      | 0             | 0             |
| Utilised during year              | 0                              | 0                                 | 0                      | 0             | 0             |
| Unused in Year                    | 0                              | 0                                 | 0                      | 0             | 0             |
| <b>Closing Balance</b>            | <b>0</b>                       | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>0</b>      |

#### Long Term Provisions

| 2018/19                           | Insurance<br>Provision<br>£000 | Property<br>Dilapidations<br>£000 | Loss of Office<br>£000 | Legal<br>£000 | Total<br>£000 |
|-----------------------------------|--------------------------------|-----------------------------------|------------------------|---------------|---------------|
| <b>Opening Balance</b>            | <b>0</b>                       | <b>(310)</b>                      | <b>0</b>               | <b>0</b>      | <b>(310)</b>  |
| Increase in provision during year | 0                              | 0                                 | 0                      | 0             | 0             |
| Utilised during year              | 0                              | 310                               | 0                      | 0             | 310           |
| Unused in Year                    | 0                              | 0                                 | 0                      | 0             | 0             |
| <b>Closing Balance</b>            | <b>0</b>                       | <b>0</b>                          | <b>0</b>               | <b>0</b>      | <b>0</b>      |

The Insurance provision provides financial resources for Motor, Property, Public and Employers Liability claims. Costs outside of the known and expected provision will be met by the Force's legal revenue budget or reserves.



The main assumptions and methodologies are:

This report uses the Chain Ladder actuarial method for forecasting ultimate mature loss levels from the last available data point for a given risk and year. The Chain Ladder method has been applied to the progression of incurred losses, plotted at annual intervals. This assumes that the development profile of historic mature underwriting (policy) years will be repeated as the more immature years' run-off. However, in applying the development factors, any anomalies are first excluded before calculating average development factors. If the assumptions underlying the Chain Ladder method are not borne out then the future development of claims will differ from the predictions in this report, but we believe this forecasting method is robust, evidenced by the fact that it is used extensively by insurance companies.

The recommended fund injection for future losses is based on the projected ultimate claims under the Chain Ladder Method with a margin added for prudence.

### **Note 29 - Creditors**

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

| 2018/19         |                 | 2019/20         |                 |
|-----------------|-----------------|-----------------|-----------------|
| OPFCC           | Group           | OPFCC           | Group           |
| £000            | £000            | £000            | £000            |
| (3,273)         | (3,273)         | (31)            | (31)            |
| (3,789)         | (3,789)         | (4,806)         | (4,806)         |
| -               | -               | (184)           | (184)           |
| (11,542)        | (13,105)        | (17,826)        | (19,940)        |
| <b>(18,604)</b> | <b>(20,167)</b> | <b>(22,847)</b> | <b>(24,961)</b> |

### **Note 30 - Capitalisation of Borrowing Costs**

The OPFCC elected not to capitalise its new borrowing costs.

### **Note 31 - Contingent Liabilities**

#### **Insurance**

Our insurance consultants, Gallacher Heath, suggested the OPFCC do not have any Contingent Liabilities for 2019/20 resulting from our Insurance portfolio.

### **Note 32 - Contingent Assets**

The OPFCC have no contingent assets for 2019/20.

### **Note 33 - Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements, which includes £0.623m within Note 40:



| 2018/19       |               | 2019/20                |               |
|---------------|---------------|------------------------|---------------|
| OPFCC<br>£000 | Group<br>£000 | OPFCC<br>£000          | Group<br>£000 |
| 9,606         | 9,606         | Cash and Bank Balances | 11,289        |
| <b>9,606</b>  | <b>9,606</b>  | <b>Total</b>           | <b>11,289</b> |

### Note 34 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

| 2018/19       |               | 2019/20           |               |
|---------------|---------------|-------------------|---------------|
| OPFCC<br>£000 | Group<br>£000 | OPFCC<br>£000     | Group<br>£000 |
| -             | (36)          | Interest received | (50)          |
| -             | 63            | Interest paid     | 63            |
| -             | <b>27</b>     | <b>Total</b>      | <b>13</b>     |

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

| 2018/19         |                  | 2019/20                                                                             |                 |
|-----------------|------------------|-------------------------------------------------------------------------------------|-----------------|
| OPFCC<br>£000   | Group<br>£000    | OPFCC<br>£000                                                                       | Group<br>£000   |
| (4,396)         | (4,396)          | Depreciation                                                                        | (4,820)         |
| 348             | 348              | Impairment and downward valuations                                                  | -               |
| (2,480)         | (2,480)          | Amortisation                                                                        | (2,029)         |
| (2,844)         | (1,654)          | (Increase)/decrease in creditors                                                    | (9,583)         |
| (981)           | (981)            | Increase/(decrease) in debtors                                                      | 14,009          |
| 122             | 122              | Increase/(decrease) in inventories                                                  | (8)             |
|                 | (90,513)         | Movement in pension liability                                                       | (338)           |
|                 |                  | Carrying amount of non-current assets and non-current assets held for sale, sold or |                 |
| 0               | 0                | derecognised                                                                        | (401)           |
|                 |                  | Other non-cash movements charged to the                                             |                 |
| (2,639)         | (2,639)          | surplus or deficit on provision of services                                         | (1,500)         |
| <b>(12,870)</b> | <b>(102,193)</b> | <b>Total</b>                                                                        | <b>(59,132)</b> |

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

| 2018/19       |               | 2019/20                                        |               |
|---------------|---------------|------------------------------------------------|---------------|
| OPFCC<br>£000 | Group<br>£000 | OPFCC<br>£000                                  | Group<br>£000 |
|               |               | Any other items for which the cash effects are |               |
| 80            | 80            | investing or financing cash flows              | 1,076         |
| <b>80</b>     | <b>80</b>     | <b>Total</b>                                   | <b>1,076</b>  |



### Note 35 - Cash Flow from Investing Activities

The cash flows for investing activities include the following items:

| 2018/19       |               | 2019/20       |               |
|---------------|---------------|---------------|---------------|
| OPFCC<br>£000 | Group<br>£000 | OPFCC<br>£000 | Group<br>£000 |
| 5,402         | 5,402         | 10,079        | 10,079        |
| -             | -             | -             | -             |
| -             | -             | -             | -             |
| 5,402         | 5,402         | 10,079        | 10,079        |

### Note 36 - Termination Benefits

| Exit Package<br>Cost Band<br>(including Special<br>Payments) | Number of Compulsory<br>Redundancies |       |         |       | Number of Other<br>Departures Agreed |       |         |       | Total Number of Exit<br>Packages |       |         |       | Total Cost of Exit Packages<br>in Each Band |       |         |       |      |
|--------------------------------------------------------------|--------------------------------------|-------|---------|-------|--------------------------------------|-------|---------|-------|----------------------------------|-------|---------|-------|---------------------------------------------|-------|---------|-------|------|
|                                                              | 2018/19                              |       | 2019/20 |       | 2018/19                              |       | 2019/20 |       | 2018/19                          |       | 2019/20 |       | 2018/19                                     |       | 2019/20 |       |      |
|                                                              | OPFCC                                | Group | OPFCC   | Group | OPFCC                                | Group | OPFCC   | Group | OPFCC                            | Group | OPFCC   | Group | OPFCC                                       | Group | OPFCC   | Group |      |
|                                                              |                                      |       |         |       |                                      |       |         |       |                                  |       |         |       |                                             | £000  | £000    | £000  | £000 |
| £0 - £20,000                                                 | -                                    | 7     | -       | 2     | -                                    | 2     | -       | -     | -                                | 9     | -       | 2     | -                                           | 104   | -       | 22    | -    |
| £20,001 - £40,000                                            | -                                    | 1     | -       | -     | -                                    | -     | -       | -     | -                                | 1     | -       | -     | -                                           | 22    | -       | -     | -    |
| £40,001 - £60,000                                            | -                                    | -     | -       | 1     | -                                    | -     | -       | -     | -                                | -     | -       | 1     | -                                           | -     | -       | 42    | -    |
| £60,001 - £80,000                                            | -                                    | -     | -       | -     | -                                    | -     | -       | -     | -                                | -     | -       | -     | -                                           | -     | -       | -     | -    |
| £80,001 - £100,000                                           | -                                    | -     | -       | -     | -                                    | -     | -       | -     | -                                | -     | -       | -     | -                                           | -     | -       | -     | -    |
| £100,001 - £150,000                                          | -                                    | -     | -       | -     | -                                    | -     | -       | -     | -                                | -     | -       | -     | -                                           | -     | -       | -     | -    |
| Total                                                        | -                                    | 8     | -       | 3     | -                                    | 2     | -       | -     | -                                | 10    | -       | 3     | -                                           | 127   | -       | 64    | -    |

### 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 unfunded and administered by XPS on behalf of the OPFCC, 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 level 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 within 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



## Group Pensions Revenue Items

| Comprehensive Income and Expenditure                                                        | Local Government Pension Scheme |                 |              |                 | Police Pension Scheme |                 | TOTAL        |                  |              |                 |
|---------------------------------------------------------------------------------------------|---------------------------------|-----------------|--------------|-----------------|-----------------------|-----------------|--------------|------------------|--------------|-----------------|
|                                                                                             | 2018/19                         |                 | 2019/20      |                 | 2018/19               | 2019/20         | 2018/19      |                  | 2019/20      |                 |
|                                                                                             | OPFCC                           | Group           | OPFCC        | Group           | Group                 | Group           | OPFCC        | Group            | OPFCC        | Group           |
|                                                                                             | £000                            | £000            | £000         | £000            | £000                  | £000            | £000         | £000             | £000         | £000            |
| <b>Net Cost of Services</b>                                                                 |                                 |                 |              |                 |                       |                 |              |                  |              |                 |
| Current service cost                                                                        | (384)                           | (9,669)         | (567)        | (11,633)        | (20,790)              | (36,340)        | (384)        | (30,459)         | (567)        | (47,973)        |
| Unfunded                                                                                    | 0                               | (3)             | 0            | (3)             | 0                     | 0               | 0            | (3)              | 0            | (3)             |
| Past service cost                                                                           | (15)                            | (1,090)         | 0            | (52)            | (58,260)              | (4,750)         | (15)         | (59,350)         | 0            | (4,802)         |
| <b>Net Operating Expenditure</b>                                                            |                                 |                 |              |                 |                       |                 |              |                  |              |                 |
| Interest Costs**                                                                            | (118)                           | (6,223)         | (139)        | (6,482)         | (32,130)              | (34,000)        | (118)        | (38,353)         | (139)        | (40,482)        |
| Expected return on employers assets**                                                       | 79                              | 4,044           | 87           | 3,951           | 0                     | 0               | 79           | 4,044            | 87           | 3,951           |
| <b>Net Charge to the Income and Expenditure Account</b>                                     | <b>(438)</b>                    | <b>(12,941)</b> | <b>(619)</b> | <b>(14,219)</b> | <b>(111,180)</b>      | <b>(75,090)</b> | <b>(438)</b> | <b>(124,121)</b> | <b>(619)</b> | <b>(89,309)</b> |
| <b><u>Movement In Reserves</u></b>                                                          |                                 |                 |              |                 |                       |                 |              |                  |              |                 |
| Movement on Pensions Reserve                                                                | 438                             | 12,938          | (619)        | (14,216)        | 111,180               | (75,090)        | 438          | 124,118          | (619)        | (89,306)        |
| (Reversal of net charges made for retirement benefits in accordance with IAS 19)            |                                 |                 |              |                 |                       |                 |              |                  |              |                 |
| <b><u>Actual amount charged against Council Tax (General Fund Balance) for pensions</u></b> |                                 |                 |              |                 |                       |                 |              |                  |              |                 |
| Employers contributions to the Scheme                                                       | 215                             | 5,759           | 276          | 5,318           | 9,968                 | 12,778          | 215          | 15,727           | 276          | 5,533           |
| Additional contributions to the Police Pensions Fund Account                                |                                 |                 |              |                 | 17,652                | 16,952          |              | 17,652           |              |                 |

\*\* 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 £148.251m (loss of £51.657m in 2018/19) were included within other Comprehensive Income & Expenditure.

The estimated 2019/20 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              |                            |                            |                            | Unfunded Liabilities       |                            |
|----------------------------------------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                          | Local Government Pension Scheme |                            |                            |                            | Police Pension Scheme      |                            |
|                                                          | OPFCC<br>31-Mar-19<br>£000      | Group<br>31-Mar-19<br>£000 | OPFCC<br>31-Mar-20<br>£000 | Group<br>31-Mar-20<br>£000 | Group<br>31-Mar-19<br>£000 | Group<br>31-Mar-20<br>£000 |
| <b>Opening Defined Benefit Obligation 1st April</b>      | <b>(4,156)</b>                  | <b>(226,386)</b>           | <b>(5,212)</b>             | <b>(264,782)</b>           | <b>(1,263,230)</b>         | <b>(1,382,250)</b>         |
| Current Service Cost (net up for employee contributions) | (384)                           | (9,669)                    | (567)                      | (11,633)                   | (20,790)                   | (36,340)                   |
| Interest Cost                                            | (118)                           | (6,223)                    | (139)                      | (6,482)                    | (32,130)                   | (34,000)                   |
| Contributions by Scheme Participants                     | (86)                            | (1,575)                    | (110)                      | (1,673)                    | (5,080)                    | (5,780)                    |
| Actuarial (Gains)/ Losses                                | (476)                           | (23,594)                   | 607                        | 55,665                     | (35,460)                   | 111,370                    |
| Past Service (Costs)/ Gains                              | (15)                            | (1,090)                    | 0                          | (52)                       | (58,260)                   | (4,750)                    |
| (Losses)/ Gains on Curtailments                          | 0                               | 0                          | 0                          | 0                          | 0                          | 0                          |
| Transfers in                                             | 0                               | 0                          | 0                          | 0                          | (40)                       | (90)                       |
| Estimated Unfunded Benefits Paid                         | 0                               | 3                          | 0                          | 3                          | 0                          | 0                          |
| Estimated Benefits Paid                                  | 23                              | 3,752                      | 25                         | 4,323                      | 32,740                     | 35,600                     |
| <b>Closing Defined Benefit Obligation 31st March</b>     | <b>(5,212)</b>                  | <b>(264,782)</b>           | <b>(5,396)</b>             | <b>(224,631)</b>           | <b>(1,382,250)</b>         | <b>(1,316,240)</b>         |

## Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only:

|                                                                  | OPFCC<br>31-Mar-19<br>£000 | Group<br>31-Mar-19<br>£000 | OPFCC<br>31-Mar-20<br>£000 | Group<br>31-Mar-20<br>£000 |
|------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Pensions Asset 1st April</b>                                  | <b>2,789</b>               | <b>148,103</b>             | <b>3,284</b>               | <b>162,789</b>             |
| Expected Return on Assets                                        | 79                         | 4,044                      | 87                         | 3,951                      |
| Contributions by Members                                         | 86                         | 1,578                      | 110                        | 1,673                      |
| Employers Contributions (Incl Injuries) - excluding Top-Up Grant | 215                        | 5,759                      | 276                        | 5,318                      |
| Pension Fund Asset Split (Group to Single Entity)                | 0                          | 0                          | 0                          | 0                          |
| Contributions in Respect of Unfunded Benefits                    | 0                          | 0                          | 0                          | (3)                        |
| Actuarial Gains                                                  | 138                        | 7,060                      | (35)                       | (18,212)                   |
| Estimated Unfunded Benefits paid                                 | 0                          | (3)                        | 0                          | 3                          |
| Estimated Benefits Paid                                          | (23)                       | (3,752)                    | (25)                       | (4,323)                    |
| <b>Fair Value of Pensions Asset 31 March</b>                     | <b>3,284</b>               | <b>162,789</b>             | <b>3,697</b>               | <b>151,196</b>             |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The estimated return on scheme assets in the year was £3.951 (£4.044m in 2018/19).

The OPFCC's total pension liability of £1,389.871m, reconciles to the Unusable Reserves within the Balance Sheet of £1,353.103m, by adding back the figures within the Movement in Reserves Statement of the Capital



Adjustment Account, the Collection Fund Adjustment Account, 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:

|                                                                   | Local Government Pension Scheme |         | Police Pension Scheme |         |
|-------------------------------------------------------------------|---------------------------------|---------|-----------------------|---------|
|                                                                   | 2018/19                         | 2019/20 | 2018/19               | 2019/20 |
| <b>Expected Return on Assets</b>                                  | %                               | %       | %                     | %       |
| Investments                                                       | 18.1                            | 16.3    | n/a                   | n/a     |
| <b>Mortality Assumptions</b>                                      | yrs                             | yrs     | yrs                   | yrs     |
| Longevity at 65 for current pensioners                            |                                 |         |                       |         |
| Men                                                               | 22.10                           | 21.50   | 22.70                 | 21.90   |
| Women                                                             | 24.20                           | 23.70   | 24.30                 | 23.60   |
| Longevity at 65 for future pensioners                             |                                 |         |                       |         |
| Men                                                               | 23.90                           | 22.30   | 24.60                 | 23.60   |
| Women                                                             | 26.10                           | 25.10   | 26.20                 | 25.20   |
| <b>Financial Assumptions</b>                                      | %                               | %       | %                     | %       |
| Rate of Inflation                                                 | 2.40                            | 1.80    | 2.35                  | 2.00    |
| Rate of Increase in Salaries                                      | 2.70                            | 2.30    | 4.35                  | 4.00    |
| Expected Return on Assets                                         | 7.40                            | 5.00    | n/a                   | n/a     |
| Rate for Discounting Scheme Liabilities (Gross)                   | 2.50                            | 2.30    | 2.45                  | 2.25    |
| Rate of Revaluation for CARE Pensions                             | n/a                             | n/a     | 3.60                  | 3.25    |
| Take up Option to Convert annual Pension into retirement Lump Sum | 50                              | 50      | n/a                   | n/a     |



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 OPFCC'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-19  | Description        | 31-Mar-20  |
|------------|--------------------|------------|
| %          |                    | %          |
| 83         | Equity Investments | 83         |
| 7          | Bonds              | 7          |
| 8          | Property           | 8          |
| 2          | Cash and Liquidity | 2          |
| <b>100</b> | <b>Total</b>       | <b>100</b> |



### **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.

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.

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|                                                                                                                              |                   | Police Pension Scheme |          |
|------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------|----------|
|                                                                                                                              |                   | 2018/19               | 2019/20  |
| <b>Contributions Receivable</b>                                                                                              |                   |                       |          |
| Group                                                                                                                        |                   |                       |          |
| From Employer                                                                                                                |                   |                       |          |
|                                                                                                                              | Normal            | (10,089)              | (13,334) |
|                                                                                                                              |                   | (1,374)               |          |
| From Members                                                                                                                 |                   |                       |          |
|                                                                                                                              | Early Retirements | (5,691)               | (5,833)  |
| <b>Transfers In</b>                                                                                                          |                   |                       |          |
| Individual Transfers in from other schemes                                                                                   |                   | (42)                  | (115)    |
| <b>Benefits Payable</b>                                                                                                      |                   |                       |          |
| Pensions                                                                                                                     |                   | 26,980                | 29,381   |
| Commutations and lump sums retirement benefits                                                                               |                   | 5,165                 | 6,636    |
| Other                                                                                                                        |                   | 7                     | 11       |
| <b>Payments to and on account of leavers</b>                                                                                 |                   |                       |          |
| Refunds of Contributions                                                                                                     |                   | 17                    |          |
| Individual Transfer Out from other schemes                                                                                   |                   | 146                   | 29       |
| Account to meet deficit/amount to the local policing body/Policing Operating Account in respect of the surplus for the year. |                   | 0                     |          |
| <b>Sub-total for the year before transfer from CC of an amount equal</b>                                                     |                   | 15,119                | 16,775   |
| Additional funding payable by the CC to fund the deficit for the year                                                        |                   | (1,374)               | N/A      |
| <b>Net amount payable/receivable for the year</b>                                                                            |                   | (1,374)               | 0.0      |

Details of the long-term pension obligation can be found within Notes 16 and 17.

There is an adjustment of 2.9% to the cash flow due to a reduction in the employer contribution rate for police pension schemes in 2018/19 being reflected in a reduction in HMT pensions top up funding. This was not required in 2019/20

## Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2020.

## 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: | 2018/19 | 24.2% |
|                         | 2019/20 | 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 CC to cover the Group and CC'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 CC, 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 CC'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. Each OPFCC is required by legislation to operate a pension fund and 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

Northamptonshire Police has implemented a seven-step approach to considering financial instruments, as illustrated in the recommended practice, and has updated its accounting policies in recognition of the introduction of the three new reporting standards. The OPFCC is satisfied that it has no premiums or discounts for early settlement attached to its debt arrangements, no overhanging premiums or discounts, no unrecognised financial guarantees and no contracts to forward purchase financial assets. The OPFCC has reviewed its contractual arrangements and it has no contracts that could be classified as derivatives.



The OPFCC has reconsidered its treatment of its managed portfolio of investments following clarification of the recommended practice and consultation with its fund managers. The investments are considered to be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. They are, therefore, held for trading and treated as Fair Value through Profit and Loss. The managed portfolio funds have been recalled during the year into the OPFCC bank accounts for internal borrowing purposes.

The OPFCC has the following financial instruments held in its balance sheet as at 31 March 2020:

| OPFCC & Group                      | 2018/19   |         | 2019/20   |         |
|------------------------------------|-----------|---------|-----------|---------|
|                                    | £000      | £000    | £000      | £000    |
|                                    | Long Term | Current | Long Term | Current |
| <b>Financial Liabilities</b>       |           |         |           |         |
| Amortised Cost                     |           |         |           |         |
| Borrowing                          | 1,300     |         | 1,300     | 9,500   |
| Fair Value through Profit and Loss |           |         |           |         |
| Borrowing                          |           |         |           |         |
| Creditors                          |           | 19,704  |           | 28,066  |
| Amortised Cost                     |           |         |           |         |
| <b>Financial Assets</b>            |           |         |           |         |
| Fair Value through Profit and Loss |           |         |           |         |
| Loans and Receivables              |           |         |           |         |
| Debtors and Prepayments            |           | 10,731  |           | 26,378  |
| Cash in Hand                       |           |         |           |         |
| Money Market Investments           |           | 9,347   |           | 10,677  |
| Joint Venture Cash Balance         |           | 127     |           | 349     |

Gains on Financial Assets at Fair Value through the CIES were £0.013m during 2019/2020.

The OPFCC manages its debt portfolio through a combination of short (between 1 and 5 years) and long term (five years plus) borrowing, in order to manage its liability to interest and repayment costs.

All of the borrowings as at 31 March 2020 are held by the Public Works Loans Board and, therefore, represents negligible risk to default of the debt holder. As approved within the OPFCC's Treasury Management Strategy, the authorised limit for the fixed and variable debts are £12m.



## Group Income, Expense, Gains and Losses Statement

|                                                                          | 2018/19                                                  |                                                 |                                              |                                                                      | 2019/20                                         |                                              |                                                                      |               |
|--------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|---------------|
|                                                                          | Financial Liabilities measured at amortised cost<br>£000 | Financial Assets: Loans and receivables<br>£000 | Financial Assets: Available for sale<br>£000 | Assets and Liabilities at Fair Value through Profit and Loss<br>£000 | Financial Assets: Loans and receivables<br>£000 | Financial Assets: Available for sale<br>£000 | Assets and Liabilities at Fair Value through Profit and Loss<br>£000 | Total<br>£000 |
| Interest expense                                                         |                                                          |                                                 |                                              |                                                                      |                                                 |                                              |                                                                      |               |
| <b>Total expense in Surplus or Deficit on the Provision of Services</b>  | -                                                        | -                                               | -                                            | 63                                                                   |                                                 |                                              | 63                                                                   | 63            |
| Interest income                                                          | -                                                        | -                                               | -                                            | (36)                                                                 |                                                 |                                              | (50)                                                                 | (50)          |
| <b>Total income in Surplus or Deficit on the Provision of Services</b>   | -                                                        | -                                               | -                                            | 27                                                                   |                                                 |                                              | 13                                                                   | 13            |
| Surplus/deficit arising on revaluation of financial assets in Other CIES | -                                                        | -                                               | -                                            | 4,214                                                                |                                                 |                                              | 7,883                                                                | 7,883         |
| <b>Net gain/(loss) for the year</b>                                      | -                                                        | -                                               | -                                            | 4,241                                                                |                                                 |                                              | 7,896                                                                | 7,896         |

## Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rates at 31 March 2020 for new loans through PWLB are between 2.26% and 2.68%, based on new lending rates for equivalent loans at that date (10 year & 25 year rates)
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less cost of collection by third party agency if applicable.

The carrying value of the liabilities is lower than the fair value amount because the portfolio of loans includes a number of fixed rate loans from the Public Works Loan Board (PWLB) where the interest rate payable is lower than the prevailing rates at the Balance Sheet date.

|       | 2018/19                 |                    | 2019/20                 |                    |
|-------|-------------------------|--------------------|-------------------------|--------------------|
|       | Carrying amount<br>£000 | Fair Value<br>£000 | Carrying amount<br>£000 | Fair Value<br>£000 |
| Loans | 1,300                   | 2,161              | 10,800                  | 11,283             |

Available for sale assets, and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Long term assets are held at face value as a reflection of a fair approximation of fair value as at 31 March 2020.

Short term investments and cash and cash equivalents, short-term debtors and creditors are carried at cost as this is a fair approximation of their value.



| Interest rate exposure – the maximum percentage of borrowing at Fixed and Variable Rates |         |         |         |
|------------------------------------------------------------------------------------------|---------|---------|---------|
|                                                                                          | 2018/19 | 2019/20 | 2020/21 |
| Fixed Rate – maximum limit                                                               | 100%    | 100%    | 100%    |
| Variable Rate – maximum limit                                                            | 100%    | 100%    | 100%    |

## Liquidity Risk

Liquidity risk is the possibility that the OPFCC might not have funds to meet its commitments to make payments.

The OPFCC manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategies reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The OPFCC has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the Public Works Loan Board (PWLb) provides access to longer term funds, it also acts as a lender of last resort to OPFCC's (although it will not provide funding to an OPFCC whose actions are unlawful). The OPFCC is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity profile of loans raised is spread over a period of up to 38 years, to mitigate the risk of encountering difficulties in raising liquidity on favourable terms in any one year. The team monitor the maturity profile and amend it accordingly through either new borrowing or the rescheduling of the existing debt.

The maturity analysis of financial liabilities is as follows (NB this reflects loan principal, but not accrued interest):

## Amount of fixed rate borrowing maturing in each period as a percentage of total fixed rate borrowing – prudential limits

| Period                | Upper Limit | Actual 2019/20 | Lower Limit |
|-----------------------|-------------|----------------|-------------|
| Under 12 months       | 0%          | 87.96%         | 0%          |
| 12 months to 10 years | 66%         | 6.48%          | 0%          |
| 10 years and above    | 80%         | 5.56%          | 0%          |

Credit risk is the possibility that other parties might fail to pay amounts due to the OPFCC.

Whilst the recent credit crisis in international markets has raised the overall possibility of default, the OPFCC maintains strict credit criteria for investment counterparties. No breaches of the OPFCC's counterparty criteria occurred during the reporting period and the OPFCC does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In accordance with the Prudential Code, and as a result of the credit crisis, in order to minimise the OPFCC's risk to investments, the Treasury Management Strategy sets the limits to which principals are invested for greater than one year. However, the OPFCC is within these limits as no investment was greater than 364 days as at 31 March in either 2019/20 or 2018/19.



Money Market Investments are made with a spread of periods, from overnight to one year, using the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors - forming the core element. The minimum credit rating criteria for investment counterparties is Short Term F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating) with the lowest available rating being applied to the criteria. The OPFCC only invests in highly rated bodies, which hold smaller risk levels than some higher yield institutes. The maximum risk the OPFCC held in one institute within 2019/20 was £5m.

The managed portfolio is designed to achieve greater results than the OPFCC normally can achieve using standard investment strategies. The managed portfolio ensures a spread of investments and analysis to ensure appropriate limitation of risks, utilising;

#### 5/10/40 rule – Good diversification

This refers to counterparty exposure and implies 40% of the fund can hold between 5%-10% in any one issuer, the balance (60%), has to be below 5% in any one issuer, ensuring a good spread of risk.

#### Developed major government bonds – Seeking higher yielding assets

This offers potential exposure to other higher yielding sovereign governments, e.g. Australia or New Zealand, where interest rates have already risen. These would be hedged back into Sterling with no currency exposure.

#### Short positions using derivatives

This is the ability to sell a market first, with a view to buying the asset back at a future date. This strategy would involve the use of highly liquid and commonly used derivatives, known as financial futures contracts, of the major developed markets. The Target Return Fund has further aspects including:

#### Corporate Bond Exposure

Strong diversification characteristics, typically no more than 1% will be held in any one corporate bond issuer for investment grade credits (BBB rated or better). For high yield corporate bonds, the issuer limit is less than 0.5%.

#### Emerging Market Sovereign Debt

Generally no more than 2% is held in any one emerging market issuer e.g. Brazil, Mexico, Turkey or Malaysia. Relative value strategies imply the fund would be short one market relative to another, thus reducing the overall risk to the sector.

#### Foreign Exchange

This is the active management of currency exposure.

The organisations maximum exposure to credit risk in relation to its investments in banks and building societies of £10.661m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the organisations deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise.

#### Summary

The model has far greater exposure to AAA assets, which equates to the most secure Investments available on the market. Whilst it also has exposure to lower credit quality, which represents a potential risk, the positions would be very small and well diversified.



## Debtors and Prepayments

Customers for the OPFCC's goods and services are assessed for their ability to pay in accordance with parameters set by the OPFCC. The OPFCC does not allow credit for its trade debtors beyond the standard 30-day period and makes prudent financial provision for bad debts based on an assessment of each type of debt and the age of those debts.

Outstanding invoices can be analysed by age as follows:

| Age of Trade Debts | 2018/19<br>£000 | 2019/20<br>£000 |
|--------------------|-----------------|-----------------|
| 0-14 Days          | 245             | 174             |
| 15-30 Days         | 79              | 332             |
| 31-60 Days         | 94              | 270             |
| 61-90 Days         | 32              | 8               |
| 91+ Days           | 234             | 269             |
| <b>Total</b>       | <b>684</b>      | <b>1,052</b>    |

Whilst reviewing its debtors portfolio the OPFCC has provided against £0.269m within 2019/20 and £0.234m in 2018/19.

## Cash In Hand

The OPFCC's cash-in-hand position of £0.004m within 2019/20 and £0.002m at 2018/19 is as a result of the tight financial controls and positive cash management strategy in place. This deposit is held with a well-recognised financial institution with a high credit rating. The levels of risk are, therefore, negligible. However, the maximum level of risk would be the full cash-in-hand balance, which is monitored on a daily basis to maintain it is less than £100k at any given point, which would, therefore, represent the maximum liability faced by the OPFCC.

## Interest rate risk

The OPFCC is exposed to interest rate movements on its borrowings which have a complex impact on the OPFCC, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account would rise;
- Borrowings at fixed rates – the fair value of the borrowing would fall.

The OPFCC currently has no variable rate borrowings; therefore, changes in interest rates will have no impact on the carrying value of the OPFCC's borrowings.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement.

## Price risk

The OPFCC, excluding the pension fund, does not invest in equity shares or marketable bonds.

## Foreign exchange risk

The OPFCC has no financial assets or liabilities denominated in foreign currencies. It, therefore, has no exposure to loss arising from movements in exchange rates.



## Nature and Extent of Risks Arising from Financial Instruments

### Financial Liabilities

Financial liabilities are carried in the Balance Sheet at amortised cost. The OPFCC has carefully considered the nature of its borrowing activities in relation to the recommended practice. It is recommended that annual charges to the Income and Expenditure Account for interest payable be based on the carrying amount of the liability multiplied by the effective interest rate of the instrument. The OPFCC has fixed rate loans and some variable rate loans:

- For the fixed rate instruments it is clear that the nominal interest rate (the coupon rate on the debt security) would be the same as the effective interest rate, as there are no premiums or discounts and the instrument carries the same interest rate for the whole term.
- For the variable rate instruments, this would also be the case as again there are no premiums or discounts or transaction costs included in the initial carrying amount.

### Financial Assets

The fair value has been assessed as being the same as the carrying value due to the investments being short-term in nature, and the portfolio of investments are valued at market value (bid price).

### Gains and Losses from Financial Assets and Liabilities

Gains and Losses on assets and liabilities are clearly shown in the Comprehensive Income and Expenditure Statement. Interest on Investments of £0.05m was earned during the year, and interest on loans of £0.063m was paid out.

### Credit Risk Exposure

This is the risk that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party. Exposure to this risk is managed through the OPFCC's Treasury Management Strategy. The OPFCC only invests in approved institutions with secure credit ratings; there are also limits in place as to how much can be invested with counterparties.

### Treasury Management Policy

Given the global banking crisis that occurred during 2008/09, the OPFCC's Policies on Treasury Management came under scrutiny. The Treasury Management Strategy requires that the OPFCC monitors the credit ratings of the institutions it invests in on a daily basis to reduce credit risk exposure from both new and existing investments.

### Liquidity Risk Exposure

The organisation has a comprehensive cash flow management system that seeks to ensure that cash is available as needed.

This is the risk that a party will be unable to raise funds to meet its commitments associated with financial instruments. As the OPFCC currently has ready access to borrowings from the Public Works Loan Board (PWLb), there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the OPFCC will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The financial liabilities, however, do mature at different times.





### Market Risk Exposure

This is the risk that the value of an instrument will fluctuate because of changes in interest rates, market prices or foreign currency exchange rates. The OPFCC has limited risk. PWLB interest rates are a mix of fixed and variable rates. Investments are only temporarily invested (less than a year). The OPFCC does not invest in equity shares and has no financial assets or liabilities in foreign currencies.

The organisation has a Treasury Management policy and number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the organisations cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget monthly during the year. This allows any adverse changes to be accommodated and the analysis will also advise whether new borrowings taken out are fixed or variable.

| 2018/19<br>£000                          | 2019/20<br>£000 |
|------------------------------------------|-----------------|
| 0 Not more than 2 years                  | 9,500           |
| 0 More than 2 years less than 5 years    | 0               |
| 700 More than 5 years less than 10 years | 700             |
| 600 More than 10 years                   | 600             |
| <b>1,300 Total Long Term Borrowing</b>   | <b>10,800</b>   |

A significant proportion of the OPFCC long-term borrowing - 95% matures between 5 to 10 years and the remainder after 10 years.



## Note 40 - Joint Operations & Associate Entities

### Joint Operations

The OPFCC's share of Joint Operations is as follows:

| 2018/19               |                |                               |                |                                 | 2019/20        |                       |                |                               |  |
|-----------------------|----------------|-------------------------------|----------------|---------------------------------|----------------|-----------------------|----------------|-------------------------------|--|
| Net<br>Op Exp<br>£000 | Income<br>£000 | Surplus/<br>(Deficit)<br>£000 | Ownership<br>% | Arrangement                     | Ownership<br>% | Net<br>Op Exp<br>£000 | Income<br>£000 | Surplus/<br>(Deficit)<br>£000 |  |
| 267                   | (259)          | 8                             | 14.80%         | EM Legal Services               | 14.80%         | 273                   | (270)          | 3                             |  |
| 541                   | (534)          | 7                             | 50.00%         | EM Strategic Commercial Unit    | 50.00%         | 604                   | (616)          | (12)                          |  |
| 114                   | (119)          | (5)                           | 14.80%         | EM Major Crime                  | 14.80%         | 115                   | (115)          | -                             |  |
| 2,846                 | (2,649)        | 197                           | 14.80%         | EM Serious Organised Crime      | 14.80%         | 2,761                 | (2,758)        | 3                             |  |
| 123                   | (125)          | (2)                           | 18.90%         | EM Criminal Justice             | 18.90%         | 139                   | (138)          | 1                             |  |
| 531                   | (542)          | (11)                          | 18.90%         | EM Operational Support Services | 29.20%         | 54                    | (71)           | (17)                          |  |
| 249                   | (248)          | 1                             | 14.80%         | EM Occupational Health Unit     | 14.80%         | 260                   | (260)          | -                             |  |
| 1,318                 | (1,295)        | 23                            | 14.80%         | EM Forensics                    | 14.80%         | 1,446                 | (1,413)        | 33                            |  |
| 437                   | (426)          | 11                            | 17.11%         | EM Learning & Development       | 17.11%         | 471                   | (462)          | 9                             |  |
| 1,632                 | (1,632)        | -                             | 22.87%         | Multi-Force Shared Services     | 22.12%         | 1,664                 | (1,664)        | -                             |  |
| 86                    | (129)          | (43)                          | 16.12%         | ESN                             | 16.01%         | 75                    | (129)          | (54)                          |  |
| -                     | -              | -                             | 29.20%         | SOT                             | 29.20%         | 273                   | (254)          | 19                            |  |
| <b>8,144</b>          | <b>(7,958)</b> | <b>186</b>                    |                | <b>Total</b>                    |                | <b>8,135</b>          | <b>(8,150)</b> | <b>(15)</b>                   |  |

### Associate Entities

The OPFCC's share of Associate Entities is as follows:

#### Voice for Victims and Witnesses

| 2018/19               |                |                               |                |                                                               | 2019/20        |                       |                |                               |  |
|-----------------------|----------------|-------------------------------|----------------|---------------------------------------------------------------|----------------|-----------------------|----------------|-------------------------------|--|
| Net<br>Op Exp<br>£000 | Income<br>£000 | Surplus/<br>(Deficit)<br>£000 | Ownership<br>% | Voice for Victims<br>and Witnesses                            | Ownership<br>% | Net<br>Op Exp<br>£000 | Income<br>£000 | Surplus/<br>(Deficit)<br>£000 |  |
| (889)                 | 889            | -                             | 100.00%        | Cost of Services                                              | 100.00%        | 368                   | (202)          | 166                           |  |
| -                     | -              | -                             |                | Remeasurement of the net<br>defined benefit liability / asset |                | -                     | -              | 32                            |  |
| <b>(889)</b>          | <b>889</b>     | <b>-</b>                      |                | <b>Total Comprehensive Income &amp; Expenditure</b>           |                | <b>368</b>            | <b>(202)</b>   | <b>198</b>                    |  |
| -                     | -              | -                             |                | MiRS - CIES to Unusable Reserve                               |                |                       |                | (166)                         |  |
| 20                    |                |                               |                | Balance Sheet - Debtors                                       |                |                       |                | 9                             |  |
| (161)                 |                |                               |                | Balance Sheet - Creditors                                     |                |                       |                | (283)                         |  |
| 141                   |                |                               |                | Balance Sheet - Cash and Cash Equivalents                     |                |                       |                | 274                           |  |
| -                     |                |                               |                | Balance Sheet - Pension Liability                             |                |                       |                | 198                           |  |
| -                     |                |                               |                | Net Assets                                                    |                |                       |                | <b>198</b>                    |  |
| -                     |                |                               |                | Balance Sheet - Pension Reserve                               |                |                       |                | (198)                         |  |
| -                     |                |                               |                | Net Reserves                                                  |                |                       |                | <b>(198)</b>                  |  |

| 2019/20                                                                  | General Fund Balance | Earmarked General Fund Reserves | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--------------------------------------------------------------------------|----------------------|---------------------------------|-----------------------|-------------------|----------------|
|                                                                          | £000                 | £000                            | £000                  | £000              | £000           |
| Balance at 31 March 2019                                                 | -                    | (524)                           | (524)                 | (1,516)           | (2,040)        |
| <b>Movement in reserves during 2019/20</b>                               |                      |                                 |                       |                   | -              |
| (Surplus) or deficit on the provision of services                        | 151                  | -                               | 151                   | -                 | 151            |
| Other Comprehensive Income / Expenditure                                 | -                    | -                               | -                     | 32                | 32             |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>151</b>           | <b>-</b>                        | <b>151</b>            | <b>32</b>         | <b>183</b>     |
| Adjustments between accounting basis and funding basis under regulations | (244)                | -                               | (244)                 | 244               | -              |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>   | <b>(93)</b>          | <b>-</b>                        | <b>(93)</b>           | <b>276</b>        | <b>183</b>     |
| Transfers to / from Earmarked Reserves                                   | 93                   | (93)                            | -                     | -                 | -              |
| <b>Increase or Decrease in 2019/20</b>                                   | <b>-</b>             | <b>(93)</b>                     | <b>(93)</b>           | <b>276</b>        | <b>183</b>     |
| Balance at 31 March 2020                                                 | -                    | (617)                           | (617)                 | (1,240)           | (1,857)        |

| 2018/19                                                                  | General Fund Balance | Earmarked General Fund Reserves | Total Usable Reserves | Unusable Reserves | Total Reserves |
|--------------------------------------------------------------------------|----------------------|---------------------------------|-----------------------|-------------------|----------------|
|                                                                          | £000                 | £000                            | £000                  | £000              | £000           |
| Balance at 31 March 2018                                                 | -                    | (786)                           | (786)                 | (1,530)           | (2,316)        |
| OPFCC Transfer Pensions Reserve to Voice                                 | -                    | -                               | -                     | 90                | 90             |
| <b>Movement in reserves during 2018/19</b>                               |                      |                                 |                       |                   |                |
| (Surplus) or deficit on the provision of services                        | 179                  | -                               | 179                   | -                 | 179            |
| Other Comprehensive Income / Expenditure                                 | -                    | -                               | -                     | 7                 | 7              |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>179</b>           | <b>-</b>                        | <b>179</b>            | <b>7</b>          | <b>186</b>     |
| Adjustments between accounting basis and funding basis under regulations | 83                   | -                               | 83                    | (83)              | -              |
| <b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>   | <b>262</b>           | <b>-</b>                        | <b>262</b>            | <b>(76)</b>       | <b>186</b>     |
| Transfers to / from Earmarked Reserves                                   | (262)                | 262                             | -                     | -                 | -              |
| <b>Increase or Decrease in 2018/19</b>                                   | <b>-</b>             | <b>262</b>                      | <b>262</b>            | <b>(76)</b>       | <b>186</b>     |
| Balance at 31 March 2019                                                 | -                    | (524)                           | (524)                 | (1,516)           | (2,040)        |

| 2018/19      |                |            | 2019/20                                                               |              |                |            |
|--------------|----------------|------------|-----------------------------------------------------------------------|--------------|----------------|------------|
| Expenditure  | Income         | Net        | Expenditure                                                           | Income       | Net            |            |
| £000         | £000           | £000       | £000                                                                  | £000         | £000           |            |
| 7,255        | (7,029)        | 226        | Collaboration & Regional                                              | 8,503        | (8,352)        | 151        |
| <b>7,255</b> | <b>(7,029)</b> | <b>226</b> | <b>Cost of Services</b>                                               | <b>8,503</b> | <b>(8,352)</b> | <b>151</b> |
| -            | -              | -          | Other Operating Expenditure                                           | -            | -              | -          |
| -            | -              | -          | Financing and Investment Income and Expenditure                       | -            | -              | -          |
| -            | -              | -          | (Surplus) or Deficit on Discontinued Operations                       | -            | -              | -          |
| -            | (47)           | (47)       | Taxation and Non Specific Grant Income                                | -            | -              | -          |
| <b>7,255</b> | <b>(7,076)</b> | <b>179</b> | <b>(Surplus) or Deficit on Provision of Services</b>                  | <b>8,503</b> | <b>(8,352)</b> | <b>151</b> |
|              |                |            | 7 (Surplus) or deficit on revaluation of Property, Plant and Equipmer |              |                | -          |
|              |                |            | - Remeasurement of the net defined benefit liability / asset          |              |                | 32         |
|              |                |            | <b>7 Other Comprehensive Income and Expenditure</b>                   |              |                | <b>32</b>  |
|              |                |            | <b>186 Total Comprehensive Income and Expenditure</b>                 |              |                | <b>183</b> |



## Joint Operations – Balance Sheet

| 2018/19<br>£000 |                               | 2019/20<br>£000 |
|-----------------|-------------------------------|-----------------|
| 1,548           | Property, Plant and Equipment | 1,490           |
| 65              | Intangible Assets             | 44              |
| <b>1,613</b>    | <b>Long Term Assets</b>       | <b>1,534</b>    |
| -               | - Assets Held for Sale        | -               |
| -               | - Inventories                 | -               |
| 1,096           | Short Term Debtors            | 983             |
| 267             | Cash and Cash Equivalents     | 623             |
| <b>1,363</b>    | <b>Current Assets</b>         | <b>1,606</b>    |
| (936)           | Short-Term Creditors          | (1,085)         |
|                 | Provisions                    |                 |
| <b>(936)</b>    | <b>Current Liabilities</b>    | <b>(1,085)</b>  |
| -               | - Provisions                  | -               |
| -               | - Long Term Liabilities       | (198)           |
| -               | <b>Long Term Liabilities</b>  | <b>(198)</b>    |
| <b>2,040</b>    | <b>Net Assets</b>             | <b>1,857</b>    |
| (524)           | Usable Reserves               | (617)           |
| (1,516)         | Unusable Reserves             | (1,240)         |
| <b>(2,040)</b>  | <b>Total Reserves</b>         | <b>(1,857)</b>  |



#### **Note 41 - Accounting Standards Issued, Not Adopted**

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The additional disclosures that will be required in the 2020/21 financial statements in respect of accounting changes introduced in the 2020/21 Code are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

It is not expected that any of these amendments will have a material impact on the information provided in the financial statements.

There are therefore no Accounting Standards that have been issued but not yet adopted that need to be disclosed in the 2019/20 Statement of Accounts.

#### **Note 42 - Restatements**

No restatements have taken place in preparation of the 2019/20 Statement of Accounts for the OPFCC or Group.



## 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 for central government departments
- Possible impairment of investments
- Whether other entities with which the OPFCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the OPFCC
- 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 OPFCC 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) Financial Instruments

#### Financial Liabilities

As per the recommended practice for local OPFCCs, loans and other liabilities are held at amortised cost.



## Financial Assets

Although the OPFCC invests reserve balances and has actively managed financial instruments, they are held for re-investment by the OPFCC, not for speculative motives, they are not equity investments and are not, therefore, “available for sale”. The OPFCC recognises there is often evidence of short-term profit taking in its portfolio of managed investments and the value of the investments is reflected at market value (bid price) in the Balance Sheet, with accrued interest being reflected as part of the balance due to the OPFCC.

In accordance with the bank mandate with the OPFCC facility provider, the Force is able to net off all three bank accounts held to enable an ‘end of day’ position to be gained over the balance of these three accounts. The facility provider and the OPFCC take the view that there is one single balance for management purposes and as such, the net position is the position recognised within these statements.

## 4) 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 (e.g. 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 CC through an intra-company adjustment within Taxation and Non Specific Grant income line.

## 5) 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.

## 6) 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).

### Measurement

The current property valuer for the OPFCC is Pygott & Crone, through the Perfect Circle consortium, at 36a Silver Street, Lincoln, LN2 1EW.

The Land and buildings portfolio is revalued over a five year period as directed by the Northamptonshire PFCC.

In accordance with good practice a rolling programme of revaluation of at least one fifth of the property portfolio each year has been undertaken from 1 April 2017 and the programme is annually reviewed to ensure key properties of significance are included in the valuation if changes in policy have taken place which would make revaluation appropriate for that year.

All revaluations undertaken ensure that any changes to the use of assets within the portfolio are accounted for.

Surpluses arising from revaluations of land and buildings are taken to the Revaluation Reserve, with the corresponding entries against fixed assets. Any reductions in values are covered in impairment losses.

The latest revaluation was carried out on 31 March 2020. All valuations are in accordance with Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ensuring compliance with the CIPFA Code as modified by IFRSs.

### Depreciation and Amortisation

A depreciation or amortisation charge is made to the Comprehensive Income and Expenditure Statement for all fixed assets, which have a finite useful life. Depreciation is calculated on a straight line basis as follows:

- Operational Buildings - Over the life of the asset (10-50 years)
- Vehicles - Over the life of the asset (2-10 years with some specialist vehicles over 3-20 years)
- IT Hardware - 3-10 years
- Other Plant & Equipment - 3-10 years

New Assets are depreciated in the first year of being an operational asset, but not in the year of disposal.

In accordance with FRS 15, freehold land is not depreciated. Assets under construction are not depreciated/amortised until completion.

As the depreciation/amortisation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

### Impairment Losses

Besides identifying impairments at the five year revaluation review, impairment reviews are carried out in the intervening periods but only if an event or circumstance indicates that the carrying amount of the fixed asset may not be recoverable. When an impairment loss is clearly due to clear consumption of economic benefit or takes the value of the asset below historic cost, the loss is recognised in the Comprehensive Income and Expenditure Statement. However, other impairment losses offset any balance held in the Revaluation Reserve, with any balance charged to the Comprehensive Income and Expenditure Statement. As these impairment adjustments are not an allowable charge against Council Tax, they are neutralised by an adjustment between



Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

### Disposals

The gain or loss on disposal is the amount by which the disposal proceeds are more or less than the carrying amount (net book value) of the fixed asset. The Comprehensive Income and Expenditure Account recognise this gain or loss.

In order that this gain or loss is excluded from the charge to Council Tax, it is neutralised in the Accounting Adjustments between Accounting Basis and Funding Basis under Regulation.

If, however, the asset is carried at current value, in addition to the entries above, the balance on the revaluation reserve in respect of asset disposals is written off to the Capital Adjustment Account. In most cases the asset will be re-valued to its carrying value at the point of disposal so there will be no profit or loss, unless there is an unamortised grant attached to the asset, which will be released to the Income and Expenditure account in full, resulting in a profit on disposal. In 2019/20, the OPFCC only recognises a profit on disposal if the value of the asset disposed of is more than £10,000.

### Componentisation

Where an item of Property, Plant and Equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately.

The criteria for componentisation are as follows:

- A de-minimis level on implementation is set at £600,000 on the net book value of any asset.
- Any single component must exceed £100,000 in value.

Provided that both of these criteria are met the asset will be split into the appropriate components based on its type.

## 7) 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.

## 8) Stocks and Stores

Stocks and stores are maintained covering such items as vehicle spares, uniforms, fuel and provisions. Stocks are valued at the lower of cost or net realisable value in line with the requirements of IAS 2.

## 9) Reserves



Reserves are maintained to finance expenditure on projects that will be carried out in future years and to protect the OPFCC 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 OPFCC. A Reserves Strategy is in place and is reviewed at least twice a year.

## 10) Provisions

Provisions are made for liabilities or losses which are likely to be incurred, or certain to be incurred, but with uncertain amounts or dates on which they will arise by charging expenditure to the Comprehensive Income and Expenditure Statement in anticipation of the liability having to be met. When expenditure is incurred to which the provision relates they should be charged to the Provisions Account.

## 11) Investments

Investments are shown in the Balance Sheet at cost, less any provision required for loss in value. Note 39 covers how the OPFCC's investments are disclosed in accordance with International Financial Reporting Standards covering Financial Instruments.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the investment. Investments with a life below 12 months will be held at amortised cost.

## 12) 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 group participates in two pension schemes:

#### The Police Pension Scheme for Police Officers

The Police Pension Scheme (PPS) is an unfunded defined benefit final salary scheme administered by XPS on behalf of OPFCC, and is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The new Police Pensions Scheme (NPPS) is governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006) and the latest Pension Scheme (2015) is governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2015).

They are unfunded which means there are no investment assets built up to meet pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The funding arrangements for police officer pensions changed on 1 April 2006, when an employer's contribution rate was set by the Home Office, which is charged to the Comprehensive Income and Expenditure Statement. This rate increased from 24.2% to 31% on 1<sup>st</sup> April 2019.

Also, from 1 April 2006, each OPFCC was required by legislation to operate a Pension Fund Account. The amounts that must be paid into and out of the account are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension account from which pension payments are made. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the OPFCC 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 OPFCC, which then must repay the amount to central government.

### 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 OPFCC 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 OPFCC 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 OPFCC'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.

### 13) 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.

### 14) Joint Arrangements

The OPFCC has interests in a number of Joint Arrangements. All of 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 provides further details.

### 15) Value Added Tax

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



## 16) Contingent Assets and Contingent Liabilities

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

## 17) 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 OPFCC.

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.

## 18) 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.

## 19) Accounting Convention

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

## 20) 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 i.e. 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.

## 21) 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.

## 22) 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.

## 23) 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, leave for current employees, and are recognised as an expense for services in the year in which employees render service to the OPFCC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu, flexi-time or annual leave) earned by employees but not taken before the year-end that employees can carry forward into the next financial year.

## 24) 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.

## 25) 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.

## 26) 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 OPFCC 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 OPFCC 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.

## 27) 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.

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## 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.

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