



Northamptonshire Chief Constable

Single Entity

Statement of Accounts for the year 2019/20

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



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Northamptonshire Police

Fighting crime, protecting people



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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 Chief Constable for Northamptonshire (OCC) and are in accordance with the Police Reform and Social Responsibility Act 2011. They should be read in conjunction with the accounts produced by the OPFCC and the Group accounts into which they are consolidated.

They are prepared on a going concern basis, assuming that the Chief Constable (OCC) will continue in operation for the foreseeable future. They have been prepared in accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice 2018/19.

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

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

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



NORTHAMPTONSHIRE

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

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



THE CHIEF CONSTABLE'S STRATEGIC PLAN



The Chief Constable has invested in a strategic plan known as **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

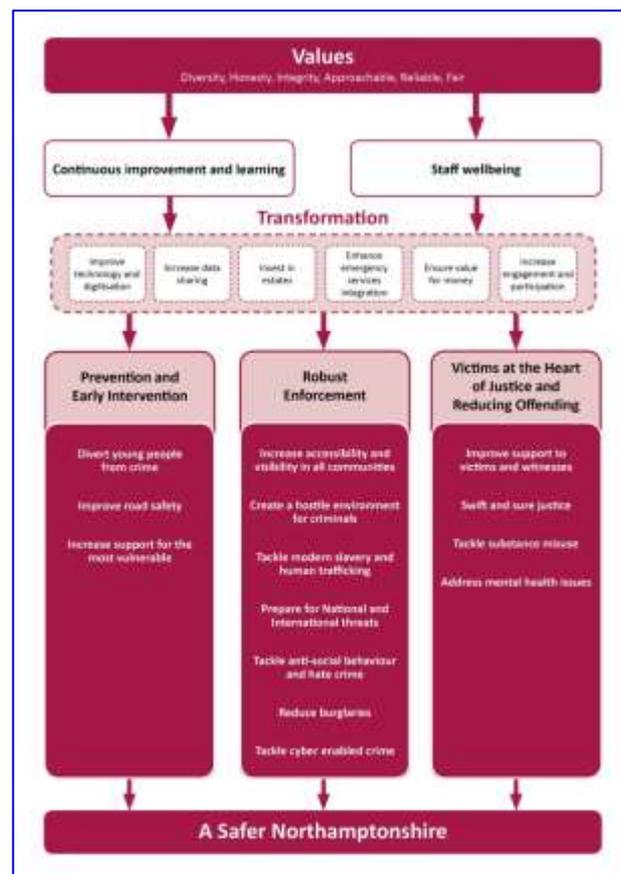
The plan is underpinned by a comprehensive performance framework, using considered and relevant indicators that will enable the organisation to assess its progress in delivery against the plan. Oversight and scrutiny of delivery of the plan will take place through the Chief Constable’s Force Strategic Board.

POLICE & CRIME PLAN 2017-2021

As mentioned above, the Chief’s Policing Plan supports the overarching Police & Crime Plan. It is one of the duties of the PFCC 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



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 1st January 2019 and the PCC thereby became the Police, Fire and Crime Commissioner (PFCC) for Policing and the Northamptonshire Commissioner Fire and Rescue Authority for Fire.

However, as a separate corporation sole, the funding and accounts for NCFRA are produced separately, therefore, not included in the 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 31st March 2020, the Chief Constable’s Budgeted establishment was 2,127 FTE. The analysis is shown in the table below:

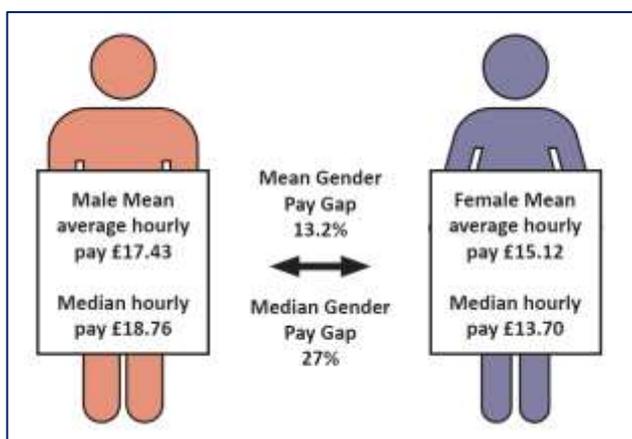
Category of employee	2018/19	2019/20
Police Officers	1,227	1,284
Police Community Support Officers (PCSOs)	81	81
Police Staff	745	762
Total	2,053	2,127

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

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

The role of S151 Officer to the CC was performed by the ACO (Finance and Resources) until 31st August and taken on temporarily by the Chief Finance Officer (OPFCC) until 29th February 2020. The Head of Finance performed as Deputy S151 between August 2019 and February 2020, and undertook the S151 role from 1st March 2020.

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

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.

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	2022/23	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	2022/23	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	2022/23	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 and the PFCC and his office continue to work with the Force to meet this challenge.

Reserves

All usable reserves are owned by the PFCC and therefore only reported here for context. Balances are included in the OPFCC and Group Accounts.

General Fund balance was increased in 2019/20 to £5m (representing 3.6% of the net revenue budget for the year).

The Reserves Strategy outlines a guideline level for General Reserves of 3% with a minimum level of 2.5%. The current level of 3.6% is above both the guideline and minimum level which is felt appropriate in the current financial climate.

The Reserves Strategy is reviewed every year, alongside setting the budget and updated for the outturn position after the draft accounts are published.

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. However, during 2018/19 the PFCC updated the Estates Strategy to provide investment in the estate and support the operational delivery. This Strategy is currently under review to ensure operational requirements are fully considered and alongside the potential opportunities which can be achieved following the Fire Governance transfer.

Collaboration

The Home Office has actively encouraged collaborative working between Police Forces and Fire Authorities. The Forces and Police Authorities/PCCs within the East Midlands Region (Northamptonshire, Derbyshire, Leicestershire, Lincolnshire and Nottinghamshire) have collaborated on a wide range of activities both formally and informally for over 10 years.

The collaboration agenda is underpinned by 5 guiding principles:

- that local policing remains local
- any collaboration helps deliver more efficient and/or effective policing for Northamptonshire
- all areas of business are considered



- decisions not to participate in a particular collaboration are reviewed regularly, as circumstances may change
- any cost and/or benefits are shared between participating Forces

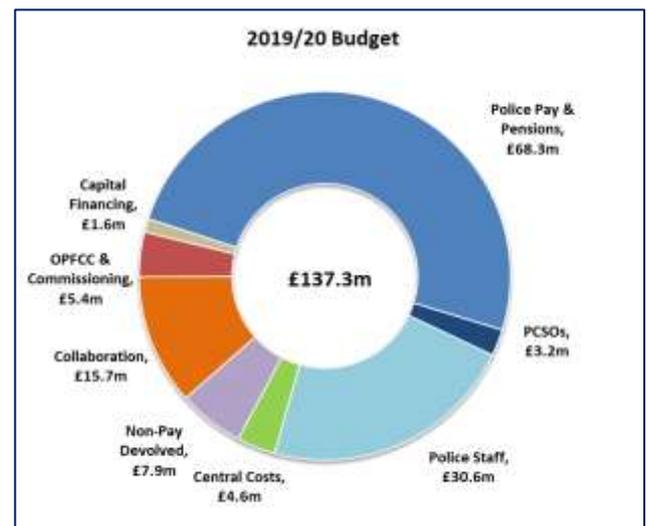
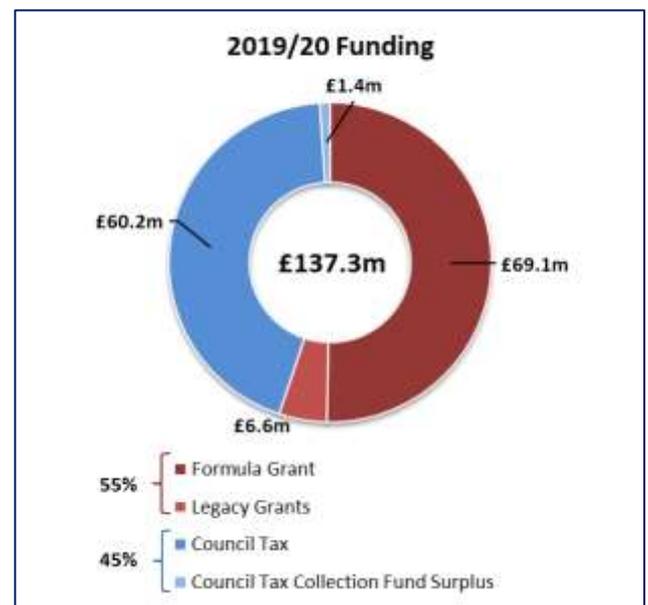
FINANCIAL PERFORMANCE

The Group Revenue Budget

Funding

Funding for the Police service is through a combination of government grant and precept (council tax). In 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 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 £000	Outturn £000	Variance £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
Total Managed by the Force	130,174	129,645	(529)

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. It should be noted that police officer strength still continued to increase in line with the growing establishment of officers shown under 'Our People' above.

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.

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.



NON-FINANCIAL PERFORMANCE

Outcomes

Performance outcomes are discussed at the Force Strategic Board and appropriate actions are allocated and monitored accordingly. The force has adopted refreshed policing priorities for 2019 and these are supported by performance frameworks to understand where risks are emerging. Other performance risks are escalated to the Force Strategic Board by exception and are not limited in type to ensure organisational risks as well as operational risks can be discussed with full context of the problem.

Nationally, police forces are experiencing a change in performance outcomes away from traditional and visible policing to hidden and online demands. Northamptonshire Police is no different. The force has seen a change in the make-up of demand towards protecting people but has refocused efforts in fighting crime, offender management, improving investigation and reducing demand.

The force has recently introduced a new corporate performance framework, bringing together data from all parts of the force to provide a collective view of organisational performance. It emphasises insights and actions required with the data contained within existing products or on new self-serve systems e.g. Qlik.

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 are discussed and agreed with the Force at an agenda setting meeting.

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

- Focus on areas of concern in performance and service delivery at a strategic level.

- Discussions between the Force and the OPFCC in respect of the strategic budget setting and medium term financial planning.
- Strategic consideration of key identified corporate level risks and scrutiny activity.

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.

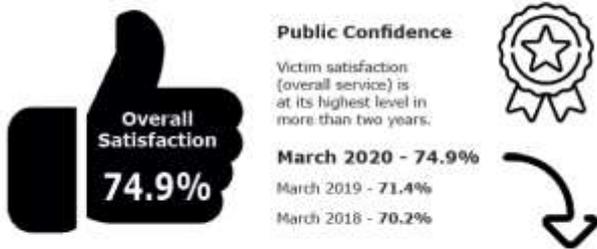
“This remains an exciting time for Northamptonshire Police and I am incredibly proud to be a part of it and to have the chance to meet so many members of the community, see the great work being delivered and to listen to the public as they talk so supportively of the Force.”

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"



- 999 maintained call performance
- Improved wait times, less abandoned calls and good satisfaction levels on contact



- Online reporting, more accessible contact, more and more online
- Use of technology for victims to make contact better



- Improved appointment systems and initial contact investigation
- Wait times are now same day or within mainly 24hrs

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 1st 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 at or 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.

Brexit

Northamptonshire Police have a working group on Brexit to identify and mitigate the impact of any changes. However, whilst there is still some uncertainty, the risks associated with a 'no deal' Brexit have reduced.

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

The key statements are as follows:

Annual Governance Statement

This statement explains how the PFCC complies with his Code of Corporate Governance. Preparation and publication of the Statement fulfils his statutory



requirement under the Accounts and Audit Regulations 2011 to conduct a review at least once in each financial year of the effectiveness of his system of internal control and to include a statement reporting on the review with his Statement of Accounts.

Expenditure and Funding Analysis (EFA)

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

Movement in Reserves Statement (MiRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet (BS)

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

Cash Flow Statement

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

Notes to the Financial Statements

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

Events after the reporting period and authorised for issue date

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

Police Pension Fund Account

The Police Pension Scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the

cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

Accounting Policies

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

Glossary of financial terms

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

Statement of Provisions

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

Pensions

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

The PFCC and Chief Constable participate in two pension schemes:

The Police Pension Scheme (PPS)

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



pension fund to the PFCC, who then must repay the amount to central government.

The Local Government Pension Scheme (LGPS)

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

Material and unusual charges

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

SUMMARY AND CONCLUSION

Despite the tight financial climate and future challenges, the PFCC Group continues to demonstrate a strong track record of effective financial management and delivering outturn within the approved budget. However, the 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 Chief is committed to ensuring that improvements required as part of recommendations from HMICFRS are delivered in a timely and effective manner to ensure the best services can be delivered for the public of Northamptonshire. As described above, the progress so far is significant and the building blocks are in place for the Force to become one of the most effective in the country.

The 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.

Vaughan Ashcroft
Chief Finance Officer (S151)

Date: 21st June 2021

Nick Adderley
Northamptonshire Chief Constable

Date: 21st June 2021



ANNUAL GOVERNANCE STATEMENT (OCC)

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 Chief Constable published his Policing Plan in January 2019 and introduced it as follows:

“This is my first Policing Plan for Northamptonshire Police and is one that has been developed with the help and support of many officers and staff from across the force as well as a detailed strategic assessment of the evolving issues we face as a county. We need to think not just in terms of crime but also with regards to the changing demographics of the force area and the opportunities which exist as we work more closely with the County Fire and Rescue Service and build further our relationships with the County Council and/or the new Unitary Councils of the future.

The plan has also been developed with the public and communities we serve in mind and as a result of the many conversations I have had with the public since my appointment in August 2018.

It is well documented, and often recited, that crime is changing and is becoming more complex set against a backdrop of shrinking resources and less money. Whilst this may be factually correct, it is my duty and ambition to ensure that we, as a force and partner, are able to provide the most efficient and effective service we can with the money and resources we have available to the public of Northamptonshire and to those who call upon us at their time of need. This plan is designed to ensure that we use those valuable resources in the best way that we can and in a way which further instils trust and confidence in the services we provide.

As the Chief Constable, I am held to account by the Police, Fire and Crime Commissioner to deliver the objectives set within his Police and Crime Plan. This Policing Plan supports those objectives but provides both the force and the public with more specific details on what those priorities are, how we intend to deal with them and most importantly what the desired outcomes of those priorities are going to be. In this way, I am able to articulate how the money provided to me by the Police, Fire and Crime Commissioner is spent, what value it is adding to the county and to the lives of those who live, work and visit here, and more importantly will provide reassurance to the public that those issues which matter most to them are being addressed.”

The Chief goes on to state:

“This 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 this plan will take place monthly through the Chief Constable’s Force Strategic Board.”

As stated, the Policing Plan supports the PFCC’s Police & Crime Plan. 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.

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 31st 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 Chief Constable has welcomed the additional challenge and scrutiny by the PFCC in relation to the Futures Project 2025 (FP25) work and that this will continue as the new operating model and performance framework beds in. 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 1st 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

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.

In March 2020, Vaughan Ashcroft took on the role of the Statutory Section 151 (S151) Officer for the Chief Constable which had been filled temporarily by Helen King following the removal of the ACO (Finance and Resources) regional post. The Finance Team was expanded to provide additional capacity in preparation for the move to a joint Police and Fire Enabling Services provision.

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.

Performance forms a significant part of the Accountability Board and the Force Strategic Board meetings where performance is discussed, issues are identified and actions are allocated and monitored. The Service Improvement Board is in place to explore issues/challenges and to address these at a more operational level.

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
 - General Ledger
 - Cash, Bank and Treasury Management
 - Payments and Creditors
 - Income and Debtors
 - 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 Chief Constable 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 OPFCC 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"> • Meeting of members and auditors without officers present • Annual Report of the JIAC and Terms of Reference Review • Draft Statement of Accounts 2018/19 update • External Audit Proposed Fee Scales 2018/19
September 2019	<ul style="list-style-type: none"> • Budget and MTFP Processes, Plan and Timetable • 2018/19 Treasury Management Outturn and 2019/20 Progress • Draft Statement of Accounts 2018/19 update • Key Roles and Responsibilities in Fire, Policing and OPFCC • Business Continuity and Disaster Recovery • Risk Register Review
December 2019	<ul style="list-style-type: none"> • Draft Statement of Accounts Update • Update on LGSS and MFSS • HMIC Recommendations Update on Progress • Update on Joint Estates Strategy



March 2020	<ul style="list-style-type: none"> • Draft Statement of Accounts Update and Draft ISA260 • Internal Audit Plan 2020/21 • External Audit Proposed Fee Levels 2019/20 • Performance Framework • Risk Register • Treasury Management Strategy • Update on LGSS and MFSS
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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 Chief Constable for Northamptonshire 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 Chief Constable 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 Chief Constable for Northamptonshire's arrangements for commissioning services effectively to support the delivery of strategic priorities."

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

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		
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 3 To work with colleagues to ensure acceptable management and delivery of the MFSS upgrade and arrangements.	Superseded by a 2019/20 action. In July 2020, the partners agreed to cease the arrangements in 2022.
PRINCIPLE F: Managing risk and monitoring performance	Recommendation 5 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. Incorporated in Business as Usual.
PRINCIPLE G: Implementing good practices in transparency, reporting and accountability	Recommendation 6 To ensure the effective implementation of the Policing and Crime Act 2017 responsibilities are delivered in respect of Complaints.	Completed. The new arrangements were implemented in February 2020.

Policing – Update on 2018/19 Action Plan Progress		
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 1 To work with the OPFCC to establish tighter internal controls in relation to the Victim’s Code of Practice to reflect the increased responsibilities for PFCC’s.	Completed. 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
PRINCIPLE C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes	Recommendation 2 To work with the OPFCC to establish and embed better strategic planning processes to support effective resource allocation.	Completed. 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.
	Recommendation 3 To work with the OPFCC to ensure stronger establishment monitoring and control arrangements are implemented and embedded.	Ongoing. Processes are now embedded as BAU.
PRINCIPLE E: Developing capacity and capability	Recommendation 4 To agree joint OPFCC/Force priorities for digital projects and activity to transform service delivery.	Completed. Incorporated in Business As Usual. Managed via Digital Strategy Board and Change Steering Group.



	<p>Recommendation 5 To agree a joint collaboration agreement between the PFCC, Force and NCFRA to provide a structured approach to managing and monitoring collaboration opportunities.</p>	<p>Ongoing. 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.</p>
<p>PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes</p>	<p>Recommendation 6 To produce and deliver on an action plan to address HMICFRS recommendations and to report progress this to the PFCC.</p>	<p>Ongoing. Monitored regularly throughout the year and will remain ongoing for the time being.</p>
	<p>Recommendation 7 To monitor delivery of the Seized Property improvement actions.</p>	<p>Completed. Incorporated into Business As Usual through the Accountability Board and regular JIAC reviews of recommendations. Additional investment was provided to support this area.</p>
	<p>Recommendation 8 To monitor delivery of GDPR improvements recommended as a result of the internal audit</p>	<p>Ongoing. The follow-up audit concluded that whilst many issues had been addressed, there were still improvements to be made.</p>

Recommendations from 2019/20

Following the assessment of internal controls in 2019/20, the following areas have been recommended to improve internal controls during 2020/21:

Policing 2019/20 Action Plan	
<p>PRINCIPLE C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes</p>	<p>Recommendation 1 (2018/19) To work with the OPFCC to ensure stronger establishment monitoring and control in line with the requirements set out in the police officer uplift ambition.</p>
	<p>Recommendation 2 (New) To continue to inform, develop and implement proposals for Enabling Services, together with the OPFCC and NCFRS.</p>
<p>PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes</p>	<p>Recommendation 3 (2018/19) To produce and deliver on an action plan to address HMICFRS recommendations and to report progress this to the PFCC.</p>
	<p>Recommendation 4 (2018/19) To monitor delivery of GDPR improvements recommended as a result of the internal audit.</p>
	<p>Recommendation 5 (New) Together with Fire and OPFCC, ensure an effective, orderly and robust transition from MFSS and LGSS to new arrangements in line with plans and proposals.</p>
<p>PRINCIPLE E: Developing capacity and capability</p>	<p>Recommendation 6 (2018/19) To agree a joint collaboration agreement between the PFCC, Force and NCFRA to provide a structured approach to managing and monitoring collaboration opportunities.</p>



PRINCIPLE F: Managing risks and performance	Recommendation 7 (New) To embed effective performance monitoring arrangements.
	Recommendation 8 (New) 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:

Vaughan Ashcroft
Chief Finance Officer (S151)
Date: 21st June 2021

Nick Adderley
Northamptonshire Police Chief
Constable
Date: 21st June 2021



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 2020.

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

Selected suitable accounting policies and applied them consistently:

- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
- Kept proper accounting records which are up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Role of the Chief Constable

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

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

Chief Finance Officer Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Chief Constable as at 31 March 2020 and the income and expenditure for the year ended 31 March 2020.

Handwritten signature of Vaughan Ashcroft in black ink.

Vaughan Ashcroft
Chief Finance Officer (Section 151)
Date: 21st June 2021

Handwritten signature of Nick Adderley in black ink.

Nick Adderley
Northamptonshire Police Chief
Constable
Date: 21st June 2021



EXPENDITURE AND FUNDING ANALYSIS

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

Net Expenditure chargeable to CIES £000	2018/19		Chief Constable	2019/20		Net Expenditure as per CIES £000
	Adjustments £000	Net Expenditure as per CIES £000		Net Expenditure chargeable to CIES £000	Adjustments £000	
118,236	(4,283)	113,953	Policing Services	125,445	13,181	138,626
-	-	-	- OPFCC & Commissioning	-	-	-
-	59,335	59,335	Non-Distributed Costs	-	4,802	4,802
118,236	55,052	173,288	Cost Of Services	125,445	17,983	143,428
(119,359)	-	(119,359)	Intra-Organisational Adjustment	(126,609)	-	(126,609)
-	-	-	JV Outturn Surplus/ Deficit Transfer Financial Statements	-	-	-
-	-	-	- CC Surplus Transfer Financial Statements	-	-	-
1,123	34,271	35,394	Other Income and Expenditure	1,164	36,479	37,643
-	89,323	89,323	Surplus or Deficit on the Provision of Services	-	54,462	54,462
-	-	-	Opening Combined General Fund Balance	-	-	-
-	-	-	Surplus or Deficit on the General Fund	-	-	-
-	-	-	Transfers to/from other Reserves	-	-	-
-	-	-	Closing Combined General Fund	-	-	-



MOVEMENT IN RESERVES STATEMENT

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

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

Chief Constable	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2019	-	-	-	1,483,879	1,483,879
Movement in reserves during 2019/20					
Surplus or deficit on the provision of services	54,462	-	54,462	-	54,462
Other Comprehensive Income / Expenditure	-	-	-	(148,251)	(148,251)
Total Comprehensive Income and Expenditure	54,462	-	54,462	(148,251)	(93,789)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(54,462)	-	(54,462)	54,462	-
Net Increase or Decrease before Transfers to Earmarked Reserves	-	-	-	(93,789)	(93,789)
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase or Decrease in 2019/20	-	-	-	(93,789)	(93,789)
Balance at 31 March 2020	-	-	-	1,390,090	1,390,090

Chief Constable	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2018	-	-	-	1,342,899	1,342,899
Movement in reserves during 2018/19					
Surplus or deficit on the provision of services	89,323	-	89,323	-	89,323
Other Comprehensive Income / Expenditure	-	-	-	51,657	51,657
Total Comprehensive Income and Expenditure	89,323	-	89,323	51,657	140,980
Adjustments between accounting basis and funding basis under regulations (Note 6)	(89,323)	-	(89,323)	89,323	-
Net Increase or Decrease before Transfers to Earmarked Reserves	-	-	-	140,980	140,980
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase or Decrease in 2018/19	-	-	-	140,980	140,980
Balance at 31 March 2019	-	-	-	1,483,879	1,483,879



COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

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

Expenditure £000	2018/19		Chief Constable	Expenditure £000	2019/20	
	Income £000	Net £000			Income £000	Net £000
131,238	(17,285)	113,953	Policing Services	163,086	(24,460)	138,626
-	-	-	- Police, Fire & Crime Commissioner	-	-	-
-	-	-	- Commissioning	-	-	-
59,335	-	59,335	Non-Distributed Costs	4,802	-	4,802
190,573	(17,285)	173,288	Cost of Services	167,888	(24,460)	143,428
-	(119,359)	(119,359)	Intra-Organisational Adjustment	-	(126,609)	(126,609)
1,175	(78)	1,097	Other Operating Expenditure (Note 7)	1,252	(101)	1,151
34,333	(36)	34,297	Financing and Investment Income and Expenditure (Note 8)	36,542	(50)	36,492
-	-	-	- Taxation and Non-Specific Grant Income (Note 9)	-	-	-
226,081	(136,758)	89,323	Surplus or Deficit on Provision of Services	205,682	(151,220)	54,462
			- Surplus or Deficit on Revaluation of Non-Current Assets			-
		51,657	Actuarial Gains/Losses on Pension Schemes			(148,251)
		51,657	Other Comprehensive Income and Expenditure			(148,251)
		140,980	Total Comprehensive Income and Expenditure			(93,789)



BALANCE SHEET

This account shows the overall financial position of the OCC 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 CC at the end of the 2019/20 financial year instead of dealing with day-to-day transactions within that financial year.

31/03/2019 £000	Chief Constable Note	31/03/2020 £000
- Property, Plant and Equipment	18	-
- Intangible Assets	23	-
- Long Term Investments		-
- Long Term Assets		-
- Short-term Investments		-
- Short-term Borrowing		-
- Assets Held for Sale	20	-
- Inventories	27	-
- Short Term Debtors	26	-
- Cash and Cash Equivalents	33	-
- Current Assets		-
(1,563) Short-Term Creditors	29	(2,114)
- Provisions	28	-
(1,563) Current Liabilities		(2,114)
- Long Term Creditors		-
- Long Term Provisions	28	-
- Long Term Borrowing	39	-
(1,482,316) Other Long-Term Liabilities	37	(1,387,976)
(1,482,316) Long Term Liabilities		(1,387,976)
(1,483,879) Net Assets		(1,390,090)
- Usable Reserves	16	-
1,483,879 Unusable Reserves	17	1,390,090
1,483,879 Total Reserves		1,390,090

The unaudited accounts were issued on 27th August 2020 and were authorised for issue on the 21st June 2021

Signed:

Vaughan Ashcroft
Chief Finance Officer (S151)
Date: 21st June 2021

Nick Adderley
Northamptonshire Police Chief
Constable
Date: 21st June 2021



CASH FLOW STATEMENT

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

2018/19 £000		2019/20 £000
89,323	Net Surplus/Deficit on Provision of Services	54,462
(89,323)	Adjustments to net surplus/deficit on the provision of services for non cash movements (Note 34)	(54,462)
	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities (Note 34)	-
	- Net cash flows from Operating Activities	-
	- Investing Activities (Note 35)	-
	- Financing Activities	-
	- Net (increase) or decrease in cash & cash equivalents	-
	Cash & cash equivalents at the beginning of the reporting period	-
	- Cash & cash equivalents at the end of the reporting period	-



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Note 1 - Critical Judgements in Applying Accounting Policies

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

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

Based on our assessment of the financial and liquidity position of the PFCC/CC following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2019/20 financial statements as a going concern. A full assessment of Going Concern is provided in the Accounting Policies section (page 61).

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the OCC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the OCC’s Balance Sheet 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
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 OCC’s net pension’s liability had decreased by £94.34m as a result of estimates being corrected and the subsequent GMP and McCloud reviews. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the OCC could face would be £1,387.976m, being the total pension liability.



Note 3 - Events after the Balance Sheet Date

Where events taking place before this date provided information about conditions existing 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		
Total	£'s	Officers	Police Staff	Total Employees
46	50,000 to 54,999	23	12	35
17	55,000 to 59,999	35	4	39
4	60,000 to 64,999	11	4	15
4	65,000 to 69,999	4	1	5
5	70,000 to 74,999	3	1	4
3	75,000 to 79,999	4	2	6
1	80,000 to 84,999	5	-	5
1	85,000 to 89,999	2	-	2
1	90,000 to 94,999	1	-	1
2	95,000 to 99,999	-	-	-
1	100,000 to 104,999	-	-	-
1	105,000 to 109,999	-	-	-
-	110,000 to 114,999	-	-	-
-	115,000 to 119,999	1	-	1
-	120,000 to 124,999	2	-	2
-	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
86		92	24	116

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 Post Holder Information	Start Date	Leaving Date	Salary	Bonus	Expense Allowances (1)	Loss of office	Benefits in Kind	Other (2)	Total Excluding Pension	Employers Contributions	Total Including Pension
			£	£	£	£	£	£	£	£	£
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 (4)	30/03/2020		455	-	-	-	-	-	455	92	547
Director of HR Tri Force Collaboration (3)	14/01/2016	31/07/2019	32,419	-	-	37,805	-	1,831	72,055	6,581	78,637
ACO Finance and Resources (3)	14/01/2016	31/08/2019	-	-	-	-	-	-	-	-	-

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

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

(3) 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; the total salary costs associated with this post is not included within the table above. The sharing arrangement for these 2 posts has now ceased.

(4) A new post of Director of Enabling Services was appointed from 30 March 2020 to oversee all enabling services functions across Policing and Fire.

2018/19 Post Holder Information	Start Date	Leaving Date	Salary	Bonus	Expense Allowances (1)	Loss of office	Benefits in Kind	Other (2)	Total Excluding Pension	Employers Contributions	Total Including Pension
			£	£	£	£	£	£	£	£	£
Chief Constable	27/07/2015	05/08/2018	52,483	-	147	-	-	-	52,630	-	52,630
Chief Constable (3)	06/08/2018		100,283	-	355	-	21,140	8,411	130,189	24,354	154,544
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 (4)	14/01/2016		-	-	-	-	-	-	-	-	-
Director of HR Tri Force Collaboration (4)	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) Other includes Rent Allowance, Housing Allowance, Car Allowance, ACPO Medical Allowances, Relocation Allowances and tax paid on Relocation Allowances.

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

(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; the total salary costs associated with this post is not included within the table above.



Note 5A - Note to the Expenditure and Funding Analysis

2019/20	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	17,433	550	17,983
OPFCC & Commissioning	-	-	-	-
Net Cost of Services	-	17,433	550	17,983
Joint Venture & Associates	-	-	-	-
Other Income and Expenditure	-	36,479	-	36,479
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	53,912	550	54,462

2018/19	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	56,242	(1,190)	55,052
OPFCC & Commissioning	-	-	-	-
Net Cost of Services	-	56,242	(1,190)	55,052
Joint Venture & Associates	-	-	-	-
Other Income and Expenditure	-	34,271	-	34,271
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	-	90,513	(1,190)	89,323



Note 5B - Segmental Analysis of Income and Expenditure

2019/20	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	(24,460)	(50)	63	-
OPFCC & Commissioning	-	-	-	-
Total	(24,460)	(50)	63	-

2018/19	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	(23,222)	(36)	63	-
OPFCC & Commissioning	-	-	-	-
Total	(23,222)	(36)	63	-

Note 5C - Expenditure and Income Analysed by Nature

2018/19 £000	Nature of Expenditure or Income	2019/20 £000
	- Surplus or deficit on associates & JV	-
(36)	Interest and investment income	(50)
63	Interest payments	36,542
	- Income from local taxation	-
	- Government grants and contributions	-
(18,102)	Other income	(19,874)
(5,156)	Fees, charges and other service income	(4,636)
205,391	Employee pay and pension benefits (IAS19)	139,968
25,611	Other service expenses	27,969
1,174	Precepts and levies	1,253
(78)	Gain or loss on disposal of non-current assets	(101)
	- Depreciation, amortisation and impairment	-
(119,544)	Intra Company Adjustment	(126,609)
	- Other expenditure	-
89,323	Surplus or (Deficit) for Year	54,462



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

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

	2018/19		2019/20	
	General Fund Balance £000	Movement in Unusable Reserves £000	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	-	-	-	-
Pension cost (transferred to (or from) the Pensions Reserve)	90,513	(90,513)	53,911	(53,911)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-	-	-
Council tax and NDR (transfers to or from the Collection Fund)	-	-	-	-
Holiday pay (transferred to the Accumulated Absences reserve)	(1,190)	1,190	551	(551)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	-	-	-	-
Total Adjustments to Revenue Resources	89,323	(89,323)	54,462	(54,462)
Adjustments between Revenue and Capital Resources				
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	-	-	-	-
Other adjustments	-	-	-	-
Total Adjustments	89,323	(89,323)	54,462	(54,462)

Note 7 - Other Operating Expenditure

Other Operating Expenditure for 2019/20 includes:

2018/19 £000	2019/20 £000
1,175 Levies	1,253
- Gains/losses on the Disposal of Non-Current Assets	-
(78) Other	(101)
1,097 Total	1,152



Note 8 - Financing and Investment Income and Expenditure

2018/19 £000	2019/20 £000
63 Interest payable and similar charges	63
34,270 Net interest on the net defined benefit liability (asset)	36,479
(36) Interest receivable and similar income	(50)
34,297 Total	36,492

Note 9 - Taxation and Non-Specific Grant Income

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

Note 10 - Material Items of Income and Expense

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

Note 11 - Trading Operations

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

Note 12 - Members' Allowances

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

Note 13 - External Audit Costs

During 2018/19 & 2019/20 the entity incurred direct external audit fees as follows which related to the audit work for Statement of Accounts, which is a statutory requirement.

2018/19 £000	2019/20 £000
12 Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	12
12 Total	12



Note 14 - Grant Income

2018/19 £000	2019/20 £000
(363) ACPO (TAM)	(100)
(15,119) Pension Top Up Grant	(16,006)
(531) IPV Funding	(543)
- Ministry of Justice	-
(134) Proceeds of Crime	(523)
(16,147) Total	(17,172)

Note 15 - Related Parties

IPSAS 20 Related Party Disclosures, based on IAS 24, requires the Police Force to disclose material transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence the Police Force or to be controlled or influenced by the Police Force.

Central Government has effective control over the general operations of the Police Force. It is responsible for providing the statutory framework within which the Police Force 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.

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 Police Force during the financial year. The Police Service maintain a register of business interests, and has a Business Interest Policy which sets out the criteria for deciding whether the Business Interest is compatible with the individuals role within the organisation. These were all reviewed and no significant transactions were found.

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

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

Note 16 - Transfers to/from Earmarked Reserves

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



Note 17 - Unusable Reserves

2018/19 £000	2019/20 £000
- Revaluation Reserve	-
- Capital Adjustment Account	-
1,482,316 Pension Reserve	1,387,976
- Collection Fund Adjustment Account	-
1,563 Accumulated Absences Account	2,114
1,483,879 Total	1,390,090

Pension Reserve

2018/19 £000	2019/20 £000
1,340,146 Balance 1 April	1,482,316
51,657 Re-measurements of the net defined benefit (liability)/asset	(148,251)
108,165 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	70,863
(17,652) Employer's pensions contributions and direct payments to pensioners payable in the year	(16,952)
1,482,316 Balance 31 March	1,387,976

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

Accumulated Absences Account

2018/19 £000	2019/20 £000
2,753 Balance 1 April	1,563
(2,753) Settlement or cancellation of accrual made at the end of the preceding year	(1,563)
1,563 Amounts accrued at the end of the current year	2,114
1,563 Balance 31 March	2,114

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

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

Note 19 - Impairment Losses

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

Note 20 - Assets Held for Sale

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

Note 21 - Investment Properties

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

Note 22 - Leases

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

Note 23 - Intangible Assets

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

Note 24 - Capital Expenditure and Capital Financing

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

Note 25 - Construction Contracts

At 31 March 2020 the OCC had no construction contracts in progress.

Note 26 - Debtors

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



Note 27 - Inventories

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

Note 28 - Provisions

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

Note 29 - Creditors

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

2018/19 £000	2019/20 £000
- Central Government Bodies	-
- Other Local Authorities	-
- NHS Bodies	-
(1,563) Other Entities and Individuals	(2,114)
(1,563) Total	(2,114)

Note 30 - Capitalisation of Borrowing Costs

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

Note 31 - Contingent Liabilities

There were no Contingent Liabilities to disclose as at 31st March 2020.

Note 32 - Contingent Assets

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

Note 33 - Cash and Cash Equivalents

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



Note 34 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2018/19 £000	2019/20 £000
(36) Interest received	(50)
63 Interest paid	63
27 Total	13

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

2018/19 £000	2019/20 £000
- Depreciation	-
- Impairment and downward valuations	-
- Amortisation	-
1,190 (Increase)/decrease in creditors	(551)
- Increase/(decrease) in debtors	-
- Increase/(decrease) in inventories	-
(90,513) Movement in pension liability	(53,911)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-
Other non-cash movements charged to the surplus or deficit on provision of services	-
(89,323) Total	(54,462)

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

2018/19 £000	2019/20 £000
Any other items for which the cash effects are - investing or financing cash flows	-
- Total	-

Note 35 - Cash Flow from Investing Activities

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

Note 36 - Termination Benefits

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



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

The OCC terminated the contracts of a number of employees in 2019/20, summarised below:

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000	2019/20 £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
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

	Local Government Pension Scheme		Police Pension Scheme		TOTAL	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Comprehensive Income and Expenditure	£000	£000	£000	£000	£000	£000
Net Cost of Services						
Current service cost	(9,285)	(11,066)	(20,790)	(36,340)	(30,075)	(47,406)
Unfunded	(3)	(3)	0	0	(3)	(3)
Past service cost	(1,075)	(52)	(58,260)	(4,750)	(59,335)	(4,802)
Net Operating Expenditure						
Interest Costs**	(6,105)	(6,343)	(32,130)	(34,000)	(38,235)	(40,343)
Expected return on employers assets**	3,965	3,864	0	0	3,965	3,864
Net Charge to the Income and Expenditure Account	(12,503)	(13,600)	(111,180)	(75,090)	(123,683)	(88,690)
<u>Movement In Reserves</u>						
Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19)	12,500	(13,597)	111,180	(75,090)	123,680	(88,687)
<u>Actual amount charged against Council Tax (General Fund Balance) for pensions</u>						
Employers contributions to the Scheme	5,544	5,042	9,968	12,778	15,512	17,820
Additional contributions to the Police Pensions Fund Account			17,652	16,952		

** 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 Local Government Pension Scheme		Unfunded Liabilities Police Pension Scheme	
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000
Opening Defined Benefit Obligation 1st April	(222,230)	(259,570)	(1,263,230)	(1,382,250)
Current Service Cost (net up for employee contributions)	(9,285)	(11,066)	(20,790)	(36,340)
Interest Cost	(6,105)	(6,343)	(32,130)	(34,000)
Contributions by Scheme Participants	(1,489)	(1,563)	(5,080)	(5,780)
Actuarial (Gains)/ Losses	(23,118)	55,058	(35,460)	111,370
Past Service (Costs)/ Gains (Losses)/ Gains on Curtailments	(1,075) 0	(52) 0	(58,260) 0	(4,750) 0
Transfers in	0	0	(40)	(90)
Estimated Unfunded Benefits Paid	3	3	0	0
Estimated Benefits Paid	3,729	4,298	32,740	35,600
Closing Defined Benefit Obligation 31st March	(259,570)	(219,235)	(1,382,250)	(1,316,240)



Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

	31-Mar-19 £000	31-Mar-20 £000
Pensions Asset 1st April	145,314	159,505
Expected Return on Assets	3,965	3,864
Contributions by Members	1,492	1,563
Employers Contributions (Inc Injuries) - excluding Top-Up Grant	5,544	5,042
Pension Fund Asset Split (Group to Single Entity)	0	0
Contributions in Respect of Unfunded Benefits	-	(3)
Actuarial Gains	6,922	(18,177)
Estimated Unfunded Benefits paid	(3)	3
Estimated Benefits Paid	(3,729)	(4,298)
Fair Value of Pensions Asset 31st March	159,505	147,499

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 £3.951m (£4.044m in 2018/19).

The OCC's total pension liability of £1,387.976m, reconciles to the Unusable Reserves within the Balance Sheet of £1,390.090m, 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
Expected Return on Assets	%	%	%	%
Investments	16.3	16.3	n/a	n/a
Mortality Assumptions	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
Financial Assumptions	%	%	%	%
Rate of Inflation	2.50	1.80	2.35	2.00
Rate of Increase in Salaries	2.80	2.30	4.35	4.00
Expected Return on Assets	7.40	5.00	n/a	n/a
Rate for Discounting Scheme Liabilities (Gross)	2.40	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

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

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

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



31-Mar-19	Description	31-Mar-20
%		%
83	Equity Investments	83
7	Bonds	7
8	Property	8
2	Cash and Liquidity	2
100	Total	100

Note 38 - Defined Benefit Pension Scheme

Police Pension Fund Account

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

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

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



		Police Pension Scheme	
		2018/19	2019/20
Contributions Receivable			
Group			
From Employer	Normal	(10,089)	(13,334)
		(1,374)	
From Members	Early Retirements	(5,691)	(5,833)
Transfers In			
Individual Transfers in from other schemes		(42)	(115)
Benefits Payable			
Pensions		26,980	29,381
Commutations and lump sums retirement benefits		5,165	6,636
Other		7	11
Payments to and on account of leavers			
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	
Sub-total for the year before transfer from CC of an amount equal		15,119	16,775
Additional funding payable by the CC to fund the deficit for the year		(1,374)	N/A
Net amount payable/receivable for the year		(1,374)	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 OCC to cover the Group and OCC's deficit contribution to the Pension Fund Account. On the other hand, if the Pension Fund Account was in surplus, resulting in a contribution being made to the Group and OCC, an equivalent amount is recouped by the Home Office.

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

Under the current arrangements the scheme remains unfunded but is no longer on a pay-as-you-go basis as far as individual Police Officers are concerned. The Group and OCC's no longer meet the pension liability directly; instead the Force pays an employer's contribution based on a percentage of pay into the Pension Fund. 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

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

Note 40 - Joint Operations & Associate Entities

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

Note 41 - Accounting Standards Issued, Not Adopted

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 OCC.



ACCOUNTING POLICIES

1) Introduction

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

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

- Influences on Going Concern status, such as future levels of funding from central government departments and the impact of major events such as the Covid-19 pandemic
- Possible impairment of investments
- Whether other entities with which the OCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the OCC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

2) Going Concern

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

Basis of preparation

The concept of a going concern assumes that the functions of the Office of the Chief Constable 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 2019/20) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

Assessment of liquidity and viability for the period to end of June 2022

The police service has incurred additional costs as a result of the Covid-19 pandemic which include provision of personal protective equipment and officer and staff overtime to enforce lockdown restrictions. In 2019/20, the cost was £58k which had been offset by in-year underspends. In 2020/21, the total cost to Northamptonshire was £928k. Much of the PPE since July 2020 has been provided directly from a national hub and funded centrally.



The cost projections were reviewed on a weekly basis throughout the crisis and continue to be monitored closely as the country moves further away from the peak of infection and into the 'new normal'.

In addition to budgeted contingencies, £500k was ring-fenced in an earmarked reserve for use in 2020/21 for pandemic-related costs. However, a number of grants were received during 2020/21 from central government that met these costs and this earmarked fund was not utilised. These grants included £220k for PPE, £286k for enforcement of restrictions and £100k to offset lost income. There was also a further grant of £553k provided to supplement the above and to fund continued enforcement. The unused balance of this grant has been added to the earmarked reserve, increasing ring-fenced funds to £733k.

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. 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 and ring-fenced funds be exceeded. The General Reserve will be maintained at £5m and Earmarked Reserves are estimated at £13m as at 31st March 2021, falling no lower than £7m by June 2022. This position will be kept under close review.

Councils have disclosed deficits on the Collection Funds for Council Tax due to reduced collection rates and a decrease to the taxbase (number of properties paying council tax). However, this does 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. The 2021/22 budget and MTFP have been built using prudent new, lower assumptions on both tax base and collection fund using the latest available data. These changes do not result in budget deficits or the need for funding from reserves in 2021/22 or 2022/23. Savings plans are being progressed to close funding gaps that are projected from 2023/24, but any gaps could be met from reserves if savings are not realised.

The OPFCC has undertaken cash flow modelling through to June 2022 which demonstrates the ability to work within its Capital Financing Requirement, in accordance with the current 2021/22 Treasury Management Strategy. The cash and investment balance at end March 21 was £5.8m, and currently forecast to be £0.8m by the end of June 2022. The reduction is due to the agreed approach to use internal borrowing where possible to fund capital investment, given the low interest rates currently available on investment and short-term borrowing. This will enable external borrowing levels to be £13.6m on average throughout 2021/22, much lower than the Authorised Limit (£35m) and Operational Boundary (£34m) laid out in the Treasury Management Strategy, thereby making cash savings on budgeted borrowing costs that outweigh lost investment income.

In line with advice from our treasury management advisors and the approved strategy, a loan of £9.5m was taken out in March 2020 and repaid in March 2021, which was required to cover the purchase cost of the Darby House building. A short-term loan of £10m was taken in April 2020 and repaid in October 2020 in order to maintain cash balances throughout the early stages of the pandemic. A 10-year loan of £12m was taken in March 2021 to fund investment in Darby House longer term. This is in addition to existing long-term loans totalling £1.3m.

Conclusion

Based on our assessment of the financial and liquidity position of the PFCC/CC following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2019/20 financial statements as a going concern.



3) Recognition of Income and Expenditure

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

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

In particular:

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

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 OCC 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).

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) Capital Receipts

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

9) Reserves

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

10) Transactions relating to Retirement Benefits

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

The OCC participates in the following pension scheme:

The Local Government Pension Scheme for civilian employees

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

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



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

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

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

11) 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.

12) Joint Arrangements

The OPFCC and OCC 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 in the OPFCC Group Accounts provides further details.

13) Value Added Tax

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

14) Contingent Assets and Contingent Liabilities

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

15) Exceptional Items and Prior Period Adjustments

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

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



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

16) 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.

17) Accounting Convention

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

18) 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.

19) 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.

20) 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.

21) 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 OCC. 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.

22) 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.

23) 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.

24) Termination Benefits

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

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

25) 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.



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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHAMPTONSHIRE CHIEF CONSTABLE

Opinion

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

- Expenditure and Funding Analysis,
- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 42 and the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Narrative Statement included in the Financial Statements, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

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

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

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

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of Northamptonshire Chief Constable;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or

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

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 32, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Northamptonshire Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

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

Use of our report

This report is made solely to the members of Northamptonshire Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Northamptonshire Chief Constable and the Northamptonshire Chief Constable's members as a body, for our audit work, for this report, or for the opinions we have formed.

NEIL. A. HARRIS
ERNST & YOUNG LLP

Neil Harris (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
21 June 2021