



Northamptonshire Police, Fire and Crime Commissioner

Single Entity & Group

Statement of Accounts for the year 2020/21



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NARRATIVE STATEMENT

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FOREWORD BY CHIEF FINANCE OFFICER

These accounts are produced annually to give local taxpayers, employees and other interested parties clear information about Northamptonshire Police finances. They reflect the financial performance of the Office of the Police, Fire and Crime Commissioner for Northamptonshire (OPFCC) and are in accordance with the Police Reform and Social Responsibility Act 2011.

They are prepared on a going concern basis, assuming that the Police, Fire and Crime Commissioner (PFCC) will continue in operation for the foreseeable future. They have been prepared in accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice 2020/21.

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

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

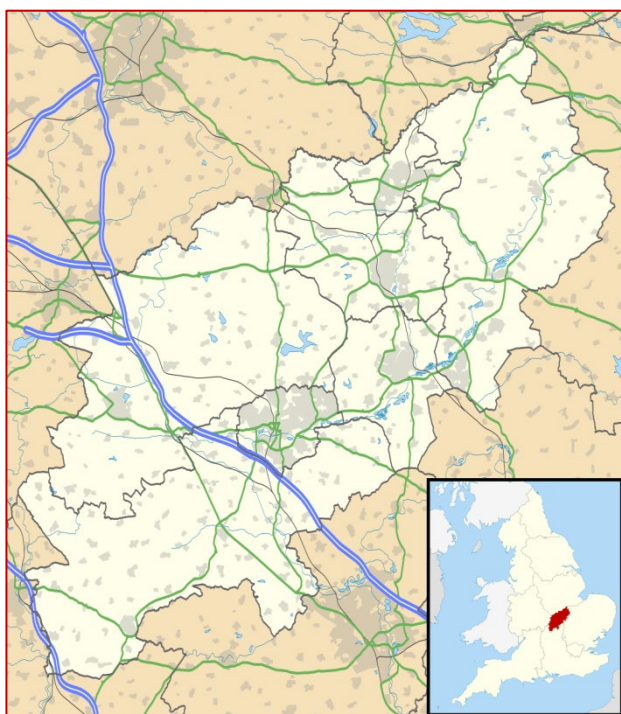
It includes information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.



NORTHAMPTONSHIRE

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

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

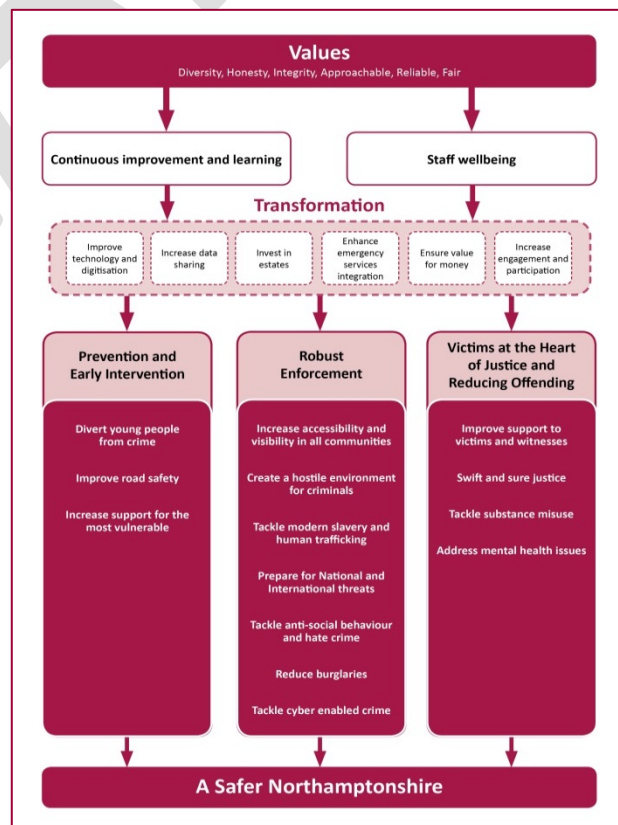


POLICE & CRIME PLAN 2017-2021

One of the duties of the PFCC is to produce and publish a Police and Crime Plan for the Force Area. Fundamentally, this is a plan for the residents of Northamptonshire to make the County safer. Following the election of Stephen Mold as Police, Fire and Crime Commissioner in May 2016, the Police and Crime Plan was published in February 2017 and reviewed in February 2019. The plan remains effective until the end of 21-22, unless the PFCC who was re-elected in May 2021 decides to review it earlier.

The PFCC's commitment is to deliver better policing, support to victims and continuing to strive to deliver a safer Northamptonshire. It strives to ensure that the public feel safe and thrive in Northamptonshire with fewer people involved in the Criminal Justice system whether as a victim or as an offender by:

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





THE CHIEF CONSTABLE'S STRATEGIC PLAN

The Chief Constable has invested in a strategic plan - Futures Project 25 – a 5 year plan for Northamptonshire Police to drive better performance for the benefit of the public of Northamptonshire.



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

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

How is the plan being delivered?

FP25 has 3 outcome deliverables, these are:

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

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

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

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

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

These are:

- Tackle and Prevent Crime
- Investigate Crime
- To focus on Early Intervention and Prevention
- To operate a place based policing model

- To be digitally enabled
- Ensure Northamptonshire is a great place to work

The FP25 Plan is all centred on the Force's mission, Fighting Crime, Protecting People and vision, that Northamptonshire Police will provide an outstanding policing service, putting the public first in all that we do, and in doing so will support stronger, safer and sustainable communities.

Performance and Accountability

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

STATUTORY FRAMEWORK

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

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

The Policing and Crime Act 2017 provided new legislation to:

- Place a statutory duty on the three emergency services to collaborate.
- Enable PFCCs (PCCs) to be represented on the Fire Authority.
- Enable PFCCs (PCCs) to make a local case to take on governance of the fire and rescue service as the Fire Authority.
- Further enable the PFCC to make a local case for fire and rescue and police to become a single organisation under a single chief officer.



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

GROUP BOUNDARY

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

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

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

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

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

collaboration arrangements that Northamptonshire Police have with other Police forces.

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

RESPONSIBILITIES

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

The Police, Fire and Crime Commissioner:

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

The Chief Constable:

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



OPERATIONAL MODEL

Our People

At 31st March 2021 Northamptonshire Police Force and the OPFCC Budgeted establishment was 2,317 FTE. The analysis is shown in the table below:

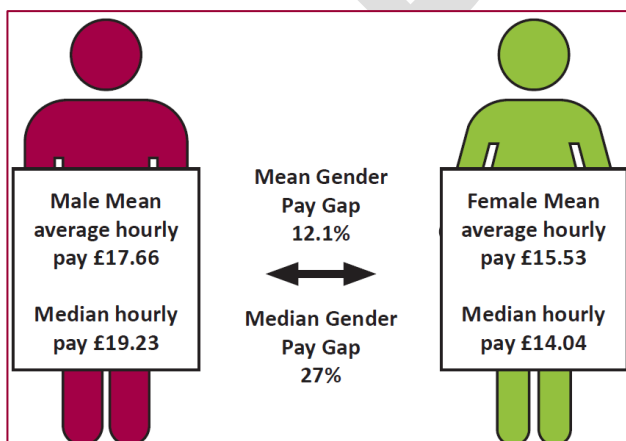
Category of employee	2019/20	2020/21
Police Officers	1,284	1,372
PCSO	81	81
Police Staff	762	813
OPFCC Staff	21	17
OPFCC Delivery - Complaints, Youth Work and Early Intervention	22	34
Total	2,170	2,317

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

Gender Pay Gap

It is statutory for organisations with 250 or more employees to report annually on their gender pay gap. The gender pay gap shows the difference in the average pay between all men and women in a workforce. Based on the latest report, our mean average gender pay gap is 12.1% which lower than the national average of 15.5% and an improvement on the previous year.

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



Appointments

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

Chief Constable, Nick Adderley and Deputy Chief Constable, Simon Nickless continued in post throughout the year. Paul Bullen was appointed ACO Enabling Services during the year.

STRATEGY AND RESOURCES

2020/21 Budget

Following public consultation, the PFCC maximised the precept option available to him and used these increases in funding to invest in operational priorities and frontline policing requirements identified by the Chief Constable.

In 2021/22, in line with the response to the public consultation, he increased the precept by £13 rather than the full £15 available to him.

Medium Term Financial Plan

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

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

The latest MTFP shows that the PFCC has produced a balanced budget for 2021/22 and 2022/23. He will also be able to balance the budget until 2025/26 by implementing savings already in train and a minimal use of reserves.

However, there is uncertainty regarding future Police pension costs and potential increases in rates. If these are implemented from 2024/25 then this would place a financial pressure on the budget each year of between £2.8m and £5.6m if no additional funding is provided.



Medium Term Financial Plan

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Group Expenditure	153.1	159.6	166.9	169.9	173.7
Investment	1.0	1.0	0	0	0
Total Expenditure	154.1	160.6	166.9	169.9	173.7
Anticipated Funding	(153.5)	(159.7)	(163.0)	(166.6)	(170.1)
Shortfall	0.6	0.9	3.9	3.3	3.6
Savings already identified	(0.6)	(0.9)	(1.1)	(1.0)	(0.9)
Savings to be identified	0.0	(0.0)	(2.8)	(2.3)	(2.7)

Reserves

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

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

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

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

Including reserves held on behalf of regional units, the level of all cash backed reserves at 31st March 2020 totalled £16.967m, increasing to £17.953m at 31st March 2021.

Estates

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

Collaboration

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

The collaboration agenda is underpinned by 5 guiding principles:

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



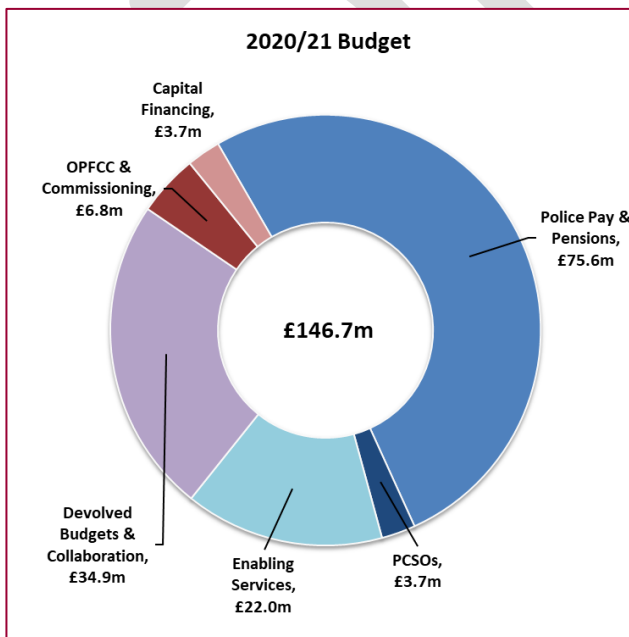
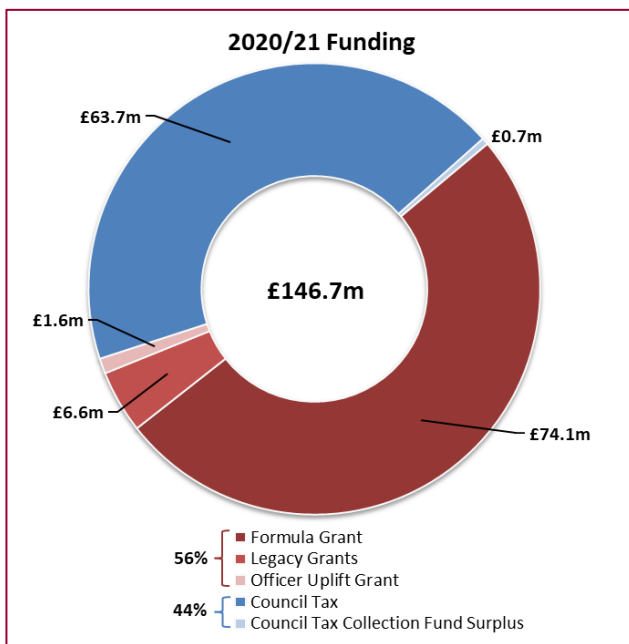
FINANCIAL PERFORMANCE

The Revenue Budget

Funding

Funding for the Police service is through a combination of government grant and precept (council tax). In 2020/21 the council tax element was based on a tax base of 249,768 properties at £255.04 at Band D. This was an increase of £10 per property compared to 2019/20.

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



In 2021/22, the PFCC continued to invest in Northamptonshire Police. In 2019/20 he pledged to recruit an additional 83 police officers and, together with the extra government funding to increase officers, set a target of 1,367 officers by March 2021. Further additional officers were approved by the government as part of the three year programme and by 2023, officers will have increased to over 1,500.

Despite the challenging circumstances experienced by COVID-19, recruitment remains on target. In addition to the extra officers, the 2020/21 budget included:

- Ring-fencing the sum of £750K for the Chief Constable to invest in initiatives that make a visible difference in local areas.
- Support the victims of and tackle the 16,000 incidents of domestic abuse in Northamptonshire every year.
- Support initiatives to reduce re-offending.
- Support crime prevention initiatives.
- Continue to work with partners to provide targeted interventions to young people involved or at risk of becoming involved in serious violence.
- Support initiatives to tackle burglary and serious and organised crime.
- Set up a pilot scheme to support veterans coming into police custody.

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

Budget Outturn for the Group

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

Budget Outturn of the Chief Constable

The PFCC allocated £136.2m for the Chief Constable and the table below shows the outturn position for the financial year:



Over/ (Under)spends	Budget £m	Outturn £m	Variance £m
Police Pay & Pensions	72.275	72.135	(0.140)
PCSOs	3.284	3.130	(0.154)
Chief Constable - Operational	30.475	31.329	0.854
Chief Constable - Enabling Services	22.984	21.955	(1.029)
Collaboration Units	7.144	7.032	(0.112)
Total Managed by the Force	136.162	135.581	(0.581)

Pay and Pensions

There was a net underspend on Police Officer pay of £0.140m which was the result of a higher than expected numbers of leavers, offset in part by investment in additional Superintendents and bank holiday working.

PCSOs

There was a £0.154m underspend on PCSOs due to fluctuations in estimated starter and leaver profiles.

Chief Constable - Operational

The net overspend of £0.854m was due to a number of factors including:

- The new custody contract that enhanced the level of service and freed up officer time.
- Unavoidable legal expenses and provisions related to national cases.
- Officer overtime required to cover abstractions and vacancies.
- Insurance premium increases.

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

Chief Constable – Enabling Services

An underspend of £1.029m was due to vacancies in the HR, Finance and Transport teams, alongside savings on some IT systems and buildings maintenance.

Collaboration Units

A net underspend of £0.112m was due to miscellaneous small underspends across a number of the collaborations and lower than expected costs of the Emergency Services Network (ESN) project team.

Budget Outturn of the OPFCC

The PFCC budget for 2020/21 was £6.773m.

Over/ (Under)spends	Budget £m	Outturn £m	Variance £m
OPFCC Office Budget	1.295	1.106	(0.189)
OPFCC Commissioning	4.689	3.674	(1.015)
OPFCC Delivery	0.529	0.218	(0.311)
Police & Crime Plan Delivery Fund	0.260	0.019	(0.241)
Total	6.773	5.017	(1.756)

The PFCC office and delivery budgets underspent by £1.756m. This balance was used as revenue contributions to support capital expenditure and the balance transferred to reserves.

PFCC Office Budget

The underspend related to staff vacancies and office cost savings.

OPFCC Commissioning

This underspend was comprised of timing delays in recruiting staff to the Youth and Domestic and Sexual Abuse Support services, together with an underspend in reducing reoffending interventions, the start of which were delayed.

OPFCC Delivery

This underspend arose from the Crime Prevention budgets as the PFCC was awarded over £1.5m in Home Office grant funding to support safer streets crime prevention activities in Wellingborough, Kettering and Northampton in the year.

OPFCC Delivery

The impact of the COVID-19 impacted on the potential allocations the PFCC was considering for this fund in the year. The Fund continues in 2021/22 and the PFCC will consider allocations as the year progresses.

The Capital Programme

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



The Capital Programme underspent by £6.749m compared to the revised budget. The table below provides a summary of the capital expenditure and funding for the year:

	Capital Programme	Actual	Variance
	£000	£000	£000
Programmes:			
Information Technology	4,023	2,523	(1,500)
Estates	14,996	11,430	(3,566)
Vehicles	3,015	2,320	(695)
Operational Equipment	1,881	893	(988)
	23,915	17,166	(6,749)
Funding:			
Grants	(180)	(454)	(274)
Capital Receipts	(2,887)	(164)	2,723
Revenue Contributions	(2,142)	(5,011)	(2,869)
Borrowing	(18,706)	(11,537)	7,169
	(23,915)	(17,166)	6,749

Estates costs were lower than anticipated due to the final costs associated with renovation to the new Darby House falling in 2021/22.

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

The variance on vehicles was mainly due to extended lead times for vehicles on order, which pushed costs into 2021/22.

Capital receipts were lower than expected due to delays in building disposals. Some revenue underspends described under Outturn above were used to increase Revenue Contributions to Capital.

Capital Financing

A total of £5m of revenue budget from across the group was used to fund capital expenditure which reduces the need to borrow and subsequent financing costs in future years.

Cash Flow

Total 'Cash and Cash Equivalents' at 31 March 2021 is £6.9m including a share of Joint Venture (Regional Collaboration) and Associates cash balances. The main factors that will affect cash in the future are:

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

Borrowing

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

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

- Affordable
- Prudent
- Sustainable

The PFCC reviews his Treasury Management Strategy and Minimum Revenue Provision annually. The last update was undertaken in March 2021.

A loan of £9.5m was taken out in March 2020 in line with the approved strategy and repaid in March 2021. A short-term loan of £10m was taken in April and repaid in October 2020. A 10-year loan of £12m was taken in March 2021 to fund investment in estate. This is in addition to existing long-term loans totalling £1.3m.

NON-FINANCIAL PERFORMANCE

Outcomes

The PFCC produces an annual report each year which was considered in full at the Police, Fire and Crime Panel in June 2021. This report details all key activities and areas of work undertaken by the PFCC, together with key performance areas.

The draft report when published will be available on the PFCC website and highlights of the report included:

- That despite the pandemic, a great deal of work has been delivered towards the Police and Crime Plan.



- The investment in new technology and equipment that will help the force ensure Northamptonshire becomes a hostile environment for criminals to operate in.
- The investment to increase the number of frontline officers which will also see a new focus on local policing which will more than double the number of neighbourhood police officers.
- The PFCC's commitment to investing in early intervention continued, helping to protect and support some of the most vulnerable people in our communities
- The PFCC has also highlighted the close working of the Force and Fire and Rescue Service and the PFCC office which has brought teams closer together, invested in new technology and reimagined how services are delivered; all of which is bringing massive benefits to the frontline.

Independent Custody Visitor Scheme

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

Review of Complaints against the Force

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

The OPFCC Complaints and Customer Service Team is responsible for recording all complaints against the Force, the informal resolution of low-level complaints and for ensuring that all reviews are appropriately processed and considered. The standards of recording have shifted to a two-tier approach. This means that complaints that are successfully service-recovered by the Customer Service Team are not formally recorded under schedule 3 of the

Police Reform Act. They are logged using the same system as those formally recorded to ensure that there is continuity, a clear audit trail and to ensure accurate records are maintained.

Whilst the Customer Service Team are increasing the percentage of complaints dealt with by service recovery, they have effectively dealt with 196 complaints that did not need to be submitted to the Professional Standards Department and 570 other matters that would have otherwise required action from the Force.

FORCE OPERATIONAL PERFORMANCE

Service Improvement Plan

2020/21 has been a significant year for Northants Police. The Force has faced additional pressures through the pandemic, but it has also achieved delivery against its service improvement plan, improvements described by Her Majesties Inspector for Constabulary Fire and Rescue (HMICFRS) as "Impressive".

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

Through the course of 2019 and 2020 the Service Improvement Plan has delivered wholesale change across the force, including a new operating model, a new initial investigation team, investment in equipment to better deal with high tech crime and investment in leadership to ensure that change is sustainable and embedded.

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

In July 2020, the Force was able to present to HMICFRS a much-improved picture and by March 2021 the evidence of a sustainable change was evident across all measures used to determine success;

- Supervision of investigations is consistently better in quality and frequency
28-day supervision rate increased to 67.4% in January 2021 (45% in June 2019), increasing by 22.4%



- Crime recorded in 24 hours markedly improved at more stable rate
86.2% of crime recorded in 24 hours in January 2021 (73.7% in February 2019), increasing by 12.5%
- Core CID that are PIP2 qualified more than doubled in last 2 years
67% in January 2021 (24% in Jan 2019), increasing by 43%
- Improved use of custody outcomes continues
Use of released under investigation (RUI) in February 2021 was 18% lower than in August 2019 and 40% lower than June 2019 (1523 people on active RUI)
- Use of Bail in February 2021 is 33% higher than in November 2019 and more than double that from August 2019, at 380 people.
- Current live crimes with known suspect outstanding continues to reduce
17.9% in February 2021, (21% in November 2019, 25% in June 2019), reducing by 7.1%
- Jobs requiring specialist High Tech Crime Unit support awaiting review continue to fall long term
189 in February 2021, 33% lower than November 2019 (282) and March 2019 (570), reducing by 67%
- People wanted on PNC is at its lowest levels in February 2021
148 people wanted on PNC at the end of February 2021, more than half those wanted in 2019 (326 at the end of November 2019 and 315 in August 2019). Suspects are on PNC for an average of 14 days – 1 day faster than a year ago
- Overall satisfaction of victims is at its highest levels and high or improving across all victim groups
81.6% December 2020 compared with 74% in December 2019 and 72.5% in December 2018. Satisfaction with being kept informed at 60% is our highest level seen in force for an extended period of time

- Wait times for a scheduled appointment stable and short, having reduced from 8 days in June 2019 to consistently between 24 and 48 hours, and regularly now offer same-day appointments.

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

The Chief Constable has been clear that this outcome is an important step in the forces strategic plan and aspirations to be a GOOD force.

The Accountability Board

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

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

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

For 2020/2021, the Force was able to demonstrate delivery against the requirements of the PFCCs budget letter.

Notable areas of delivery include achieving uplift requirements for recruitment, attending every home invasion burglary and achieving high satisfaction rates from victims. The Force has also delivered improvements



across VCOP compliance and its overall plan to improve customer satisfaction, and designed and implemented a new Neighbourhood Policing Strategy that will deliver a local placed based approach to tackling anti-social behaviour, crime prevention and build on intelligence capabilities.

End of Year Performance

In addition to delivering significant improvement across quality of investigation, the force has achieved several performance objectives set out for 2019/2020.

For all crime Northamptonshire Police has seen a 3.8% reduction in crime with 6.3% less victims of crime, a 3,525 year on year reduction.

While Northamptonshire has seen less of a reduction when compared with other forces, the Force was an outlier in several Regina offence types following a relentless pursuit of offenders during 2020. This meant that more than 10,000 recorded crimes were a result of pro-active policing operations, 33% of the total recorded crime for this 12-month period.

Notable Operations in 2020 include;

- **Op Lilly** – Targeting the town centre of Northampton which saw high levels of ASB. This led to a 49% increase in arrests in the town (total of 282) but over the 6-month period it saw a 72% reduction in retail crime, 678 alcohol seizures (44% on Abington Street) and youth related crime reduced by 33%.
- **Op Abrade (100 doors 100 days)** – This operation saw 145 warrants executed across the county, 88 arrests, a number of cannabis factories dismantled, OCGs disrupted and more than £20k in cash from class A drug dealing seized.
- **Op Journey** – A proactive roads policing campaign which recorded more than 666 offences, 112 seizures & 29 arrests.

Crime Data Integrity

A key achievement for 2020 was in respect of the HMICFRS CDI Inspection where the force was graded as GOOD.

In 2013 the force was graded as inadequate, making this another significant improvement as part of the Service Improvement Plan. Improvements across crime data integrity mean that Officers are now recording more ethically and recording more crime (known as secondary crimes).

Northamptonshire was one of only 5 forces to achieve this rating in 2020 following a 3-year Inspection across all forces nationally conducted by HMICFRS.

Northamptonshire Police will always aim to reduce its number of victims, however for some areas of crime, like Domestic Abuse, Child Sexual Abuse & Exploitation and Rape & Serious Sexual Offences, an increase in volume may be a result of our communications campaigns and encouragement of reporting in high harm crimes.

Force Priorities

For 2020/21 there were 6 priority areas;

- Burglary
- Domestic Abuse
- Killed and Seriously Injured
- Child Sexual Exploitation
- Serious and Organised Crime
- Rape and Serious Offences

This includes a cross cutting theme of vulnerability.

In addition to these the Chief Constable set two additional targets to achieve greater visibility (60% time out of station) and better response times to urban and rural areas. This has improved significant with some areas of the county reach 70+% visibility across the year.

Achievements

The most notable performance achievement of 2020/21 is that Northamptonshire achieved the highest reduction nationally in residential burglary (ONS March 2021). Peer data shows most forces nationally have experienced strong reductions due to Covid-19, but not for two consecutive years as has been seen in Northamptonshire. The force's 45% reduction in two years is one of the strongest nationally seeing year on year 478 less victims (-16.8%).

The Chief Constable set an 80% satisfaction target for burglary at the beginning of the year which was achieved.



As a force we are better at identifying and responding to this Child Sexual Abuse & Exploitation and safeguarding individuals. The forces trends are comparable to what is being seen nationally (stable in recent months but is higher over longer term) this is because officers are identifying better through education and knowing what to look for.

The Force knows that missing children are susceptible to Child Sexual Exploitation (CSE), and missing children with CSE concerns remains quite volatile and difficult to manage. These are often linked to Organised Crime Groups (OCGs), and a host of harm for young girls.

Investment in a temporary ACC to oversee vulnerability in April 2020 to build partnership relationships and review the Force's approach to vulnerability put focus on missing from home.

In the Force's recent National Child Protection Inspection (NCPI) re-visit, inspectors found procedures and processes in relation to missing children to be excellent. Overall the NCPI re-visit inspection saw improvements in its findings.

Northants Police is performing well in reducing those killed and seriously injured, both locally and against its peers reporting a 50.2% reduction over the last 12 months. We know that Covid-19 lockdown has positively impacted this, however the force pro-actively delivered a road safety campaign as previously mentioned; Op Journey.

In September 2020 Northants Police issued in 7,154 speeding penalties across the county, this was the highest the force has every issued in a month as part of a commitment to tackling poor driving standards.

The force has had some excellent outcomes in the last 12 months that have had a significant impact on the public across the county relating to Serious and Organised Crime:

Op Poetry

Operation Poetry relates to a large-scale covert investigation into class A drug dealing, conducted throughout 2019 and centred in the town of Northampton. The operation identified numerous county lines, local heroin & crack cocaine drug lines, local 'powder' cocaine lines and 3 individual dealer lines operating in and around Northampton Town Centre.

During the enforcement phase of Operation Poetry officers conducted 70+ warrants across the UK and dismantled drug lines locally and in the cities of London, Birmingham & Wolverhampton. Approximately 140 persons were arrested as part of Operation Poetry, with 120 of these being charged for various drug related offences. Officers seized over £250,000 worth of criminal property and the relevant confiscation/POCA orders are currently being progressed.

The investigation team have 31 separate investigations, of which 24 are drug conspiracy investigations.

Overall Sentencing for this Operation resulted in more than 200 years of custody for more than 75 offenders. This was the biggest Serious and Organised Crime Operation Northamptonshire Police has ever conducted.

Operation Caldon

In January 2020, the force instigated a pro-active investigation into the criminal activity of a Northampton-based OCG, who were believed to be targeting commercial premises across the region, stealing high-end designer goods and significant quantities of cigarettes. The financial impact to businesses was causing such organisations to make drastic security measures and the group's relentless offending created a significant organisational risk.

The OCG were extremely organised and effective, and also extremely aware of Police tactics and took significant counter-measures to prevent their detection. This included interfering with ANPR cameras, the suspected arson of a Police vehicle and even a burglary at a partnership premise, targeting, stealing and destroying recovered evidence connection them to the investigation. This offending occurred at the height of the COVID lockdown.

This culminated in a well-planned covert enforcement operation across 3 nights in May 2020. This enforcement was highly successful, arresting all 3 main subjects during the commission of an offence, leading to all three being charged and remanded to prison for multiple offences.

Due to the strength of the evidence secured and developed by the investigative team, further charges were later laid against the defendants and in Sept 2020, all 3 subjects pleaded guilty to three separate burglary conspiracy series committed across Leicestershire,



Warwickshire, Buckinghamshire, Bedfordshire and Northamptonshire; a total of 58 offences. They received a total of over 18 years' imprisonment between them. Serious Crime Prevention Orders are now being sought to ensure long-term disruption of the subjects continues.

Operation Cloak

This operation was an 18 month pro-active investigation into the principal members of the Force's highest risk and longest standing OCG. The group have and continue to be linked to the most serious violence in our county and had survived multiple previous police interventions. The group were believed to be dealing drugs on a regular basis and sizable scale, using local children to do this and avoid detection. The investigation identified new tactics being used by the OCG to operate a consistent drug line number over several months/years with an increased protection from conventional police enforcement and without the need to change phone numbers. However, through a vast amount of communication data requests and analysis, opportunities to attribute this drugs line to the principal members of the group were identified and explored.

A final enforcement against the principal members of the group was conducted in September 2020, with 3 key subjects, including the leader of the group being charged and remanded for conspiracy to supply drugs offences and Modern Slavery Act offences. As part of this enforcement, a Drug Dealing Telecommunications Restriction Order (DDTRO) was obtained against the main drug line number, ultimately preventing the number from being used for any form of communications. This was the first order of its kind secured by Northants Police.

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, this was needs to be considered in terms of affordability for local taxpayers and long term sustainable funding for policing in the future.

Central Government

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

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

Local Perspective

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

In December 2020, the PFCC undertook consultation on the proposed level of the 2021/22 precept to gain the views of 2,689 local residents.

Around 71% of residents were prepared to pay more for Police services, of whom 57% were prepared to pay £13 or more and 49% were prepared to pay £15 or more.

Furthermore, approximately 61% of residents thought the Police were doing a good or excellent role, 12% of residents advising poor or very poor, 21% of residents thought they were doing a fair job and 6% did not know.

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. The next spending review is anticipated in 2021.

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.

Police Funding Formula

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

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

The funding formula for policing no longer reflects the challenges and demands of policing in the current climate. It is now anticipated that the funding formula would be revisited after the next spending review.

Changing Demand

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

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

HMICFRS

The most recent inspection findings and improvements are outlined earlier in the narrative statement. There has been a great amount of focus by the Force on areas for

improvement, and it is expected that the next inspection will give notably better results and demonstrate the significant progress that has been made.

Estate

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

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

Investment

The PFCC has ring-fenced the sum of £1m in 2021/22 and 2022/23 and will work with the Chief Constable to support investment which will make a difference in local neighbourhoods. This will include:

- To strengthen the new focus on neighbourhood policing, with dedicated, named teams in communities across the county;
- Develop initiatives to tackle anti-social behaviour, street level drug dealing;
- Other issues that people have identified as their local priorities;
- Find new ways to prevent and reduce domestic violence

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

Medium Term Financial Outlook

Whilst the 2021/22 and 2022/23 budgets have been balanced, there are shortfalls identified in the Medium Term Financial Plan from 2023/24. The force has already identified savings to meet the majority of these and work to identify further savings continues.

To ensure continuous investment in the force with uncertain funding streams in the future, the PFCC has set the force an annual 1% efficiency target. The PFCC has committed that efficiencies can be reinvested by the force into new opportunities and demands. The force has identified six strands of work which will be delivered under the force efficiency programme with regular updates to the Accountability Board during the year.



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 are being designed with the above five principles in mind.

Enabling Services and Interoperability

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

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

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

An Assistant Chief Officer for Enabling Services has been appointed and work to take forward joint teams for HR, Finance, Estates, Digital and Fleet is well progressed, a number of which have already been implemented.

THE FINANCIAL STATEMENTS

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

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

The key statements are as follows:

Annual Governance Statement

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

Expenditure and Funding Analysis (EFA)

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

Movement in Reserves Statement (MiRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet (BS)

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



Cash Flow Statement

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

Notes to the Financial Statements

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

Events after the reporting period and authorised for issue date

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

Police Pension Fund Account

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

Accounting Policies

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

Glossary of financial terms

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

Statement of Provisions

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

Pensions

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

the time that employees and officers earn their future entitlement.

The PFCC and Chief Constable participate in two pension schemes:

The Police Pension Scheme (PPS)

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

The Local Government Pension Scheme (LGPS)

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

Material and unusual charges

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



SUMMARY AND CONCLUSION

Despite the tight financial climate and future challenges, the PFCC Group continues to demonstrate a strong track record of effective financial management and delivering outturn within the approved budget. However, the impact of COVID-19 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 2021/22.

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

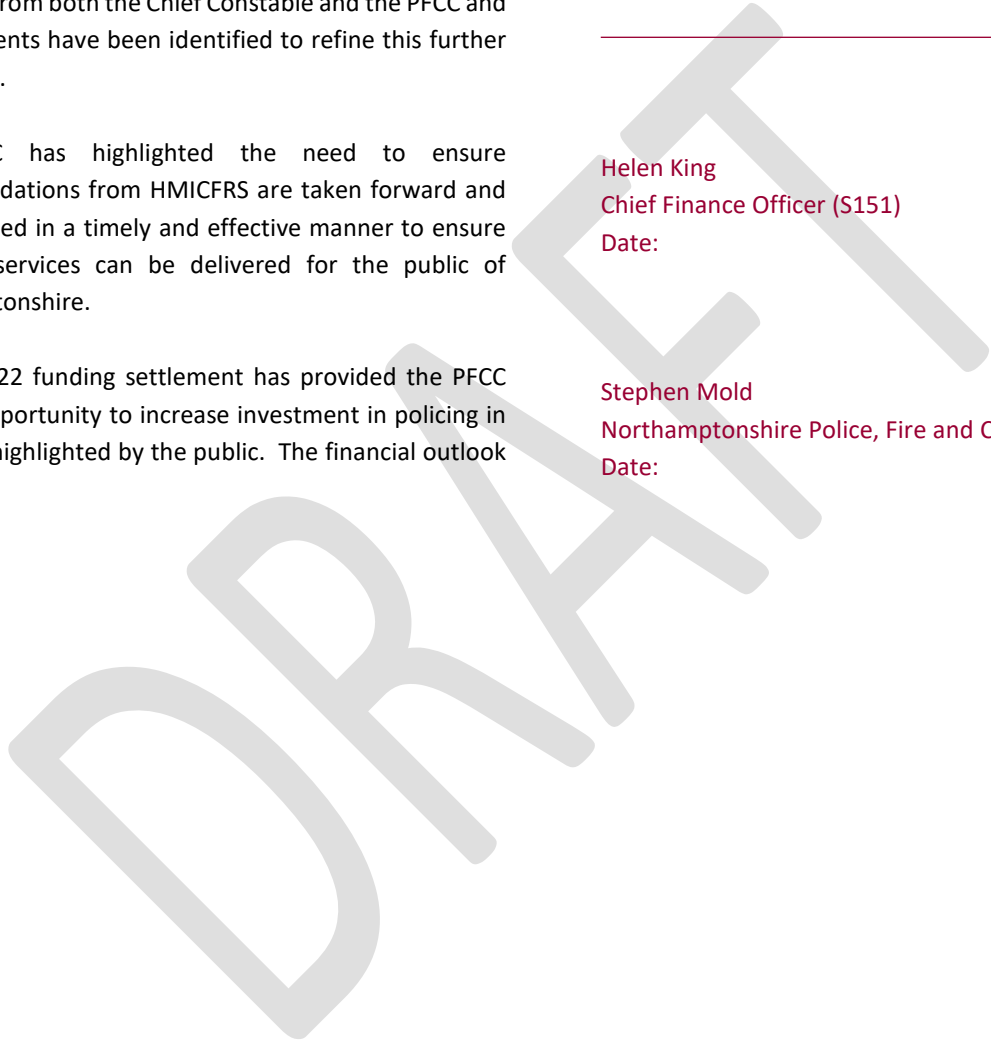
The 2021/22 funding settlement has provided the PFCC with an opportunity to increase investment in policing in the areas highlighted by the public. The financial outlook

remains challenging but Northamptonshire are already well prepared in meeting these challenges. Fire and Police will continue to actively seek and implement opportunities to work together to deliver more efficient and effective public services.

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

Helen King
Chief Finance Officer (S151)
Date:

Stephen Mold
Northamptonshire Police, Fire and Crime Commissioner
Date:





ANNUAL GOVERNANCE STATEMENT (OPFCC)

Background and Framework

In the financial year 2020/21, 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 2020/21 was the second 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 2020/21 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 framework is currently under review and this work will be concluded in 2021.

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.
- An Enabling Services Board provides a structured approach to managing and monitoring collaboration opportunities between Fire and Policing.
- A Joint Assistant Chief Officer leads the Enabling Services programme and provides strategic leadership of support services across Fire and Policing.
- A collaboration agreement is in place in line with the Home Office Financial Management Code of practice.

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

For 2020/21, related party disclosures have been undertaken for all key staff in the OPFCC, CC and JIAC members. Additionally, the PFCC and all members of OPFCC staff complete a declaration of business interests. At the time of the draft accounts, the disclosure of one JIAC member remains outstanding and this information, together with any disclosures, is included within the Statement of Accounts.

Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement

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

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

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

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



The OPFCC undertakes regular council taxpayer, customer and victim survey activities, ensuring that these can be used to inform council tax levels, service delivery by the Force and services which the PFCC has commissioned. During 2020/21, the PFCC consulted on the revised Police and Crime Plan alongside the level of the precept.

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

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

The 2020/21 budget, council tax levels and Medium Term Financial Plan (MTFP), alongside the Reserves, capital and Treasury Management Strategies were considered by the PFCC in proposing and setting his level of precept.

Grants for financial support were advertised on the PFCC website and administered in 2020/21 via the OPFCC. This includes the Supporting Communities and Police and Crime Plan Delivery Funds as well as a Road Safety Grants process. All resources are allocated in line with the objectives of the Police and Crime Plan.

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

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

General Reserves were maintained at a sustainable level of £5m during the year.

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

Monitoring of the police officer establishment has developed over the year and the local and national increase of police officers under the national “uplift programme” has further outlined the importance of accurate and robust staffing information. A strong focus continued in this area during 2020/21 to ensure that local and national staffing recruitment levels were monitored regularly, and that reliance could be placed on the information and decisions made as a consequence.

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

In July 2020, three of the four partners to the Section 22 collaboration agreement for Multi Force Shared Services (MFSS) Project decided not to continue with the arrangements when it ceases in 2022. The PFCC and CC teams have worked with partners in this transition to leave MFSS alongside implementing local arrangements. A separate team is taking forward this transition and work is well progressed. Whilst Police implementation will be in 2022/23, the systems are being established to encompass Fire which will be joining at a later date.

Principle E: Developing Capacity and Capability

During 2020/21, the Statutory Finance Officer and the Monitoring Officer remained in post.



Nick Adderley and Simon Nickless continued in the role of Chief Constable and Deputy Chief Constable respectively and continued to take forward the operational delivery arrangements within the Force under the Force strategic plan.

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

Completion of the collaboration agreement between NCFRA, the PFCC and CC has provided a sound structure to move forward with future collaborative initiatives. These are governed by the Enabling Services Board and in 2020/21 joint buildings and joint shared service such as Finance, Digital, estates, Fleet and HR were taken forward.

Principle F: Managing Risk and Monitoring Performance

During 2020/21, the PFCC and his office continued to demonstrate his commitment to transparency, sharing information and briefings with the Force, the Police, Fire and Crime Panel and the JIAC. The PFCC meets regularly with the CC, the Chair and Vice Chair of the Panel and holds regular briefings for councillors and attends numerous engagement events.

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

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

During 2020/21, Mazars continued as internal auditors for the Region. Regular review and planning meetings took place with Force and OPFCC officers (both locally and regionally) to update on progress. Mazars attended each JIAC meeting to routinely report and give assurance on the adequacy and effectiveness of internal control. In addition, they contribute to the JIAC forward plan and agenda setting to inform and highlight national and regional themes, considerations and practices.

No new JIAC members were appointed during 2020/21 and the PFCC offered extension to the chair and another JIAC member to continue post November 2020, providing much needed experience, continuity and consistency during these unprecedented times. JIAC members were offered and some attended CIPFA, EY (the external auditors), Public Sector Audit appointments (PSAA) or other events. Additionally, EY and other circulars are shared with JIAC members and senior officers on a regular basis.

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

There are detailed delivery plans that support the achievement of the Police 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 2020/21. This was prepared following discussion and consideration of the Risk Register, assurance requirements and informed by regional themes. Whilst the impact of Covid-19 has led to some delays in the audit programme, the scope and coverage of the audits has enabled the Internal Auditor to provide their annual report to give assurance for both corporation soles.

The JIAC received updates in June, October and December 2020 and March 2021. The audit programme was as follows:

Audit Title	Assurance Level
Core Financials	Significant
Fleet	Limited
GDPR (Follow Up)	Limited
Health and Safety	Limited
IT Security	Limited
Performance Management	Significant
Procurement (Compliance)	Limited
Workforce Planning	Satisfactory

Significant assurance was received for Performance Management and Core Financials and satisfactory assurance for Workforce planning. However, Limited assurance was received for: Fleet, GDPR (Follow Up), Health and Safety, IT Security and Procurement (Compliance). It is important to recognise that the audit plan was informed by Management and the risk register and specifically targeted to identify any issues in those areas. As such, a number of recommendations have been made which will be progressed to improve internal controls and assurances in those areas.

The Internal Audit Annual Report for 2020/21 has been produced and will be reported to and considered by the JIAC at their meeting in July 2021.

The Internal Audit Opinion for the Police, Fire and Crime Commissioner and the Chief Constable was as follows:



On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk and management and control.

Certain weaknesses and exceptions were highlighted by our internal audit work, in particular limited assurance opinions during the period in respect of Fleet Management, GDPR, Health & Safety, IT Security and Procurement (Compliance).

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

There were four JIAC meetings held during the year, and a workshop in September on the draft 2019/20 Statement of Accounts. The four meetings include as standard: Internal and External Audit updates, progress of Internal Audit recommendations, and a review of the JIAC annual plan. Additional areas considered were as follows:

JIAC Meeting	Areas Covered
July 2020	<ul style="list-style-type: none"> • Annual report of the JIAC and terms of reference review • Update on MFSS and future arrangements • Internal Audit Annual Report • Risk Register CC
October 2020	<ul style="list-style-type: none"> • Budget and MTFP Processes, Plan and Timetable • 2019/20 Treasury Management Outturn and 2020/21 Progress • Draft Statement of Accounts 2019/20 and proposed fee levels update • MFSS and Future Systems Update • HMICFRS Update
December 2020	<ul style="list-style-type: none"> • Update on anti-Fraud and Corruption Processes • Draft Statement of Accounts Update • PFCC and CC External Audit Plan 2019/20 • Update on MFSS • Complaints Processes • Risk register PFCC
March 2021	<ul style="list-style-type: none"> • Internal Audit Plan 2021/22 • Update on Business Continuity and Disaster Recovery • Treasury Management Strategy • HMICFRS Updates • Update on MFSS • Professional Services Department Update • Risk Register PFCC

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 worked 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. In March 2021, PPOG were satisfied with the progress made by Northamptonshire and no further updates to the Group are required. The next HMICFRS inspection of Northamptonshire is taking place in Spring/Summer 2021.

CIPFA Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into a series of financial standards that comprise: leadership and accountability, governance and financial management, medium term financial planning to inform and ensure financial resilience, and monitoring financial performance to address emerging issues through to financial reporting. Taken together these financial management standards underpin the effective governance of the use and control of resources utilised by NCFRA in pursuance of its stated objectives. 2020/21 was a “shadow” year for the implementation of the FM Code. NCFRA’s arrangements in 2020/21 are considered to be compliant with the standards set out in the code. A review of compliance will be undertaken and scheduled at the JIAC and reviewed by the PFCC during the year and included where required in the 2021/22 Statement of Accounts.

Significant Governance Issues

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

The precept increases supplemented by identified efficiency savings and reserves are sufficient to provide a balanced budget in the medium term over the next 3 years, with minimal savings or reserves being required in 2021/22 and 2022/23.

The impact of COVID-19 on valuations and the services provided and received by the PFCC and CC 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 recommendations to date identified in the governance statements for previous years as follows:

Policing – Update on 2019/20 Action Plan Progress		
PRINCIPLE C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes	Recommendation 1 (2017/18) Recommendations and subsequently agreed actions from the JIAC annual report taken forwards along with annual report being presented to the Police and Crime Panel.	Partially Completed and Ongoing The annual report is presented to the Police, Fire and Crime Panel and the website actions will continue to be a focus in the 2020/21 action plan
	Recommendation 2 (2018/19) To work with the Force to ensure stronger establishment monitoring and control in line with the requirements set out in the police officer uplift ambition.	Completed Regular establishment monitoring is provided to the PFCC and the establishment board manages this process.
	Recommendation 3 (2019/20) To continue to inform, develop and implement proposals for Enabling Services, together with Fire.	Completed Business cases for Joint Teams for HR, Fleet, Finance, Estates and HR have been approved.
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 3 (2018/19) To ensure an action plan for HMICFRS recommendations is produced and to monitor progress by the Force on these recommendations.	Completed and Embedded in Business as Usual Monitoring has taken place during the year and this is now embedded as business as usual. The latest inspection will update on progress and inform this recommendation.
	Recommendation 4 (2019/20) Together with Fire, ensure an effective, orderly and robust transition from MFSS and LGSS to new arrangements in line with plans and proposals.	Ongoing Good progress is being made and the proposed new solution is scheduled for April 2022.
PRINCIPLE E: Developing capacity and capability.	Recommendation 5 (2018/19) To agree a joint collaboration agreement with Force and NCFRA to provide a structured approach to managing and monitoring collaboration opportunities.	Completed The collaboration agreement has been agreed and is in place.
PRINCIPLE F: Managing risks and performance	Recommendation 6 (2019/20) To embed effective performance monitoring arrangements.	Completed The monitoring is in place and an Internal Audit in 2020/21 reflected this progress.
	Recommendation 7 (2019/20) To continue to update and monitor the MTFP and identify, review and implement savings proposals required to balance the budgets.	Completed and Embedded into Business as Usual. The MTFP is regularly reviewed and savings taken forward as appropriate.



Recommendations for 2020/21

Following the assessment of internal controls, the following areas have been recommended to improve internal controls for 2020/21:

Policing 2020/21 Action Plan	
PRINCIPLE C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes	Recommendation 1 (2017/18) Recommendations and subsequently agreed actions from the JIAC annual report taken forwards along with annual report being presented to the Police and Crime Panel.
PRINCIPLE D: Determining the interventions necessary to optimise the achievement of intended outcomes	Recommendation 2 (2019/20) Together with Fire, ensure an effective, orderly and robust transition from MFSS and LGSS to new arrangements in line with plans and proposals.
	Recommendation 3 (NEW) To consider the outcomes of the HMICFRS Inspection and take forward an action plan of any recommendations made.
PRINCIPLE E: Developing Capacity and Capability	Recommendation 4 (NEW) To implement the Joint teams for: Digital, Transport and HR in line with agreed timescales and to achieve agreed outcomes.
	Recommendation 5 (NEW) To develop a commercial strategy in conjunction with Fire.
PRINCIPLE G: Implementing good practices in transparency, reporting and Accountability	Recommendation 6 (NEW) To take forward the recommendations of the Internal Audits that gave Limited Assurance

Conclusion

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

Signed:

Helen King
Chief Finance Officer (S151)
Date:

Stephen Mold
Northamptonshire Police, Fire and Crime Commissioner
Date:

ANNUAL GOVERNANCE STATEMENT (COLLABORATION)



ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2020/21

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

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

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

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

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

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

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

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

4. Incorporating good governance arrangements in respect of partnerships.

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

Signed: 

Date: 10/06/2021

Paul Gibson
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 2021.

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

Selected suitable accounting policies and applied them consistently;

- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Role of the Chief Constable

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

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

Chief Finance Officer (OPFCC) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the OPFCC and Northamptonshire Police Force as at 31 March 2021 and the income and expenditure for the year ended 31 March 2021.

Helen King
Chief Finance Officer (Section 151)
Date:

Stephen Mold
Northamptonshire Police, Fire and Crime Commissioner
Date:



EXPENDITURE AND FUNDING ANALYSIS (GROUP)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

2019/20			2020/21			
Net Expenditure Chargeable to CIES	Adjustments	Net Expenditure as per CIES	Group	Net Expenditure Chargeable to CIES	Adjustments	Net Expenditure as per CIES
£000	£000	£000		£000	£000	£000
125,999	13,181	139,180	Policing Services	106,972	38,971	145,943
6,673	3,422	10,095	OPFCC & Commissioning	3,473	-	3,473
	4,802	4,802	Non-Distributed Costs	1,806	-	1,806
132,672	21,405	154,077	Cost of Services	112,251	38,971	151,222
(151)	151	-	JV Outturn Surplus/Deficit Transfer Financial Statements	(7)	-	(7)
-	-	-	CC Surplus Transfer Financial Statements	-	-	-
(136,714)	37,396	(99,318)	Other Income and Expenditure	(113,230)	-	(113,230)
(4,193)	58,952	54,759	Surplus or Deficit on the Provision of Services	(986)	38,971	37,985
(12,774)			Opening Combined General Fund Balance	(16,967)		
-			Surplus or Deficit on the General Fund	(986)		
(4,193)			Transfers to/from other Reserves	2		
(16,967)			Closing Combined General Fund	(17,951)		

EXPENDITURE AND FUNDING ANALYSIS (OPFCC)

2019/20			2020/21			
Net Expenditure chargeable to CIES	Adjustments	Net Expenditure as per CIES	Office of the Police, Fire & Crime Commissioner	Net Expenditure chargeable to CIES	Adjustments	Net Expenditure as per CIES
£000	£000	£000		£000	£000	£000
554	-	554	Policing Services	4,857	1,360	6,217
6,673	3,422	10,095	OPFCC & Commissioning	3,473		3,473
-	-	-	Non-Distributed Costs	1,806		1,806
7,227	3,422	10,649	Cost Of Services	10,136	1,360	11,496
126,609		126,609	Intra-Organisational Adjustment	134,447		134,447
(151)	151	-	JV Outturn Surplus/ Deficit Transfer Financial Statements	(7)		(7)
-			CC Surplus Transfer Financial Statements	-		
(137,878)	917	(136,961)	Other Income and Expenditure	(145,562)		(145,562)
(4,193)	4,490	297	Surplus or Deficit on the Provision of Services	(986)	1,360	374
(12,774)			Opening Combined General Fund Balance	(16,967)		
-			Surplus or Deficit on the General Fund	(986)		
(4,193)			Transfers to/from other Reserves	2		
(16,967)			Closing Combined General Fund	(17,951)		



MOVEMENT IN RESERVES STATEMENT (GROUP)

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

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

Group	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2020	(5,000)	(11,967)	(16,967)	1,348,542	1,331,575
Movement in reserves during 2020/21					
Surplus or deficit on the provision of services	37,985	-	37,985		37,985
Other Comprehensive Income / Expenditure		2	2	100,764	100,766
Total Comprehensive Income and Expenditure	37,985	2	37,987	100,764	138,751
Adjustments between accounting basis and funding basis under regulations (Note 6)	(38,971)	-	(38,971)	38,971	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(986)	2	(984)	139,735	138,751
Transfers to / from Earmarked Reserves	986	(986)	-		-
Increase or Decrease in 2020/21	-	(984)	(984)	139,735	138,751
Balance at 31 March 2021	(5,000)	(12,951)	(17,951)	1,488,277	1,470,326

Group	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2019	(4,335)	(8,439)	(12,774)	1,440,016	1,427,242
Movement in reserves during 2019/20					
Surplus or deficit on the provision of services	54,759	-	54,759	-	54,759
Other Comprehensive Income / Expenditure	-	-	-	(150,426)	(150,426)
Total Comprehensive Income and Expenditure	54,759	-	54,759	(150,426)	(95,667)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(58,952)	-	(58,952)	58,952	-
Net Increase or Decrease before Transfers to Earmarked Reserves	(4,193)	-	(4,193)	(91,474)	(95,667)
Transfers to / from Earmarked Reserves	3,528	(3,528)	-	-	-
Increase or Decrease in 2019/20	(665)	(3,528)	(4,193)	(91,474)	(95,667)
Balance at 31 March 2020	(5,000)	(11,967)	(16,967)	1,348,542	1,331,575



MOVEMENT IN RESERVES STATEMENT (OPFCC)

Office of the Police, Fire & Crime Commissioner	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2020	(5,000)	(11,967)	(16,967)	(41,548)	(58,515)
Movement in reserves during 2020/21					
Surplus or deficit on the provision of services	374		374		374
Other Comprehensive Income / Expenditure			-	1,454	1,454
Total Comprehensive Income and Expenditure	374	-	374	1,454	1,828
Adjustments between accounting basis and funding basis under regulations (Note 6)	(1,360)		(1,360)	1,360	-
Net Increase or Decrease before Transfers to Earmarked Reserves	(986)	-	(986)	2,814	1,828
Transfers to / from Earmarked Reserves	986	(986)	-		-
Increase or Decrease in 2020/21	-	(986)	(986)	2,814	1,828
Balance at 31 March 2021	(5,000)	(12,953)	(17,953)	(38,734)	(56,687)

Office of the Police, Fire & Crime Commissioner	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2019	(4,335)	(8,439)	(12,774)	(43,863)	(56,637)
Movement in reserves during 2019/20					
Surplus or deficit on the provision of services	297	-	297	-	297
Other Comprehensive Income / Expenditure	-	-	-	(2,175)	(2,175)
Total Comprehensive Income and Expenditure	297	-	297	(2,175)	(1,878)
Adjustments between accounting basis and funding basis under regulations (Note 6)	(4,490)	-	(4,490)	4,490	-
Net Increase or Decrease before Transfers to Earmarked Reserves	(4,193)	-	(4,193)	2,315	(1,878)
Transfers to / from Earmarked Reserves	3,528	(3,528)	-	-	-
Increase or Decrease in 2019/20	(665)	(3,528)	(4,193)	2,315	(1,878)
Balance at 31 March 2020	(5,000)	(11,967)	(16,967)	(41,548)	(58,515)



COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (GROUP)

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year. Joint Associated Non-Entity (Joint Venture) accounting entries are consolidated in the Comprehensive Income and Expenditure service headings. See Note 40.

2019/20			Group	2020/21		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
171,538	(33,393)	138,145	Policing Services	182,584	(36,648)	145,936
10,940	(1,188)	9,752	Police, Fire & Crime Commissioner	5,329	(1,856)	3,473
2,830	(1,452)	1,378	Commissioning	3,177	(1,371)	1,806
4,802	-	4,802	Non-Distributed Costs	-	-	-
190,110	(36,033)	154,077	Cost of Services	191,090	(39,875)	151,215
1,209	(101)	1,108	Other Operating Expenditure (Note 7)	1,827	(240)	1,587
36,599	(50)	36,549	Financing and Investment Income and Expenditure (Note 8)	31,344	(19)	31,325
-	(136,975)	(136,975)	Taxation and Non-Specific Grant Income (Note 9)	-	(146,142)	(146,142)
227,918	(173,159)	54,759	Surplus or Deficit on Provision of Services	224,261	(186,276)	37,985
		(1,636)	Surplus or Deficit on Revaluation of Non-Current Assets			(351)
		(148,790)	Actuarial Gains/Losses on Pension Schemes			101,109
		(150,426)	Other Comprehensive Income and Expenditure			100,758
		(95,667)	Total Comprehensive Income and Expenditure			138,743

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (OPFCC)

2019/20			Office of the Police, Fire & Crime Commissioner	2020/21		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
8,452	(8,933)	(481)	Policing Services	17,081	(10,871)	6,210
10,940	(1,188)	9,752	Police, Fire & Crime Commissioner	5,329	(1,856)	3,473
2,830	(1,452)	1,378	Commissioning	3,177	(1,371)	1,806
-	-	-	Non-Distributed Costs	-	-	-
22,222	(11,573)	10,649	Cost of Services	25,587	(14,098)	11,489
126,609	-	126,609	Intra-Organisational Adjustment	134,447	-	134,447
(43)	-	(43)	Other Operating Expenditure (Note 7)	371	(164)	207
57	-	57	Financing and Investment Income and Expenditure (Note 8)	373	-	373
-	(136,975)	(136,975)	Taxation and Non-Specific Grant Income (Note 9)	-	(146,142)	(146,142)
148,845	(148,548)	297	Surplus or Deficit on Provision of Services	160,778	(160,404)	374
		(1,636)	Surplus or Deficit on Revaluation of Non-Current Assets			(351)
		(539)	Actuarial Gains/Losses on Pension Schemes			1,797
		(2,175)	Other Comprehensive Income and Expenditure			1,446
		(1,878)	Total Comprehensive Income and Expenditure			1,820



BALANCE SHEET (OPFCC & GROUP)

This account shows the overall financial position of the Group at 31 March 2021. It therefore differs from the other financial accounts shown in this statement in that it deals with the position of the OPFCC at the end of the 2020/21 financial year instead of dealing with day-to-day transactions within that financial year.

OPFCC 31/03/2020	Group 31/03/2020		Note	OPFCC 31/03/2021	Group 31/03/2021
£000	£000			£000	£000
64,427	64,427	Property, Plant and Equipment	18	70,687	70,687
1,468	1,468	Intangible Assets	23	727	727
11	11	Long Term Investments		11	11
65,906	65,906	Long Term Assets		71,425	71,425
-	-	- Short Term Investments		-	-
2,421	2,421	Assets Held for Sale	20	2,050	2,050
546	546	Inventories	27	602	602
15,411	15,411	Short Term Debtors	26	17,426	17,426
11,289	11,289	Cash and Cash Equivalents	33	6,905	6,905
29,667	29,667	Current Assets		26,983	26,983
(22,847)	(24,961)	Short Term Creditors	29	(22,784)	(24,898)
(9,500)	(9,500)	Short Term Borrowing	39	-	-
(1,516)	(1,516)	Provisions	28	(1,728)	(1,728)
(33,863)	(35,977)	Current Liabilities		(24,512)	(26,626)
(1,300)	(1,300)	Long Term Borrowing	39	(13,300)	(13,300)
(1,895)	(1,389,871)	Other Long Term Liabilities	37	(3,909)	(1,528,808)
(3,195)	(1,391,171)	Long Term Liabilities		(17,209)	(1,542,108)
58,515	(1,331,575)	Net Assets		56,687	(1,470,326)
(16,967)	(16,967)	Usable Reserves	16	(17,951)	(17,951)
(41,548)	1,348,542	Unusable Reserves	17	(38,736)	1,488,277
(58,515)	1,331,575	Total Reserves		(56,687)	1,470,326

Signed:

Helen King
Chief Finance Officer (S151)
Date:

Stephen Mold
Northamptonshire Police, Fire and Crime Commissioner
Date:



CASH FLOW STATEMENT (OPFCC & GROUP)

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

2019/20			2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
297	54,759	Net Surplus/Deficit on Provision of Services	374	37,985
(3,635)	(58,097)	Adjustments to net surplus/deficit on the provision of services for non cash movements (Note 34)	6,879	(30,732)
1,076	1,076	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities (Note 34)	-	-
(2,262)	(2,262)	Net cash flows from Operating Activities	7,253	7,253
10,079	10,079	Investing Activities (Note 35)	(2,869)	(2,869)
(9,500)	(9,500)	Financing Activities	-	-
(1,683)	(1,683)	Net (increase) or decrease in cash & cash equivalents	4,384	4,384
9,606	9,606	Cash & cash equivalents at the beginning of the reporting period	11,289	11,289
11,289	11,289	Cash & cash equivalents at the end of the reporting period	6,905	6,905



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Note 1 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Accounting Policies section, the OPFCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

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 2020/21 financial statements as a going concern. A full assessment of Going Concern is provided in the Accounting Policies section.

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

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

The items in the OPFCC's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase £0.029m for every year that useful lives had to be reduced.</p>
Vehicles, Plant and Equipment and Intangible Assets	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for vehicles would increase by £0.789m for every year that useful lives had to be reduced.</p>



Joint Venture	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the joint assets could be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Authority requested an external expert assess its liability at the end of the 2020/21 Financial Year and has made a provision of £1.728m for the settlement of insurance claims, based on the number of known claims. As none of these claims have yet been settled the extent of the liability is still unknown.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.173m to the provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.	The assumptions interact in complex ways. During 2020/21, the Authority's actuaries advised that the net pension's liability had increased by £138.937m as a result of estimates being corrected. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the OPFCC could face would be £1,529m, being the total pension liability.
Arrears	At 31 March 2021, the OPFCC had a balance of sundry debtors for £1.241m. A review of balances given the likelihood of default suggested that a bad debts provision of £0.102m was appropriate.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.102m to set aside as an allowance.
Investments	At 31 March 2021, the OPFCC held a balance of investments of £6.905m, before IFRS accounting adjustments for cash & cash equivalents. A review of these investments showed they were all banking institutes were either Within the top 30 most secure (rating completed by Building Society's Association, ranked by group assets), or other financial investment bodies are reviewed for credit worthiness via a stability assessment, based on short and long term market forecasts provided by the three main credit rating agencies. In the current unprecedented economic climate financial institutes have a higher risk of failure.	If one of these institutes were to fail, the maximum liability the OPFCC could face would £0.82m for an internally managed fund.

The Property valuers, Wilks Head and Eve provided the following assessment of the impact of Covid-19 on Asset Valuations:

“The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally.

Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.



Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Given the unknown future impact of the areas covered within this section we would, therefore, recommend that the valuation is kept under regular review and that specific market advice is obtained should you wish to affect a disposal.”

Note 3 - Events after the Balance Sheet Date

Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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Note 4 - Officers' Remuneration

Employee Remuneration

In accordance with the Code of Practice and the CIPFA Bulletin from April 2021, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

2019/20			2020/21			
OPFCC - Total	Group - Total	£'s	OPFCC Police Staff	Group - Officers	Group - Staff	Total Employees
2	37	50,000 to 54,999	2	25	14	39
-	39	55,000 to 59,999	-	40	7	47
-	15	60,000 to 64,999	-	12	-	12
-	5	65,000 to 69,999	1	4	5	9
2	6	70,000 to 74,999	1	2	2	4
1	7	75,000 to 79,999	-	4	3	7
2	7	80,000 to 84,999	1	4	1	5
-	2	85,000 to 89,999	1	3	1	4
1	2	90,000 to 94,999	-	2	-	2
-	-	95,000 to 99,999	1	1	1	2
-	-	100,000 to 104,999	-	-	-	-
1	1	105,000 to 109,999	1	1	1	2
-	-	110,000 to 114,999	-	-	-	-
-	1	115,000 to 119,999	-	-	-	-
-	2	120,000 to 124,999	-	-	-	-
-	-	125,000 to 129,999	-	3	-	3
-	-	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	-	-	-	-
-	1	155,000 to 159,999	-	1	-	1
9	125		8	102	35	137

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:

2020/21 Post Holder Information	Start Date	Leaving date	Salary £	Bonus £	Expense Allowances (1) £	Loss of office £	Benefits in Kind £	Other (3) £	Total Excluding Pension £	Employers Contributions £	Total Including Pension £
Police, Fire and Crime Commissioner											
Stephen Mold - Police, Fire and Crime Commissioner	12/05/2016		74,400	-	137	-	-	-	74,537	15,103	89,640
Office of the Police, Fire and Crime Commissioner											
Director and Monitoring Officer	17/12/2018	30/11/2020	66,593	-	147	-	-	-	66,740	13,518	80,258
Director of Technology & Digital Transformation (4)	22/11/2016		105,000	-	-	-	-	-	105,000	21,315	126,315
Director for Delivery	21/11/2016		83,172	-	39	-	-	-	83,211	-	83,211
Chief Finance Officer	09/11/2017		98,662	-	387	-	-	-	99,049	20,028	119,077
Director and Monitoring Officer	17/12/2018		89,136	-	1,101	-	-	-	90,237	18,095	108,332
Voice Ltd											
Chief Executive	01/08/2017		63,357	-	-	-	-	-	63,357	14,319	77,676
Chief Constable											
Nick Adderley - Chief Constable (5)	06/08/2018		155,992	-	-	-	-	3,688	159,680	48,358	208,038
Deputy Chief Constable	04/02/2019		122,392	-	-	-	-	4,304	126,696	37,941	164,637
Assistant Chief Constable 1	15/05/2017		118,009	-	414	-	-	8,215	126,638	36,583	163,221
Assistant Chief Constable 2	15/05/2017		118,009	-	113	-	-	8,791	126,913	36,583	163,496
Assistant Chief Constable 3	30/12/2019		104,526	-	1,239	-	-	-	105,765	32,403	138,168
Chief Superintendent	24/09/2018		89,123	-	1,376	-	-	2,860	93,359	27,628	120,987
Chief Superintendent	01/10/2018		90,817	-	1,635	-	-	5,489	97,941	28,153	126,094
Chief Superintendent	11/03/2019		89,535	-	1,610	-	-	4,051	95,196	20,645	115,841
Chief Superintendent	31/03/2020		86,558	-	1,239	-	-	791	88,588	26,708	115,296
Superintendent HR	22/06/2020		60,035	-	960	-	-	2,100	63,095	18,611	81,706
Head of HR	14/12/2020		22,103	-	-	-	-	-	22,103	4,487	26,590
Head of HR	01/07/2019	30/06/2020	21,703	-	-	26,300	-	-	48,003	11,866	59,869
Chief Finance Officer	21/05/2018		79,503	-	-	-	-	-	79,503	16,139	95,642
Director of Enabling Services (2)	30/03/2020		66,593	-	-	-	-	-	66,593	-	66,593
Assistant Chief Officer	01/12/2020		37,969	-	-	-	-	-	37,969	7,708	45,677

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

(2) The Director of Enabling Services permanently became the Assistant Chief Officer on 1st December 2020.

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

(4) The Director of Technology role continued to be paid by the OFCC but their salary was recovered through a secondment during 2020/21.

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

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

(2) The Director of Technology role continued to be paid by the OFCC but their salary was recovered through a secondment during 2020/21.

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

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



Note 5A - Note to the Expenditure and Funding Analysis

2020/21 - Group	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	(37,830)	0	(37,830)
OPFCC & Commissioning	(132)	-	(1,057)	(1,189)
Net Cost of Services	(132)	(37,830)	(1,057)	(39,019)
Joint Venture & Associates	48	-	-	48
Other Income and Expenditure	-	-	-	-
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	(84)	(37,830)	(1,057)	(38,971)

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

2020/21 - OPFCC	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing Services	-	(219)	-	(219)
OPFCC & Commissioning	(132)	-	(1,057)	(1,189)
Net Cost of Services	(132)	(219)	(1,057)	(1,408)
Joint Venture & Associates	48	-	-	48
Other Income and Expenditure	-	-	-	-
Exceptional Item	-	-	-	-
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	(84)	(219)	(1,057)	(1,360)

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



Note 5B - Segmental Analysis of Income and Expenditure

2020/21 - Group	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	(22,504)	(19)	41	-
OPFCC & Commissioning	(3,227)	-	-	6,158
Total	(25,731)	(19)	41	6,158

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

2020/21 - OPFCC	Revenues from External Customers £000	Interest Revenue £000	Interest Expense £000	Depreciation and Amortisation £000
Policing Services	-	-	41	-
OPFCC & Commissioning	(3,227)	-	-	6,158
Total	(3,227)	-	41	6,158

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

Note 5C - Expenditure and Income Analysed by Nature

2019/20		Nature of Expenditure or Income	2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
Expenditure				
5,855	145,824	Employee Benefit Expenses	2,346	131,405
9,316	37,234	Other Services Expenses	5,692	38,787
7,051	7,051	Depreciation, amortisation, Impairment	7,051	7,051
57	36,599	Interest Payments	41	31,012
-	1,253	Precepts and Levies	-	1,456
(43)	(43)	Gains/losses on the Disposal of Non-Current Assets	208	208
22,236	227,918	Total Expenditure	15,338	209,919
126,609	-	Intra Company Adjustment (Expenditure)	134,447	-
148,845	227,918	Total Expenditure (Including Intra Company)	149,785	209,919
Income				
(10,442)	(17,831)	Fees, Charges and Other Service Income	(3,473)	(25,977)
-	(50)	Interest and Investment Income	-	(19)
(61,452)	(61,452)	Income from Council Tax, Non-Domestic Rates, district rate income	(63,542)	(63,542)
(76,654)	(93,826)	Government Grants and Contributions	(82,396)	(82,396)
(148,548)	(173,159)	Total Income	(149,411)	(171,934)
-	-	Intra Company Adjustment (Income)	-	-
(148,548)	(173,159)	Total Income (Including Intra Company)	(149,411)	(171,934)
297	54,759	Surplus or Deficit on the Provision of Services	374	37,985

In line with the best practice outlined in the CIPFA Code of Practice, the categorisation of expenditure and income has been updated to provide a clearer link with the core statements and other notes to the accounts.



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

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

2020/21	OPFCC		Group	
	General Fund Balance £000	Movement in Unusable Reserves £000	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustment to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pension Cost (transferred to (or from) the pensions reserve)	(219)	219	(37,830)	37,830
Financial Instruments (transferred to the Financial Instruments Adjustments Account)				
Council Tax and NDR (transfers to or from the collection Fund)	(1,049)	1,049	(1,049)	1,049
Holiday Pay (transferred to the Accumulated Absences Reserve)	(8)	8	(8)	8
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)	(6,158)	6,158	(6,158)	6,158
Total Adjustments to Revenue Resources)	(7,434)	7,434	(45,045)	45,045
Adjustments between Revenue and Capital Resources				
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	857	(857)	857	(857)
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	5,217	(5,217)	5,217	(5,217)
Total Adjustments between Revenue and Capital Resources	6,074	(6,074)	6,074	(6,074)
Other Adjustments				
Total Adjustments	(1,360)	1,360	(38,971)	38,971



2019/20	OPFCC		Group	
	General Fund Balance £000	Movement in Unusable Reserves £000	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustment to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements	-	-	-	-
Pension Cost (transferred to (or from) the pensions reserve)	508	(508)	54,420	(54,420)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-	-	-
Council Tax and NDR (transfers to or from the collection Fund)	1,387	(1,387)	1,387	(1,387)
Holiday Pay (transferred to the Accumulated Absences Reserve)	4	(4)	555	(555)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(199)	199	(199)	199
Total Adjustments to Revenue Resources	1,700	(1,700)	56,163	(56,163)
Adjustments between Revenue and Capital Resources				
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	441	(441)	441	(441)
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,344	(2,344)	2,344	(2,344)
Total Adjustments between Revenue and Capital Resources	2,785	(2,785)	2,785	(2,785)
Other Adjustments	5	(5)	4	(4)
Total Adjustments	4,490	(4,490)	58,952	(58,952)

Note 7 - Other Operating Expenditure

Other Operating Expenditure for 2020/21 includes:

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
-	1,253	-	1,456
(44)	(44)	207	207
-	(101)	-	(76)
(43)	1,108	207	1,587

Note 8 - Financing and Investment Income and Expenditure

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
-	63	332	332
57	36,536	41	31,012
-	(50)	-	(19)
57	36,549	373	31,325



Note 9 - Taxation and Non-Specific Grant Income

2019/20			2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
(61,452)	(61,452)	Council tax income	(63,542)	(63,542)
-	-	- Non-domestic rates income and expenditure	-	-
(74,447)	(74,447)	Non-ringfenced government grants	(82,396)	(82,396)
(1,076)	(1,076)	Capital grants and contributions	(204)	(204)
-	-	- Other tax or non-specific grant income / expenditure	-	-
(136,975)	(136,975)	Total	(146,142)	(146,142)

Note 10 - Material Items of Income and Expense

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

2019/20			2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
1,516	1,516	Insurance Provision	(1,728)	(1,728)
1,516	1,516	Total	(1,728)	(1,728)

Note 11 - Trading Operation

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

Note 12 - Members' Allowances

During the year the following allowance were paid

2019/20			2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
14	14	Allowances and Re-imbursements	17	17
14	14	Total	17	17

Note 13 - External Audit Costs

During the year the group incurred direct external audit fees for EY. The planned audit fees of £24k in 2019/20 and £35k in 2020/21 relate to the audit work for the Statement of Accounts, which is a statutory requirement.

2019/20			2020/21	
OPFCC £000	Group £000		OPFCC £000	Group £000
12	24	Scale fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	12	24
12	24	Total	12	24



Note 14 - Grant Income

The OPFCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

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

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
(67,803)	(67,803)	(74,480)	(74,480)
(6,644)	(6,644)	(7,917)	(7,917)
(1,076)	(1,076)	(204)	(204)
-	-	-	-
(75,523)	(75,523)	(82,600)	(82,600)

Credited to Services

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
-	(100)	-	(148)
-	(16,006)	-	(15,731)
-	(543)	-	-
(1,131)	(1,131)	(874)	(874)
-	(523)	-	(164)
(1,131)	(18,303)	(874)	(16,917)

Note 15 - Related Parties

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

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

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

Victims and Witnesses" (Voice) continue to operate as a company limited by guarantee to deliver support services to victims (these services were some years previously provided by Victim Support). In 2020/21, the PFCC provided almost £1.4m funding to Voice for Voice and Sunflower Domestic and support. The sum of £0.9m was provided in a grant from the Ministry of Justice. The Voice underspend of circa £18K was transferred to the PFCC at year end in line with the contract and this is held by the PFCC in his victims reserve.

Furthermore, the PFCC provided further MOJ grants of circa £91K to Voice and £17K will be returned to the MOJ at year end.

The PFCC is the chair of the Voice Board which is comprised of the Voice Chief Executive and during



the year, the Chief Constable and a number of other directors. Voice produce an annual statement of accounts which is separately audited.

The PFCC contract with Voice is managed by the Criminal Justice Manager in the OPFCC and the Monitoring Officer and Chief Finance Officer continued to advise Voice in a professional capacity where appropriate during the year. Advice was also provided by specialist Estates, HR and ICT staff within the Force. As the OPFCC staff can provide advice to Voice, they may have an opportunity to significantly influence the policies of Voice. Measures are in place to mitigate this influence and an annual contract is in place, together with regular monitoring, Board meetings, Voice's Corporate Governance Framework and Ministry of Justice Grant conditions.

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

Key members of staff in the OPFCC and Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family have any related party transactions (i.e. significant financial dealings) with the OPFCC during the financial year. With the exception of one JIAC member, all returns and disclosures were received and reviewed by the S151 officer.

In respect of the disclosures, the following are of note:

The Director of Early Intervention and Monitoring Officer resigned as a Board member of Northamptonshire Emergency Cadets for NCFRA, Police and Ambulance during the year. The Force made an in-kind contribution for support during the year.

In October 2020, together with the PCC for Nottinghamshire, the PFCC established a Limited

Liability Partnership, "Mint Commercial Services LLP" to deliver procurement services and solutions to the two PCCs and Police Forces and organisation and for the East Midlands Strategic Commercial Services Unit (EMSCU) Section 22 collaboration to terminate. This is intended to reduce the £150K procurement services for both Nottinghamshire and Northamptonshire Police Force who have contracted with Mint until March 2022. The PFCC and the Monitoring Officer sit on the Board together with an Independent Chair and two Nottinghamshire representatives. The PFCC provided working capital to commence trading for October 2022 of £200K and under Mint's current financial plans this will be repaid by March 2022.

As part of the Estates Strategy, the PFCC disposed of an operational building during the year via a competitive process. The Joint Head of Estates had disclosed a close relationship with a bidder for one of the properties and mitigations were established prior to the sale to ensure appropriate controls were put in place and the Joint Head of Estates was not involved in any stages of the process. The bidder purchased the property.

In January 2019, the Police, Fire and Crime Commissioner (PFCC) took on governance for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA), for which a separate Statement of Accounts is published. The Monitoring Officer and Chief Finance Officer undertake these roles in NCFRA. All Directors, OPFCC staff, the Joint OPFCC and Fire Communications and staff in the Joint Police/Fire Enabling Services teams undertake work for both organisations. In 2020/21, the sum of £284K was charged to NCFRA for this support by the OPFCC and £321K by Northamptonshire Police.

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

A full review of all Accounts Payable and Receivables transactions was completed and there were no recorded events of transactions within the scope of related parties.



Note 16 - Transfers to/from Earmarked Reserves

This note sets out the Group amounts set aside from the General Fund and Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet the General Fund requirements in 2020/21.

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

On 31st March 2021, the total Earmarked Reserves and General Fund balance stood at £17.953m (£16.967m in 2019/20). This includes a General Fund balance of £5.000m.

Group	Balance at		Transfers out	Balance at		Transfers out	Balance at
	31 March 2019	Transfers in 2019/20		31 March 2020	Transfers in 2020/21		
	£000	£000	£000	£000	£000	£000	£000
Insurance	(1,607)	(259)	37	(1,829)	-	105	(1,724)
Operational Equipment	-	(200)	-	(200)	(100)	-	(300)
Earmarked Funding	-	(669)	-	(669)	-	15	(654)
Victims	(298)	(252)	-	(550)	-	550	-
Pensions	(1,275)	(350)	1,125	(500)	-	70	(430)
S106 Reserve	(198)	(571)	-	(769)	-	250	(519)
Initiatives Fund	(1,617)	(1,179)	800	(1,996)	(949)	-	(2,945)
Invest to Save	(640)	(98)	250	(488)	(2,134)	-	(2,622)
Enabling Services	(400)	-	-	(400)	-	400	-
Safer Roads	(1,606)	(228)	162	(1,672)	-	496	(1,176)
Additionality Reserve	(152)	(3,060)	1,011	(2,201)	-	190	(2,011)
Capital	(46)	-	46	-	-	-	-
Collaboration	(600)	(93)	-	(693)	-	123	(570)
Total Earmarked Reserves	(8,439)	(6,959)	3,431	(11,967)	(3,183)	2,199	(12,951)
General Fund	(4,335)	(665)	-	(5,000)	-	-	(5,000)
Total Reserves	(12,774)	(7,624)	3,431	(16,967)	(3,183)	2,199	(17,951)

The key purposes of these reserves are as follows:

Insurance Reserve

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

Operational Equipment

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

Earmarked Funding

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

Victims

To fund specific programmes or schemes to support victims services.

Pensions

To meet the costs of any ill-health or injury retirements which are unbudgeted and any



significant overspend on the employer pension contributions account.

S106 Reserve

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

Initiatives Fund

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

Invest to Save

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

Enabling Services

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

Safer Roads

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

Additionality Reserve

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

Capital Reserve

The reserve was set up to fund the future capital spending to ensure the OPFCC can continue to fund its capital programme at the planned levels. The 2018/19 balance was used to reduce external borrowing against the 2019/20 capital programme and as a result the balance against this reserve as at the 31st March 2021 is £0.

Collaboration Reserve

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

General Fund

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



Note 17 - Unusable Reserves

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
(17,527)	(17,527)	Revaluation Reserve	(16,297)	(16,297)
(25,993)	(25,993)	Capital Adjustment Account	(27,397)	(27,397)
(44)	(44)	Collection Fund Adjustment Account	1,004	1,004
1,895	1,389,871	Pension Reserve	3,897	1,528,796
121	2,235	Accumulated Absences Account	57	2,171
(41,548)	1,348,542	Total	(38,736)	1,488,277

Revaluation Reserve

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
(16,560)	(16,560)	Balance 1 April	(17,527)	(17,527)
(3,619)	(3,619)	Upward revaluation of assets	(859)	(859)
1,890	1,890	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,209	1,209
(1,729)	(1,729)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	350	350
557	557	Difference between fair value depreciation and historical cost depreciation		
557	557	Amount written off to the Capital Adjustment Account	-	-
205	205	Other movements to the Surplus or Deficit on Provision of Services	880	880
-	-	Other movements to Other Comprehensive Income and Expenditure		
(17,527)	(17,527)	Balance 31 March	(16,297)	(16,297)

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

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



Capital Adjustment Account

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

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

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

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
(27,910)	(27,910)	Balance 1 April	(25,993)	(25,993)
4,998	4,998	Charges for depreciation and impairment of non-current assets	5,972	5,972
(1,142)	(1,142)	Revaluation gain/losses on non-current assets	(4,094)	(4,094)
2,053	2,053	Amortisation of intangible assets	741	741
-	-	Revaluation Reserve written out	-	-
(42)	(42)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
5,867	5,867	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	2,619	2,619
(557)	(557)	Adjusting Amounts written out of the Revaluation Reserve	(1,209)	(1,209)
5,310	5,310	Net written out amount of the cost of non-current assets consumed in the year	1,410	1,410
(474)	(474)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	-
(441)	(441)	Statutory provision for the financing of capital investment charged against the General Fund	(857)	(857)
(2,478)	(2,478)	Capital expenditure charged against the General Fund	(1,957)	(1,957)
(3,393)	(3,393)	Capital financing applied in year:	(2,814)	(2,814)
-	-	Other movements	-	-
(25,993)	(25,993)	Balance 31 March	(27,397)	(27,397)



Collection Fund Adjustment Account

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
(1,431)	(1,431)	Balance 1 April	(44)	(44)
		Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with	1,088	1,088
1,387	1,387	statutory requirements		
(44)	(44)	Balance 31 March	1,044	1,044

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The change in balance between 2019/20 and 2020/21 is mainly due to the effect of the Covid-19 Pandemic and the impact on the collection rates.

Pensions Reserve

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
1,928	1,484,244	Balance 1 April	1,895	1,389,871
(539)	(148,790)	Re-measurements of the net defined benefit (liability)/asset	1,782	101,109
		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	(320)	(33,917)
506	71,369	Employer's pensions contributions and direct payments to pensioners payable in the year	540	71,733
-	(16,952)			
1,895	1,389,871	Balance 31 March	3,897	1,528,796

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



Accumulated Absences Account

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
110	1,673	Balance 1 April	121	2,235
(110)	(1,673)	Settlement or cancellation of accrual made at the end of the preceding year	(121)	(2,235)
121	2,235	Amounts accrued at the end of the current year	57	2,171
121	2,235	Balance 31 March	57	2,171

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.

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Note 18 - Property, Plant and Equipment

Movements to 31 March 2021	Land & Buildings £000	Vehicles, Plant, & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<u>Cost or Valuation</u>				
at 1 April 2020	55,414	16,960	6,691	79,065
Additions	11,400			11,400
Revaluation increases/(decreases) recognised in the Revaluation Reserve	350			350
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,094)			(4,094)
Derecognition – disposals				-
Reclassifications and transfers				-
Reclassifications to Assets Held for Sale				-
at 31 March 2021	63,070	16,960	6,691	86,721
<u>Accumulated Depreciation and Impairment</u>				
at 1 April 2020	(2,966)	(11,672)	-	(14,638)
Depreciation charge	(1,396)	-	-	(1,396)
Depreciation written out to the Revaluation Reserve	-	-	-	-
Reversal of Depreciation on transfer to AHFS	-	-	-	-
Derecognition – disposals	-	-	-	-
at 31 March 2021	(4,362)	(11,672)	-	(16,034)
<u>Net Book Value</u>				
at 31 March 2021	58,708	5,288	6,691	70,687
at 31 March 2020	52,448	5,288	6,691	64,427



Movements to 31 March 2020	Land & Buildings	Vehicles, Plant, & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2019	50,232	14,425	467	65,124
Opening Adjustment for Joint Ventures	(42)	548	-	506
Revised Balance	50,190	14,973	467	65,630
Additions	4,218	3,782	6,641	14,641
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,636	-	-	1,636
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition – disposals	(7)	(2,025)	-	(2,032)
Reclassifications and transfers	177	230	(417)	(10)
Reclassifications to Assets Held for Sale	(800)	-	-	(800)
at 31 March 2020	55,414	16,960	6,691	79,065
Accumulated Depreciation and Impairment				
at 1 April 2019	(2,736)	(9,318)	-	(12,054)
Opening Adjustment for Joint Ventures	24	(530)	-	(506)
Revised Balance	(2,712)	(9,848)	-	(12,560)
Depreciation charge	(1,447)	(3,695)	-	(5,142)
Depreciation written out to the Revaluation Reserve	1,073	-	-	1,073
Reversal of Depreciation on transfer to AHFS	111	-	-	111
Derecognition – disposals	9	1,871	-	1,880
at 31 March 2020	(2,966)	(11,672)	-	(14,638)
Net Book Value				
at 31 March 2020	52,448	5,288	6,691	64,427
at 31 March 2019	47,496	5,107	467	53,070

Included within the Land & Buildings figures above is the Force's headquarters (Wootton Hall Park) which was valued at £8.8m as at 31 March 2020 using the capital value per square feet. Whilst a market approach (or an income approach) is typically appropriate for office buildings, Wootton Hall Park is not a typical office building as it has been adapted for the Police's use with ancillary facilities. The size and nature of the property makes it difficult to find directly relevant comparators of recent sales transactions within Northamptonshire.

The new valuers appointed for 2020/21 have valued all properties independently and objectively as they see fit based on their professional knowledge and experience. The valuation methodology selected by the valuers is consistent with that used by the OPFCC and Group's previous valuers.

Accordingly, using a Direct Replacement Cost (DRC) valuation method could have been an alternative approach to value the asset at the year end. The value calculated using DRC would not be materially different from market approach. The capital values per square feet used in the valuation range from £35.25 to £106.83. As the overall value of this asset depends upon the per square feet values, an increase or decrease of 5% in these per square feet values would result in an increase or decrease in overall asset value by an amount of £425,000.



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

The OPFCC's final capital expenditure figure for Estates in Note 24 to the Accounts was £11.4m.

Note 19 - Impairment Losses

There were no impairment losses in 2020/21.

Note 20 - Assets Held for Sale

As the 31 March 2021, the OPFCC held 3 assets that are classified as Assets Held for Sale. These are properties at Kettering, Finedon (Thrapston Road) & Corby. One property was sold during 2020/21.

2019/20			2020/21	
OPFCC	Group		OPFCC	Group
£000	£000		£000	£000
1,881	1,881	Balance at Start of Year	2,421	2,421
(260)	(260)	Assets disposed of in year	(371)	(371)
800	800	Assets newly classified as Held for Sale	-	-
2,421	2,421	Total	2,050	2,050

Note 21 - Investment Properties

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

Note 22 - Leases

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

2020/21	Future Years Committed Expenditure			
	Land	Buildings	Equipment	Total
	£000	£000	£000	£000
Leases expiring in 2021/22	7	10	-	17
Leases expiring between 2022/23 and 2025/26	47	63	9	119
Leases expiring 2026/27 and after	99	134	-	233
	153	207	9	369



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

As at the end of 31st March 2020 and 2021, the group had no Finance Leases.

Note 23 - Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life. Amortisation of £0.713M was charged to revenue in 2020/21.

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

31 March 2020		31 March 2021	
OPFCC Total £000	Group Total £000	OPFCC Total £000	Group Total £000
Balance at start of year			
12,486	12,486	7,532	7,532
(10,253)	(10,253)	(6,064)	(6,064)
2,233	2,233	1,468	1,468
Net carrying amount at start of year			
1,296	1,296	-	-
(6,250)	(6,250)	(4,389)	(4,389)
-	-	-	-
(2,053)	(2,053)	(741)	(741)
6,242	6,242	4,389	4,389
1,468	1,468	727	727
Net carrying amount at end of year			
Comprising			
7,532	7,532	3,143	3,143
(6,064)	(6,064)	(2,416)	(2,416)
1,468	1,468	727	727
Total			



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

Note 24 - Capital Expenditure and Capital Financing

The capital financing requirement measures the OPFCC's need to borrow for a capital purpose. The following statement shows the effect of the OPFCC's capital investment decisions in 2020/21 upon the capital financing requirement. The minimum revenue provision increased to £0.857m, which was due to the OPFCC providing for a repayment of borrowing through revenue, which incorporates the repayments for the internal borrowing.

31 Mar 2020 OPFCC £000	31 Mar 2020 Group £000	Capital Expenditure and Capital Financing	31 Mar 2021 OPFCC £000	31 Mar 2021 Group £000
12,737	12,737	Opening Capital Financing Requirement	18,978	18,978
		Capital Investment:		
8,791	8,791	Property Plant and Equipment	17,166	17,166
1,296	1,296	Intangible Assets	-	-
-	-	- Assets Held for Sale	-	-
-	-	- Revenue Expenditure Funded from Capital Under Statute	-	-
-	-	- Other Capital Expenditure	-	-
10,087	10,087	Total Capital Spending	17,166	17,166
		Sources of Finance:		
(458)	(458)	Capital receipts	-	-
(474)	(474)	Government Grants and other contributions	-	-
		Sums set aside from revenue:		
(2,472)	(2,472)	- Direct revenue contributions	(5,217)	(5,217)
(442)	(442)	- Minimum revenue provision	(857)	(857)
(3,846)	(3,846)	Total Sources of Finance	(6,074)	(6,074)
18,978	18,978	Closing Capital Financing Requirement	30,070	30,070

Note 25 - Construction Contracts

At 31 March 2021 the OPFCC has one major construction contracts in progress, which was the Darby House refurbishment, with contractual payments of up to £2.553m expected (snagging and defects are included within this). This compares with 31 March 2020 when two construction contracts were in progress for a total of £1.227m, relating to £0.959m for Giffard House Fit Out and £0.268m for a replacement of Force Headquarters roof, both completed during the year.



Note 26 - Debtors

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

Total 31 March 2020 £000	Total 31 March 2021 £000
2,892 Council Tax	2,124
501 System Debtors	573
5,982 Income Accruals	9,236
3,361 Prepayments	2,999
2,777 VAT	2,596
(102) Bad Debt Adjustment	(102)
15,411 Total Debtors	17,426

Following a change in the Code of Practice, the format and categorisation of the debtors has been updated to align with the groups business practises.

Note 27 - Inventories

The following stocks were held as available for issue as at 31 March 2021:

Group	Vehicle Fuel		Operational		Uniforms		Total	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	148	82	96	130	309	334	553	546
Purchases	82	331	130	212	334	59	546	602
Recognised as an expense in the year	(148)	(82)	(96)	(130)	(309)	(334)	(553)	(546)
Balance Outstanding at Year End	82	331	130	212	334	59	546	602

Each total represents both Group and OPFCC balances.



Note 28 - Provisions

An independent evaluation of the Insurance Provision as at 31 March 2021 has identified a requirement of £1.728m for future year's potential claims, an increase of £0.212m.

2020/21	Insurance Provision £000	Total £000
Opening Balance	(1,516)	(1,516)
Increase in provision during year	(1,728)	(1,728)
Utilised during year	1,516	1,516
Unused in Year	-	-
Closing Balance	(1,728)	(1,728)

2019/20	Insurance Provision £000	Total £000
Opening Balance	(1,478)	(1,478)
Increase in provision during year	(1,516)	(1,516)
Utilised during year	1,478	1,478
Unused in Year	-	-
Closing Balance	(1,516)	(1,516)

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

The main assumptions and methodologies are:

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

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



Note 29 - Creditors

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

Total 31 March 2020 £000		Total 31 March 2021 £000	
(9,301)	System Creditors	(5,734)	
(5,365)	Expenditure Accruals	(11,149)	
(770)	Receipts in Advance	(999)	
(4,937)	Payroll Creditors	(2,427)	
(4,589)	Goods Received Not Invoiced	(4,589)	
(24,961)	Total Creditors	(24,898)	

Following a change in the Code of Practice, the format and categorisation of the creditors has been updated to align with the groups business practises.

Note 30 - Capitalisation of Borrowing Costs

The OPFCC elected not to capitalise its new borrowing costs.

Note 31 - Contingent Liabilities

Insurance

Our insurance consultants, Gallacher Heath, suggested the OPFCC do not have any Contingent Liabilities for 2020/21 resulting from our Insurance portfolio.

Note 32 - Contingent Assets

The OPFCC have no contingent assets for 2020/21.

Note 33 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements, which includes £1.08m within Note 40:

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
11,289	11,289	6,905	6,905
	Cash and Bank Balances		
11,289	11,289	6,905	6,905
	Total		



Note 34 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2019/20		2020/21	
OPFCC	Group	OPFCC	Group
£000	£000	£000	£000
-	(50)	-	(19)
	Interest received		
-	63	332	332
	Interest paid		
-	13	332	313
	Total		

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

2019/20		2020/21	
OPFCC	Group	OPFCC	Group
£000	£000	£000	£000
(4,820)	(4,820)	6,260	6,260
	Depreciation		
0	0	-	-
	Impairment and downward valuations		
(2,029)	(2,029)	(741)	(741)
	Amortisation		
(4,243)	(4,794)	63	63
	(Increase)/decrease in creditors		
8,668	8,668	2,015	2,015
	Increase/(decrease) in debtors		
(7)	(7)	56	56
	Increase/(decrease) in inventories		
697	(53,214)	(218)	(37,829)
	Movement in pension liability		
(401)	(401)	(351)	(351)
	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		
(1,500)	(1,500)	(205)	(205)
	Other non-cash movements charged to the surplus or deficit on provision of services		
(3,635)	(58,097)	6,879	(30,732)
	Total		

Note 35 - Cash Flow from Investing Activities

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

2019/20		2020/21	
OPFCC	Group	OPFCC	Group
£000	£000	£000	£000
10,079	10,079	(369)	(369)
	Purchase of property, plant and equipment, investment property and intangible assets		
-	-	-	-
	Purchase of short-term and long-term investments		
-	-	(2,500)	(2,500)
	Other receipts from investing activities		
10,079	10,079	(2,869)	(2,869)
	Net cash flows from investing activities		



The cash flows for investing activities include the following items:

2019/20		2020/21	
OPFCC £000	Group £000	OPFCC £000	Group £000
1,076	1,076	-	-
1,076	1,076 Total	-	-

Note 36 - Termination Benefits

Exit Package Cost Band (including Special Payments)	2019/20		2020/21		2019/20		2020/21	
	Number of Compulsory Redundancies FTE		Number of Other Departures Agreed FTE		Total Number of Exit Packages by Cost Band FTE		Total cost of Exit Packages in each Band £000	
£0 - £20,000	2	1	-	1	2	2	22	22
£20,001 - £40,000	-	1	-	2	-	3	-	77
£40,001 - £60,000	1	-	-	-	1	-	42	-
Total	3	2	-	3	3	5	64	99

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

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Group Pensions Revenue Items

Comprehensive Income and Expenditure	Local Government Pension Scheme				Police Pension Scheme		TOTAL			
	2019/20		2020/21		2019/20	2020/21	2019/20		2020/21	
	OPFCC	Group	OPFCC	Group	Group	Group	OPFCC	Group	OPFCC	Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net Cost of Services										
Current service cost	(567)	(11,633)	(499)	(9,145)	(36,340)	(31,420)	(567)	(47,973)	(499)	(40,565)
Unfunded	0	(3)	0	0	0	0	0	(3)	0	0
Past service cost	0	(52)	0	(1)	(4,750)	(170)	0	(4,802)	0	(171)
Net Operating Expenditure										
Interest Costs**	(139)	(6,482)	(131)	(5,229)	(34,000)	(29,300)	(139)	(40,482)	(131)	(34,529)
Expected return on employers assets**	87	3,951	90	3,517	0	0	87	3,951	90	3,517
Net Charge to the Income and Expenditure Account	(619)	(14,219)	(540)	(10,858)	(75,090)	(60,890)	(619)	(89,309)	(540)	(71,748)
Movement In Reserves										
Movement on Pensions Reserve	(619)	(14,216)	(2,017)	(44,640)	(75,090)	(94,300)	(619)	(89,306)	(2,017)	(138,940)
(Reversal of net charges made for retirement benefits in accordance with IAS 19)										
Actual amount charged against Council Tax (General Fund Balance) for pensions										
Contributions to the Scheme	276	5,318	320	6,287	12,778	8,432	276	18,096	320	14,719
Additional Contributions to the Pension Fund					16,952	12,684				

** 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 loss of £101.115m (gain of £148.251m in 2019/20) were included within other Comprehensive Income & Expenditure.

The estimated 2021/22 pension scheme contributions are £14.3m for the Police Pension Scheme and £5.285m 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	
	OPFCC	Group	OPFCC	Group	Group	Group
	31-Mar-20 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-21 £000
Opening Defined Benefit Obligation 1st April	(5,212)	(264,782)	(5,396)	(224,631)	(1,382,250)	(1,300,250)
Current Service Cost (net up for employee contributions)	(567)	(11,633)	(499)	(9,145)	(36,340)	(31,420)
Interest Cost	(139)	(6,482)	(131)	(5,229)	(34,000)	(29,300)
Contributions by Scheme Participants	(110)	(1,673)	(121)	(1,841)	(5,780)	(6,170)
Actuarial (Gains)/ Losses	607	55,665	(2,753)	(77,640)	111,370	(61,040)
Past Service (Costs)/ Gains	0	(52)	0	(1)	(4,750)	(170)
(Losses)/ Gains on Curtailments	0	0	0	0	0	0
Transfers in	0	0	0	0	(90)	0
Estimated Unfunded Benefits Paid	0	3	0	3	0	0
Estimated Benefits Paid	25	4,323	26	4,443	35,600	33,800
Closing Defined Benefit Obligation 31st March	(5,396)	(224,631)	(8,874)	(314,041)	(1,316,240)	(1,394,550)

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only:

	OPFCC	Group	OPFCC	Group
	31-Mar-20	31-Mar-20	31-Mar-21	31-Mar-21
	£000	£000	£000	£000
Pensions Asset 1st April	3,284	162,789	3,697	151,196
Expected Return on Assets	87	3,951	90	3,517
Contributions by Members	110	1,673	121	1,841
Employers Contributions (Incl Injuries) - excluding Top-Up Grant	276	5,318	320	6,284
Pension Fund Asset Split (Group to Single Entity)	0	0	0	0
Contributions in Respect of Unfunded Benefits	0	(3)	0	(3)
Actuarial Gains	(35)	(18,212)	956	37,571
Estimated Unfunded Benefits paid	0	3	0	3
Estimated Benefits Paid	(25)	(4,323)	(26)	(4,443)
Fair Value of Pensions Asset 31 March	3,697	151,196	5,158	195,966

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 £3.517m (£3.951m in 2019/20).

The OPFCC's total pension liability of £1,528.8m, reconciles to the Unusable Reserves within the Balance Sheet, 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:



	2019/20		2020/21	
	Local Government Pension Scheme		Police Pension Scheme	
	%	%	%	%
Expected Return on Assets				
Investments	16.3	26.9	n/a	n/a
Mortality Assumptions	yrs	yrs	yrs	yrs
Longevity at 65 for current pensioners				
Men	21.50	21.70	21.90	21.90
Women	23.70	24.10	23.60	23.60
Longevity at 65 for future pensioners				
Men	22.30	22.80	23.60	23.60
Women	25.10	25.80	25.20	25.20
Financial Assumptions	%	%	%	%
Rate of Inflation	1.80	2.80	2.00	2.40
Rate of Increase in Salaries	2.30	3.30	4.00	4.15
Expected Return on Assets	5.00	5.00	n/a	n/a
Rate for Discounting Scheme Liabilities (Gross)	2.30	2.05	2.25	2.00
Rate of Revaluation for CARE Pensions	n/a	n/a	3.25	3.65
Take up Option to Convert annual Pension into retirement Lump Sum	50	50	n/a	n/a

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

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

31-Mar-20	Description	31-Mar-21
%		%
83	Equity Investments	81
7	Bonds	10
8	Property	7
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.

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		Police Pension Scheme	
		2019/20	2020/21
Contributions Receivable			
Group			
From Employer			
	Normal	(13,334)	(14,263)
From Members			
	Early Retirements	(5,833)	(6,176)
Transfers In			
Individual Transfers in from other schemes		(115)	(163)
Benefits Payable			
Pensions		29,381	26,648
Commutations and lump sums retirement benefits		6,636	6,638
Other		11	0
Payments to and on account of leavers			
Refunds of Contributions		0	0
Individual Transfer Out from other schemes		29	0
Account to meet deficit/amount to the local policing body/Policing Operating Account in respect of the surplus for the year.		0	0
Sub-total for the year before transfer from CC of an amount equal		16,775	12,684
Additional funding payable by the CC to fund the deficit for the year		N/A	N/A
Net amount payable/receivable for the year		0	0.0

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

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2021.

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:	2020/21	31.0%
	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 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 entity is required by legislation to operate a pension fund and the amounts that must be paid into and paid out of the pension fund are specified by regulation.

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

Note 39 - Financial Instruments

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

The OPFCC has reconsidered its treatment of its managed portfolio of investments following clarification of the recommended practice and consultation with its fund managers. The investments are considered to be part of



a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. They are, therefore, held for trading and treated as Fair Value through Profit and Loss. The managed portfolio funds have been recalled during the year into the OPFCC bank accounts for internal borrowing purposes.

The OPFCC has the following financial instruments held in its balance sheet as at 31 March 2021:

OPFCC & Group	2019/20		2020/21	
	£000	£000	£000	£000
	Long Term	Current	Long Term	Current
Financial Liabilities				
Amortised Cost				
Borrowing	1,300	9,500	13,300	-
Fair Value through Profit and Loss				
Borrowing				
Creditors		28,066		23,596
Amortised Cost				
Financial Assets				
Fair Value through Profit and Loss				
Loans and Receivables				
Debtors and Prepayments		26,378		16,543
Cash in Hand				
Money Market Investments		10,677		10,677
Joint Venture Cash Balance		349		1,080

Gains on Financial Assets at Fair Value through the CIES were £0.664m during 2020/21.

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

All of the borrowings as at 31 March 2021 are held by the Public Works Loans Board and, therefore, represents negligible risk to default of the debt holder. As approved within the OPFCC's Treasury Management Strategy, the authorised limit for the fixed and variable debts are £20m.

Group Income, Expense, Gains and Losses Statement

	2019/20		2020/21		Total
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and Loss	
	£000	£000	£000	£000	
Interest expense					
Total expense in Surplus or Deficit on the Provision of Services			63	63	332
Interest income			(50)	(50)	(19)
Total income in Surplus or Deficit on the Provision of Services			13	13	313
Surplus/deficit arising on revaluation of financial assets in Other CIES			0	0	351
Net gain/(loss) for the year			13	13	664



Fair Values of Assets and Liabilities

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

- Estimated interest rates at 31 March 2021 for new loans through PWLB are between 1.08% and 1.79%, based on new lending rates for equivalent loans at that date (10 year & 25 year rates)
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less cost of collection by third party agency if applicable.

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

	2019/20		2020/21	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
Loans	10,800	11,283	13,300	12,987

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

Long term assets are held at face value as a reflection of a fair approximation of fair value as at 31 March 2021.

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

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

Liquidity Risk

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

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



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

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

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

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

Period	Upper Limit	Actual 2020/21	Lower Limit
Under 12 months	0%	0.00%	0%
12 months to 10 years	66%	5.26%	0%
10 years and above	95%	94.74%	0%

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

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

In accordance with the Prudential Code, and as a result of the credit crisis, in order to minimise the OPFCC's risk to investments, the Treasury Management Strategy sets the limits to which principals are invested for greater than one year. However, the OPFCC is within these limits as no investment was greater than 364 days as at 31 March in either 2020/21 or 2019/20.

Money Market Investments are made with a spread of periods, from overnight to one year, using the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors - forming the core element. The minimum credit rating criteria for investment counterparties is Short Term F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating) with the lowest available rating being applied to the criteria. The OPFCC only invests in highly rated bodies, which hold smaller risk levels than some higher yield institutes. The maximum risk the OPFCC held in one institute within 2020/21 was £5m.

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



5/10/40 rule – Good diversification

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

Developed major government bonds – Seeking higher yielding assets

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

Short positions using derivatives

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

Corporate Bond Exposure

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

Emerging Market Sovereign Debt

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

Foreign Exchange

This is the active management of currency exposure.

The organisations maximum exposure to credit risk in relation to its investments in banks and building societies of £5.82m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the organisations deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

Summary

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

Debtors and Prepayments

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



Outstanding invoices can be analysed by age as follows:

Age of Trade Debts	2019/20 £000	2020/21 £000
0-14 Days	174	105
15-30 Days	332	465
31-60 Days	270	180
61-90 Days	8	178
91+ Days	269	313
Total	1,052	1,241

Whilst reviewing its debtors portfolio the OPFCC has provided against £0.102m within 2019/20 and also £0.102m in 2020/21.

Cash In Hand

The OPFCC's cash-in-hand position of £0.002m within 2020/21 and £0.004m at 2019/20 is as a result of the tight financial controls and positive cash management strategy in place. This deposit is held with a well-recognised financial institution with a high credit rating. The levels of risk are, therefore, negligible. However, the maximum level of risk would be the full cash-in-hand balance, which is monitored on a daily basis to maintain it is less than £100k at any given point, which would, therefore, represent the maximum liability faced by the OPFCC.

Interest rate risk

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

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

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

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

Price risk

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

Foreign exchange risk

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

Nature and Extent of Risks Arising from Financial Instruments

Financial Liabilities

Financial liabilities are carried in the Balance Sheet at amortised cost. The OPFCC has carefully considered the nature of its borrowing activities in relation to the recommended practice. It is recommended that annual charges to the Income and Expenditure Account for interest payable be based on the carrying amount of the



liability multiplied by the effective interest rate of the instrument. The OPFCC has fixed rate loans and some variable rate loans:

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

Financial Assets

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

Gains and Losses from Financial Assets and Liabilities

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

Credit Risk Exposure

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

Treasury Management Policy

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

Liquidity Risk Exposure

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

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

Market Risk Exposure

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



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

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

2019/20 £000	2020/21 £000
9,500 Not more than 2 years	0
- More than 2 years less than 5 years	0
700 More than 5 years less than 10 years	12,700
600 More than 10 years	600
10,800 Total Long Term Borrowing	13,300

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

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Note 40 - Joint Operations & Associate Entities

Joint Operations

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

2019/20					2020/21				
Net Op Exp £000	Income £000	Surplus/ (Deficit) £000	Ownership %	Arrangement	Ownership %	Net Op Exp £000	Income £000	Surplus/ (Deficit) £000	
273	(270)	3	14.80%	EM Legal Services	14.80%	289	(286)	3	
604	(616)	(12)	50.00%	EM Strategic Commercial Unit	50.00%	267	(267)	-	
115	(115)	-	14.80%	EM Major Crime	14.80%	127	(128)	(1)	
2,761	(2,758)	3	14.80%	EM Serious Organised Crime	14.80%	4,009	(4,004)	5	
139	(138)	1	18.90%	EM Criminal Justice	18.90%	124	(127)	(3)	
54	(71)	(17)	29.20%	EM Operational Support Services	29.20%	-	-	-	
260	(260)	-	14.80%	EM Occupational Health Unit	14.80%	291	(288)	3	
1,446	(1,413)	33	14.80%	EM Forensics	14.80%	1,418	(1,513)	(95)	
471	(462)	9	17.11%	EM Learning & Development	17.11%	298	(297)	1	
1,664	(1,664)	-	22.12%	Multi-Force Shared Services	22.12%	1,604	(1,604)	-	
-	-	-	50.00%	Mint	50.00%	263	(226)	37	
75	(129)	(54)	16.01%	ESN	16.01%	69	-	69	
273	(254)	19	29.20%	SOT	29.20%	310	(317)	(7)	
8,135	(8,150)	(15)		Total		9,069	(9,057)	12	

Associate Entities

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

Voice for Victims and Witnesses

2019/20					2020/21				
Net Op Exp £000	Income £000	Surplus/ (Deficit) £000	Ownership %	Voice for Victims and Witnesses	Ownership %	Net Op Exp £000	Income £000	Surplus/ (Deficit) £000	
368	(202)	166	100.00%	Cost of Services	100.00%	1,809	(1,814)	(5)	
-	-	32		Remeasurement of the net defined benefit liability / asset		-	-	-	
368	(202)	198		Total Comprehensive Income & Expenditure		1,809	(1,814)	(5)	
		(166)		MIRS - CIES to Unusable Reserve				5	
		9		Balance Sheet - Debtors				34	
		(283)		Balance Sheet - Creditors				(73)	
		274		Balance Sheet - Cash and Cash Equivalents				38	
		198		Balance Sheet - Pension Liability				193	
		198		Net Assets				193	
		(198)		Balance Sheet - Pension Reserve				(193)	
		(198)		Net Reserves				(193)	



Joint Operations – Movement in Reserves

2020/21	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2020	-	(617)	(617)	(1,240)	(1,857)
Movement in reserves during 2020/21					
(Surplus) or deficit on the provision of services	7	-	7	-	7
Other Comprehensive Income / Expenditure	-	-	-	(5)	(5)
Total Comprehensive Income and Expenditure	7	-	7	(5)	2
Adjustments between accounting basis and funding basis under regulations	40	-	40	(40)	-
Net Increase or Decrease before Transfers to Earmarked Reserves	47	-	47	(45)	2
Transfers to / from Earmarked Reserves	(47)	47	(0)	-	(0)
Increase or Decrease in 2020/21	-	47	47	(45)	2
Balance at 31 March 2021	-	(570)	(570)	(1,285)	(1,855)

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

Joint Operations – Comprehensive Income and Expenditure Statement

Expenditure	2019/20			2020/21		Net
	£000	£000		£000	£000	
8,503	(8,352)	151	Collaboration & Regional	10,878	(10,866)	12
8,503	(8,352)	151	Cost of Services	10,878	(10,866)	12
0	0	0	Other Operating Expenditure	0	0	0
0	0	0	Financing and Investment Income and Expenditure	0	0	0
0	0	0	(Surplus) or Deficit on Discontinued Operations	0	0	0
0	0	0	Taxation and Non Specific Grant Income	0	0	0
8,503	(8,352)	151	(Surplus) or Deficit on Provision of Services	10,878	(10,866)	12

0 (Surplus) or deficit on revaluation of Property, Plant and Equipment	(5)
32 Remeasurement of the net defined benefit liability / asset	0
32 Other Comprehensive Income and Expenditure	(5)
183 Total Comprehensive Income and Expenditure	7



Joint Operations – Balance Sheet

2019/20 £000		2020/21 £000
1,490	Property, Plant and Equipment	1,572
44	Intangible Assets	14
1,534	Long Term Assets	1,586
-	- Assets Held for Sale	-
-	- Inventories	-
983	Short Term Debtors	883
623	Cash and Cash Equivalents	1,080
1,606	Current Assets	1,963
(1,085)	Short-Term Creditors	(1,502)
	Provisions	
(1,085)	Current Liabilities	(1,502)
-	- Provisions	-
(198)	Long Term Liabilities	(193)
(198)	Long Term Liabilities	(193)
1,857	Net Assets	1,854
(617)	Usable Reserves	(570)
(1,240)	Unusable Reserves	(1,285)
(1,857)	Total Reserves	(1,855)



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 2021/22 financial statements in respect of accounting changes introduced in the 2021/22 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 2020/21 Statement of Accounts.

Note 42 - Restatements

The statement of accounts includes one restatement that has taken place in preparation of the 2020/21 Statement of Accounts for the OPFCC accounts and associated group accounts.

This relates to an adjustment of £1.035m on the brought forward comparatives compared to the amounts included in the audited 2019/20 statement of accounts, reflecting a correction in the accounting of the joint ventures in which the OPFCC has an interest in and therefore impacts on both the single entity accounts and associated group accounts. The core statements and notes to the accounts impacted are outlined below.



Core Statement Impacted – EFA

2019/20 (from audited SoA)			Group	Restated 2019/20 (from 2020/21 SoA)			Change Net Expenditure Chargeable to CIES £000	Change Adjustments £000	Change Net Expenditure as per CIES £000
Net Expenditure Chargeable to CIES £000	Adjustments £000	Net Expenditure as per CIES £000		Net Expenditure Chargeable to CIES £000	Adjustments £000	Net Expenditure as per CIES £000			
125,999	13,181	139,180	Policing Services	125,999	12,146	138,145	-	(1,035)	(1,035)
6,673	4,457	11,130	OPFCC & Commissioning	6,673	4,457	11,130	-	-	-
	4,802	4,802	Non-Distributed Costs		4,802	4,802	-	-	-
132,672	22,440	155,112	Cost of Services	132,672	21,405	154,077	-	(1,035)	(1,035)
			JV Outturn						
(151)	151	-	Surplus/Deficit	(151)	151	-	-	-	-
			Transfer Financial						
			Statements						
			CC Surplus Transfer						
-	-	-	Financial	-	-	-	-	-	-
			Statements						
(136,714)	37,396	(99,318)	Other Income and	(136,714)	37,396	(99,318)	-	-	-
			Expenditure						
(4,193)	59,987	55,794	Surplus or Deficit	(4,193)	58,952	54,759	-	-	-
			on the Provision of						
			Services						
(12,774)			Opening Combined	(12,774)			-	-	-
			General Fund						
			Balance						
			Surplus or Deficit on						
			the General Fund						
(4,193)			Transfers to/from	(4,193)			-	-	-
			other Reserves						
(16,967)			Closing Combined	(16,967)			-	-	-
			General Fund						



Core Statement Impacted – CIES

2019/20 (from audited SoA) 2019/20			Group	Restated 2019/20 (from 2020/21 2019/20			Change 2019/20	Change 2019/20	Change 2019/20
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000			
170,503	(33,393)	137,110	Policing Services Police, Fire & Crime	171,538	(33,393)	138,145	1,035	-	1,035
10,940	(1,188)	9,752	Commissioner	10,940	(1,188)	9,752	-	-	-
2,830	(1,452)	1,378	Commissioning Non-Distributed	2,830	(1,452)	1,378	-	-	-
4,802	-	4,802	Costs	4,802	-	4,802	-	-	-
189,075	(36,033)	153,042	Cost of Services	190,110	(36,033)	154,077	1,035	-	1,035
126,609	(126,609)	-	Intra-Organisational Adjustment	126,609	(126,609)	-	-	-	-
1,209	(101)	1,108	Other Operating Expenditure (Note 7)	1,209	(101)	1,108	-	-	-
36,599	(50)	36,549	Financing and Investment Income and Expenditure (Note 8)	36,599	(50)	36,549	-	-	-
-	(136,975)	(136,975)	Taxation and Non- Specific Grant Income (Note 9)	-	(136,975)	(136,975)	-	-	-
353,492	(299,768)	53,724	Surplus or Deficit on Provision of Services	354,527	(299,768)	54,759	1,035	-	1,035
		(1,636)	Surplus or Deficit on Revaluation of Non- Current Assets			(1,636)			-
		(148,790)	Actuarial Gains/Losses on Pension Schemes			(148,790)			-
		(150,426)	Other Comprehensive Income and Expenditure			(150,426)			-
		(96,702)	Total Comprehensive Income and Expenditure			(95,667)			1,035



Core Statement Impacted – Cashflow

2019/20			Restated 2019/20 (from 2020/21 SoA)		Change	
OPFCC £000	Group £000		OPFCC £000	Group £000	OPFCC £000	Group £000
1,332	55,794	Net Surplus/Deficit on Provision of Services	297	54,759	1,035	1,035
(4,670)	(59,132)	Adjustments to net surplus/deficit on the provision of services for non cash movements (Note 34)	(3,635)	(58,097)	(1,035)	(1,035)
1,076	1,076	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities (Note 34)	1,076	1,076	-	-
(2,262)	(2,262)	Net cash flows from Operating Activities	(2,262)	(2,262)	0	0
10,079	10,079	Investing Activities (Note 35)	10,079	10,079	-	-
(9,500)	(9,500)	Financing Activities	(9,500)	(9,500)	-	-
(1,683)	(1,683)	Net (increase) or decrease in cash & cash equivalents	(1,683)	(1,683)	-	-
9,606	9,606	Cash & cash equivalents at the beginning of the reporting period	9,606	9,606	-	-
11,289	11,289	Cash & cash equivalents at the end of the reporting period	11,289	11,289	-	-

Note to the Accounts Impacted - Note 5C - Expenditure and Income Analysed by Nature

2019/20		Nature of Expenditure or Income	2019/20		Change	
OPFCC £000	Group £000		OPFCC £000	Group £000	OPFCC £000	Group £000
Expenditure						
6,890	146,859	Employee Benefit Expenses	6,890	146,859	-	-
8,281	36,199	Other Services Expenses	9,316	37,234	(1,035)	(1,035)
7,051	7,051	Depreciation, amortisation, Impairment	7,051	7,051	-	-
57	36,599	Interest Payments	57	36,599	-	-
-	1,253	Precepts and Levies	-	1,253	-	-
(43)	(43)	Gains/losses on the Disposal of Non-Current Assets	(43)	(43)	-	-
22,236	227,918	Total Expenditure	23,271	228,953	(1,035)	(1,035)
126,609	-	Intra Company Adjustment (Expenditure)	126,609	-	-	-
148,845	227,918	Total Expenditure (Including Intra Company)	149,880	228,953	(1,035)	(1,035)
Income						
(10,442)	(17,831)	Fees, Charges and Other Service Income	(10,442)	(17,831)	-	-
-	(50)	Interest and Investment Income	-	(50)	-	-
(61,452)	(61,452)	Income from Council Tax, Non-Domestic Rates, district rate income	(61,452)	(61,452)	-	-
(76,654)	(93,826)	Government Grants and Contributions	(76,654)	(93,826)	-	-
(148,548)	(173,159)	Total Income	(148,548)	(173,159)	0	0
-	-	Intra Company Adjustment (Income)	-	-	-	-
(148,548)	(173,159)	Total Income (Including Intra Company)	(148,548)	(173,159)	0	0
297	54,759	Surplus or Deficit on the Provision of Services	1,332	55,794	(1,035)	(1,035)



ACCOUNTING POLICIES

1) Introduction

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

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

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

2) Going Concern

In constructing the Going Concern position, the OPFCC 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 Police, Fire and Crime Commissioner for Northamptonshire will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2020/21) 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 July 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 July 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 £20.7m at the end of July 2022. The agreed approach is 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 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 2020/21 financial statements as a going concern.



3) Recognition of Income and Expenditure

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

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

In particular:

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

4) Financial Instruments

Financial Liabilities

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

Financial Assets

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

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

5) Government Grants and Contributions

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



6) 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.

7) Tangible Fixed Assets Recognition

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

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

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

Measurement

Wilks Head & Eve LLP, 3rd Floor, 55 New Oxford Street, London, WC1A 1BS were appointed as valuers to the OPFCC and Group with effect from the 2020/21 financial year.

The Land and buildings portfolio is revalued over a five year period as directed by the Northamptonshire PFCC, and in accordance with good practice a rolling programme of revaluation of at least one fifth of the property portfolio each year has been undertaken from 1 April 2017. The programme is annually reviewed to ensure key properties of significance are included in the valuation if changes in policy have taken place which would make revaluation appropriate for that year.

Given the appointment of new valuers, the OPFCC instructed them to revalue all properties for 2020/21 and the five year rolling programme will recommence from 2021/22.

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

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



The latest revaluation was carried out on 31 March 2021. All valuations are in accordance with Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ensuring compliance with the CIPFA Code as modified by IFRSs.

Depreciation and Amortisation

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

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

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

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

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

Impairment Losses

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

Disposals

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

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

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

Componentisation



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

The criteria for componentisation are as follows:

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

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

8) 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.

9) Stocks and Stores

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

10) Reserves

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

11) Provisions

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

12) Investments

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



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

13) Transactions relating to Retirement Benefits

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

The group participates in two pension schemes:

The Police Pension Scheme for Police Officers

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

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

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

Also, from 1 April 2006, each OPFCC was required by legislation to operate a Pension Fund Account. The amounts that must be paid into and out of the account are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension account from which pension payments are made. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the OPFCC must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the OPFCC, which then must repay the amount to central government.

The Local Government Pension Scheme for civilian employees

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

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

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



recognised in the Comprehensive Income and Expenditure Statement. The neutralising entry is within Adjustments made between Accounting Basis and Funding Basis under Regulations.

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

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

14) 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.

15) Joint Arrangements

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

16) Value Added Tax

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

17) Contingent Assets and Contingent Liabilities

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

18) Exceptional Items and Prior Period Adjustments

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

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

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



19) 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.

20) Accounting Convention

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

21) 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.

22) 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.

23) 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.

24) Employee Benefits

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



25) 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.

26) 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.

27) Termination Benefits

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

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

28) 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. As at 31st March 2021, the PFCC held a 50% share in Mint Commercial LLP which is detailed along with the other Joint Ventures in Note 40.



GLOSSARY OF TERMS

Accounting Period

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

Accrual

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

Agency Arrangements

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

Budget

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

Capital Expenditure

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

Capital Financing Requirement

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

Capital Receipts

These are proceeds from the sale of capital assets.

CIPFA

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

Contingent Liabilities

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

Corporate Democratic Core

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

Council Tax

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



Creditors

Individuals or organisations to whom the OPFCC owes money.

Current Assets and Liabilities

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

Debtors

Individuals or organisations who owe the OPFCC money.

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Earmarked Reserves

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

Employee Costs

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

Finance Lease

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

International Financial Reporting Standards (IFRS)

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

Fixed Assets

These consist of: -

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

Formula Grant Distribution System

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



IAS 19 Retirement Benefits

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

Impairment

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

Interest Income

The money earned from the investment of surplus cash.

Net Book Value

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

Non-Distributed Costs

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

Operating Lease

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

Outturn

The actual amount spent in the financial year.

Payments in Advance

These represent payments made prior to supplies and services received.

Pension – Defined Benefit Scheme

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

Pension Assets – Expected Rate of Return

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

Pension – Interest Costs

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

Pension – Past Service Costs

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



Pension Fund

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

Pensions Top-Up Grant (PTUG)

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

Precept

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

Provision

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

Prudential Code

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

Public Works Loan Board (PWLB)

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

Receipts in Advance

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

Receipts and Payments

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

Retirement Benefits

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

Revenue Contributions

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



AUDIT REPORT

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

DRAFT