

Amendments following Audit, highlighted in yellow.



Warwickshire
POLICE

Chief Constable of Warwickshire Police

Statement of Accounts

2021/22

THE CHIEF CONSTABLE OF WARWICKSHIRE POLICE

STATEMENT OF ACCOUNTS 2021/22

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Message from Debbie Tedds, Chief Constable of Warwickshire Police

“This financial year ends in a very different place to where it started. Around Warwickshire, and indeed around the world, communities and organisations are starting to undertake face-to-face activities again after two long years of Covid-19 lockdowns and restrictions. This brings excellent opportunities to demonstrate the Peelian principles of the police – it is a welcome return to be able to connect with the diverse range of people living, working and travelling to and from Warwickshire in person again, showing the human side of policing and securing trust, co-operation and respect to prevent crime and keep people safe.

There’s nothing better than face-to-face activity to support community engagement and, internally, to support team development, rapport and problem-solving; however, this year has been one of significant technological development for the force as well.

We have made a substantial and successful change to our Operations and Communications Centre (OCC) this year – moving our control room to a new, purpose-built space, which features the latest software and technology. This investment is instrumental in helping us to develop more efficient and effective ways to ensure the right service is offered to the public first time and enable us to meet the needs of modern-day policing in new and innovative digital ways.

We’ve also taken huge technological strides through our Evolve change programme this year – moving to a new standalone IT system required after the end of the strategic alliance with West Mercia Police. This major programme of work saw us migrate 3,000 email mailboxes, almost 30 sites and apps, install 400 new servers and networks, set up 1,500 new mobile phones, 1,500 new laptops and upgrade a further 1,900 laptops. Equipping our workforce and volunteers with the kit they need is only the beginning of our ambition to re-imagine the way we work, embrace innovative technology and new capabilities, improve efficiency and effectiveness and respond to ever-changing priorities and demand.

Through our new Empower change programme and with the welcome support by the Police and Crime Commissioner (PCC), this year has also seen major investment in our people. We are currently well on the way to having a workforce of 1,100 police officers, the highest ever numbers in our force’s history. The scale of recruitment brings huge opportunities, not least in enabling us to strengthen local policing, public protection and prevention. It increases our diversity, brings in new skills and new ways of thinking, enables us to test and improve our ways of working so we are all, collectively, fit for the future.

In terms of crime volumes, we, along with all other forces in the UK, have seen an increase in recorded crime in 2021-2022. We anticipated this as Covid restrictions were lifted and crime volumes started to return to pre-pandemic levels. However, the increase in total recorded crime was at a lower rate than both the wider region and all England and Wales forces. Aligned to the national picture, we have experienced changing crime patterns during the post Covid-19 period. While the likes of burglary and vehicle **crime have** decreased, we have seen increases in public order offences and assault without injury which includes malicious communication offences.

In this Platinum Jubilee year, I’m extremely proud of what the force has achieved, and I’m excited for our future. The year ahead will come with its own challenges, not least with the high levels of demand coming at a time while we continue to adjust to new recruitment routes, impacting on abstractions, in order to ensure we reach our increased officer numbers.

Alongside the PCC, we will carry out a series of engagement seminars with all officers, staff and volunteers this summer. We will reflect on what we’ve achieved collectively, in challenging circumstances, in the last 12 to 24 months. And we will talk about how our investment in people and

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technology will enable us to serve the people of Warwickshire with excellence and pride - putting the public at the heart of everything we do - for many years to come.”

Introduction

This explains the structures and governance arrangements of the PCC and Chief Constable as well as a summary of financial and non-financial performance of Warwickshire Police during 2021/22.

The Policing landscape continues to be increasingly complex and challenging. 2021/22 saw an ongoing response to the Covid-19 pandemic, whilst the process of recruiting significant numbers of officers as part of the national uplift programme entered the second year of three. The Force continued to transition the remaining services, which were shared or hosted with West Mercia Police, across to Warwickshire, including migrating applications and transferring data onto the new ICT infrastructure. 2022 also saw the new Operational Control Centre (OCC) based at Stuart Ross House go live. Similar to 2020/21 this has brought a number of financial pressures, which the PCC has financed and which covered in this report.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years and contains the following sections:

1. Strategy and Structure including an explanation of the PCC and Group
2. PCC and force governance
3. Our workforce
4. Financial performance
5. Police performance
6. Coronavirus (Covid-19) pandemic
7. Corporate risks and uncertainties
8. Conclusion and acknowledgements

1. Strategy & Structure

The Police and Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Policing Protocol Order 2011 is issued in accordance with the requirements of the Police Reform and Social Responsibility Act 2011, the legislation that enabled the creation of the role of Police and Crime Commissioners (PCCs) in 2012. The Protocol sets out to all PCCs, Chief Constables, and Police and Crime Panels how their functions are exercised in relation to each other and clarifies the Home Secretary's role, responsibilities, and powers. The Protocol includes the legal powers and duties of PCCs, including: -

- Scrutinise, support, and challenge the overall performance of the force, including against the priorities agreed within the Police and Crime Plan
- Hold to account the Chief Constable for the performance of the force's officers and staff
- Maintain an efficient and effective police force for the police area
- Hold the Chief Constable to account for the exercise of the functions of the office of Chief Constable, and the functions of the persons under the direction and control of the Chief Constable
- Publish information specified by the Secretary of State and information that the PCC considers necessary to enable the people who live in the force area to assess the performance of the PCC and Chief Constable

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- Monitor all complaints made against officers and staff, whilst having responsibility for complaints against the Chief Constable

Of note in the Protocol is that the Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, their constables, and staff remain operationally independent in the service of the communities that they serve.

The PCC for Warwickshire is elected every four years, although the May 2020 elections were postponed by twelve months to May 2021, due to the coronavirus pandemic. The term following that election will as a result be for a three year period. Given the statutory responsibilities of the PCC outlined above, these PCC and group accounts focus on the discrete activities which are the direct responsibility of the PCC including community safety and commissioning services for victims and witnesses of crime, as well as the 'PCC group' which includes all aspects of operational policing under the direction and control of the Chief Constable. The Chief Constable produces a separate set of accounts which explains how the resources provided by the PCC have been used to deliver the operational policing services across Warwickshire. The original net revenue budget for 2021-22 was £114.233m, with £2.618m (net) being under the direct control of the PCC.

As the elected representative of the county's residents, this provides the PCC with a mandate to oversee and direct how crime and community safety is addressed in the county, in addition to setting the strategic priorities for Warwickshire Police to create a safer, more secure Warwickshire by holding the Chief Constable to account for the force's delivery of its operational policing and public protection responsibilities. The PCC is the custodian of the public finances available for Warwickshire Police and for the commissioning of services to address crime and its impact in the county. Philip Seccombe was first elected to the position of the Warwickshire PCC in May 2016, and was re-elected for a second term in May 2021. Following his re-election his new term of office comes with the statutory responsibility of preparing a new Police and Crime Plan which ensures police and other community safety partners are focussed on the issues which are of greatest concern to the public across Warwickshire. This was approved and published for the period 2021-2025 by the end of March 2022. To gain a full understanding of the public's priorities, an extensive online and telephone survey was carried out across a representative sample of respondents from all parts of the county, supplemented by feedback from the budget consultations of 2020 and 2021, in addition to further feedback from key partners, the Chief Constable, victims of crime, the county council's "You Say" survey in 2020 and the Crime survey of England and Wales. This evidence was used to assess perceptions of policing within Warwickshire, as well as identifying the key issues in communities that required greater focus.

All of the research was rigorously analysed to ensure there was a strong evidence base to draw conclusions from. It means that the new plan for 2021-25 is carefully derived from the priorities highlighted by the public and aligned with the expert opinions of those involved in the frontline of community safety.

The five priorities of the new plan are:

1. Fight crime and reduce reoffending
2. Deliver visible and effective policing
3. Keep people safe and reduce harm
4. Strengthen Communities

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5. Deliver better justice for all.

Each priority has an additional three areas of focus to direct activity. The draft plan was presented to the Warwickshire Police and Crime Panel for feedback, prior to the finalised version being published in March 2022. It can be viewed at: www.warwickshire-pcc.gov.uk/police-and-crime-plan/

In a similar vein to tracking performance against the priorities of the last Police and Crime Plan, progress in achieving the five aims identified in the new plan will be well-documented in the PCC's annual report and at public Police and Crime Panel meetings, although the ongoing accomplishment of these objectives will be through continued effective partnership working at all levels, not just with the force as its key partner, but also by working closely with Local Authorities and Community Safety Partnerships (CSPs), other key local stakeholders, and a variety of national and regional partnerships, and this remains consistent.

Warwickshire has a number of effective partnerships in place at local, regional and national levels, and is committed to considering any new opportunities for collaborative and partnership working. This approach has been successful in delivering a number of benefits to local communities in Warwickshire and also enables the Home Secretary's national strategic policing requirement to be addressed, which is identified as:

- Terrorism;
- Serious and organised crime;
- Cyber security;
- Threats to public order that cannot be tackled by one force alone;
- Civil emergencies requiring an aggregate response; and
- Child sexual abuse

2. PCC and force Governance

The PCC and Chief Constable are both responsible for ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. They have legislative responsibilities to make arrangements to secure continuous improvement and value for money in the way functions are exercised, having regard to a combination of economy – spending less, efficiency – spending well, effectiveness – spending wisely and also equity – spending fairly.

In discharging this overall responsibility, the PCC and Chief Constable are responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC and Chief Constable have approved a joint corporate governance framework, which includes detailed finance and contract procedures, the approved scheme of delegation and also outlines the governance related aspects of risk management activities. They are required to formally review the governance arrangements annually, and these are published on the website. The joint corporate governance framework is reviewed by key stakeholders in the force and OPCC, considered by the Joint Audit and Standards Committee and then approved in March each year, to ensure that the arrangements adequately reflect current and best practise. The framework includes the main financial management standards which includes, financial resilience, greater financial

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responsibility across the organisation, support for finance professionals and the role of finance to provide a catalyst for improvement. The Annual Governance Statement (AGS) outlines a number of governance issues that require addressing in 2022/23, as follows:

- To progress the Empower workstreams of – technology, place, and people. To ensure that the recommendations from the reviews are implemented in an efficient and cost effective way to enhance service provision.
- To continue to monitor the risks and seize opportunities arising from the national contractor vetting service offering.
- To drive out efficiencies from the recent significant investments in ICT and continue the transformation of Warwickshire Police.
- To recommission effective services that are fit for purpose and meet the needs of victims.
- To explore all opportunities for bidding for additional funding to support services to meet police and crime plan priorities.
- To ensure that the uplift recruitment targets are achieved of 55 officers in 2022/23.
- To continue to build good working relationships with partners.

The joint AGS is published alongside the Accounts and provides a detailed explanation of the PCC and force's governance framework, and how they have complied with that framework over the last twelve months. A key element of the governance arrangements is the Joint Audit and Standards Committee who serve the PCC and Force. The Committee generally meets on a quarterly basis and receives various reports on performance monitoring, internal and external audit, financial monitoring, strategies and policies, risk management and strategic risk registers and other general governance and financial issues. The Committee has agreed terms of reference which are reviewed annually and provides scrutiny and challenge to provide some assurance to the PCC and Chief Constable on these matters. The Committee have also developed a working relationship with the Police and Crime Panel with members of each Committee regularly attending both meetings to provide oversight, awareness of common issues, and to avoid duplication in their work.

The Police and Crime Panel (PCP), composes of locally elected councillors and independent members, who hold the PCC to account through a process of scrutiny and review, which includes scrutinising the Police and Crime Plan including performance monitoring against its priorities, the annual budget and the precept. The panel meets formally in open session several times throughout the year. The Panel also has two working groups – performance and finance - who meet separately, at least quarterly, to undertake their role to provide deeper levels of scrutiny and challenge. Whilst establishing openness in the conduct of police business the intention is that the PCP supports the OPCC in the effective exercise of their functions. Their statutory responsibilities include:

- Review the Police and Crime Plan to ensure local priorities have been considered;
- Consider the PCC's annual report, which sets out the PCC's activities and achievements in the previous year;
- Scrutinising the decisions and actions of the PCC;
- Consider the draft policing budget and policing precept;

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- Hold hearings when the PCC proposes to appoint a new Chief Constable, a Deputy PCC and other senior staff;
- Handle complaints against the PCC or the Deputy PCC.

Further details on the role, responsibility and powers of the PCP can also be found on the PCC's website.

The PCC recruited a new Chief Constable – Debbie Tedds in June 2021 following the retirement of the former Chief Constable Martin Jelley. She is the first female Chief Constable in Warwickshire in the force's 160 year history, and heads up an expanded Warwickshire force with officer numbers expected to total some 1,100 by the end of March 2023.

The Chief Constable continued to support the force's 'Fit for the Future' Strategy which sets out an ambitious agenda for the force up to 2025. All remaining services either hosted or shared under the former alliance were transitioned to their new operating model during 2021/22, within the revised budget and within the anticipated timeframes and the Evolve project has been closed at the end of March 2022. This represented a significant achievement and the benefits from this are already beginning to be seen across the organisations. Further work will be undertaken in 2022/23 and beyond to realise further benefits across the technology we use, the estate and resources we consume and occupy and to develop a new operating model for the force that is fit for the future and meeting the surging demand.

The three key themes of the 'Fit for the Future' strategy are as follows:

- Prevent and Protect – by working proactively to reduce crime and the harm experienced by our communities, particularly the most vulnerable.
- Respond and Reassure – to ensure public confidence in Warwickshire police by delivering a high quality service to all.
- Effective and Efficient – the delivery of first class operational policing is underpinned by first class organisational support services.

The strategy and achievement of the main aims is based on the continuing adherence to the vision and values. These are shown pictorially in diagram 1 below, which sets out how our ambition, values and code of ethics support our vision to protect people from harm.

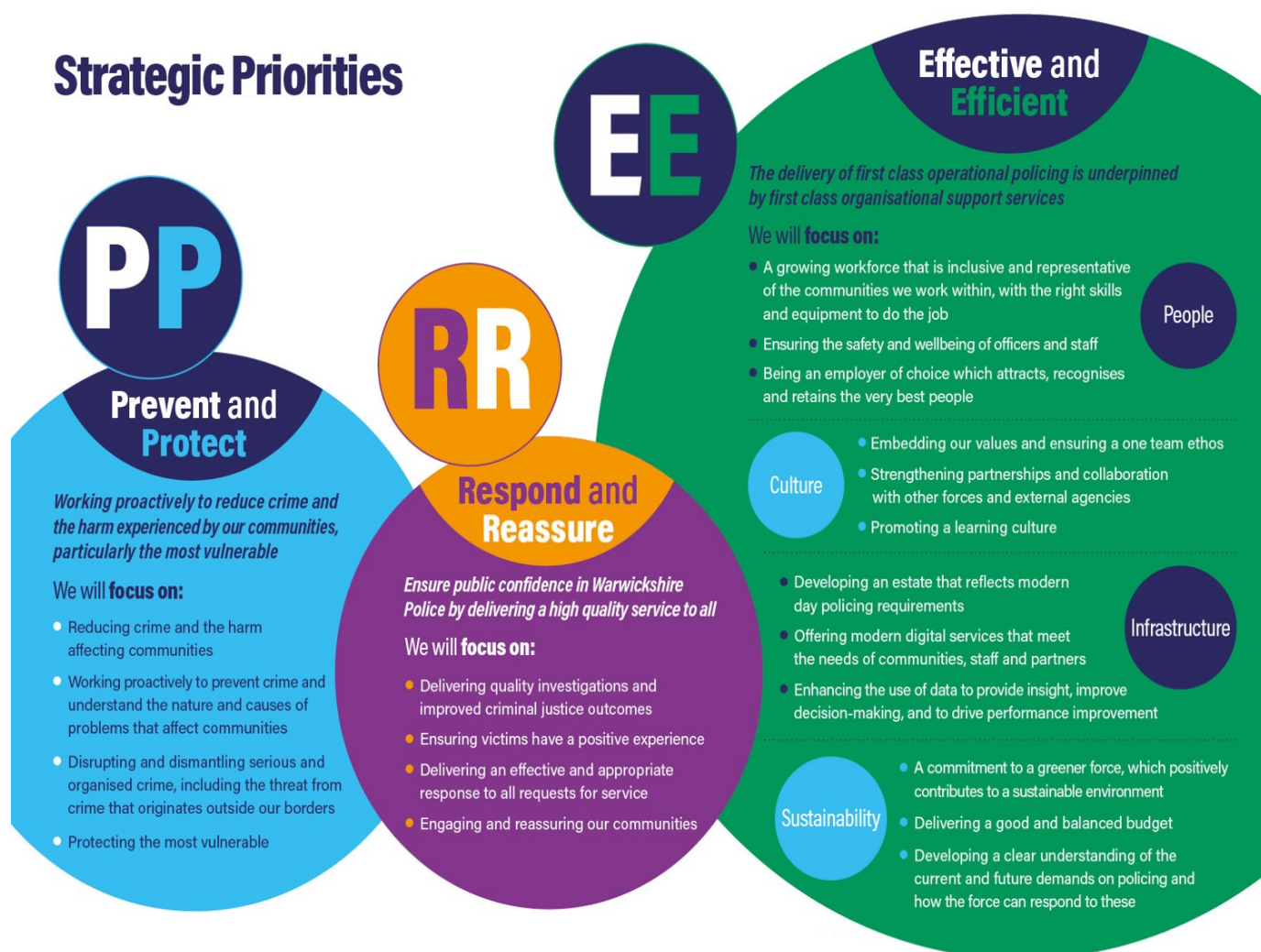
Diagram 1.



Diagram 2 shown below, outlines the strategic policing priorities for Warwickshire Police. This links in with the priorities laid out in the Police and Crime Plan and the overall vision of protecting people from harm. The strategic policing priorities are set and led by a Chief Officer team.

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Diagram 2:



3. Our workforce

Health and wellbeing continues to be at the heart of the vision and values at Warwickshire Police, it is integral to the success of the Police and Crime Plan and it is essential that its importance is recognised. It is a specific priority under the fit for the future strategy, and is underpinned by a defined workforce promise in putting the health and wellbeing of staff first. The National Pay and Morale Police Federation survey showed Warwickshire in a positive light in how we have responded to the challenges from Covid-19 and how we have kept our workforce engaged. Warwickshire police showed the highest levels of officer morale compared to all other 43 Forces.

During 2021-22, Warwickshire has progressed with the management of change process with the last three remaining services areas of digital services, forensics and transactional services now being delivered under the agreed Warwickshire operating model. This is a hybrid mix of outsourcing and internal service provision, and whilst this can be an unsettling time for staff, it has generally been well conducted and received and this process is now complete. An analysis of staffing levels across the organisation is shown at table 1, including

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a gender breakdown of the workforce employed by Warwickshire police at the end of 2021-22 across the different sectors.

Table 1. Workforce Gender Analysis

	Male	Female	Total	Male %	Female %
Police Officers	692	358	1,050	66%	34%
Police Staff (including PCSO's)	245	514	759	32%	68%
Specials	72	21	93	77%	23%
Total	1,009	893	1,902	53%	47%

Under representation of Black and Minority Ethnic (BAME) people in police forces in England and Wales continues and has been the subject of recent Home Affairs Committee reports. Warwickshire has been taking action where possible to promote policing as a career to all minority ethnic groups and to increase the diversity of the force and ensure that it better represents the local community. This remains a key focus for the Chief Constable and one which is fully supported by the PCC. 2021-22 has seen the continuation of significant increases in police officer numbers in Warwickshire, achieved through the national uplift programme and the Government's continuing commitment to recruit a further 20,000 officers nationally. The first uplift tranche for Warwickshire was for 41 additional officers in 2020-21, with a further 41 additional officers recruited in 2021-22. The final and last phase of the uplift programme in 2022-23 will see a target recruitment of an additional 55 officers. Officer numbers in Warwickshire now stand at some of the highest levels in the forces' history, and should tip 1,100 by the end of March 2023, which should provide the platform for improved services and increased operational resilience. The planned future recruitment intakes should also provide an opportunity to increase BAME representation, address wider issues of diversity and equality in the force. Whilst the recent recruitment generally mean that the Warwickshire force is young and relatively inexperienced, it will help to ensure that the service is able to deal with the increases in demands it faces, changing crime types and as a result be more effective at protecting people from harm. However, recruitment remains an ongoing challenge, in the current low unemployment economy, and progress on achieving our recruitment targets are being monitored closely.

The PCC has been and remains keen to increase the number of Specials and PCSO's within the force, recognising the invaluable work that they carry out, to support policing in Warwickshire, particularly in Safer neighbourhood teams. The PCC has provided additional funds to support this and also to encourage the number of volunteers within the force to supplement the work of officers and staff, and to provide an independent voice on certain issues, for example through the appropriate adults and independent custody visitors programmes.

Table 2 shows the breakdown across the various staffing groups of BAME employees in Warwickshire. Whilst there is some fluctuation across the groupings, on average 6% of Warwickshire police employees are from BAME communities at the end of 2021/22. This is consistent with levels at the end of 2020/21, although there are variations across the different groupings of staff. The force supported by the PCC is working hard to improve the diversity of its workforce and will continue to increase the diversity of its workforce through current and future recruitment programmes.

Narrative Report**Table 2. Workforce Ethnicity Analysis**

	Total	BAME	BAME %
Police Officers	1,050	54	5%
Police Staff (including PCSO's)	759	59	8%
Specials	93	7	8%
Total	1,902	120	6%

4. Financial Performance

The UK is in a time of unprecedented change whether this comes from Brexit, the domestic political environment including a change in the tory leadership and a new prime minister, the pandemic or the war in the Ukraine, which creates a great deal of uncertainty in the lives of people who make up the community and indeed work for Warwickshire Police. Increases in wages and the prices of goods and services are the highest they have been for some time, with some items even being difficult to obtain. As well as dealing with and reporting on past events, in documents such as the statement of accounts we have to factor these issues into our business and financial planning for the future, we have to make an assessment of the risks and uncertainty and form strategies to deal with various outcomes including deciding on what constitutes an appropriate level of reserves.

The police grant settlement for 2021/22, announced in January 2020, provided the necessary funding to facilitate this increase in officer numbers. The headlines from that settlement were:

- £415m increase in Government grant funding to PCCs. This additional funding will support year two of the Police Uplift Programme, with £100m of this funding ring-fenced and allocated according to funding formula shares. This is paid in line with progress on recruitment. The uplift in core grant funding is intended to meet necessary investment and ongoing supporting costs associated with additional recruitment.
- Up to £288m additional funding from council tax. Council tax levels are a local decision and elected Police and Crime Commissioners will rightly want to consider what they are asking people to pay to fulfil their strong desire to keep our streets safe. The council tax referendum principles are not a cap, nor do they force local authorities to set taxes at threshold level. Rather they are an additional local democratic check to prevent excessive increases, determined by the House of Commons.

On the 3rd March 2021 the Chancellor published his spring Budget, which followed a year of extraordinary economic challenge as a result of the pandemic. Like that of many other countries, the UK's economy has been hit hard, with both the direct effects of the virus and the measures necessary to control it leading to an unprecedented fall in output and higher unemployment.

The Government launched its Spending Review in late Autumn 2021 which provided some clarity around the medium term financial commitment the Government was making to both deliver and sustain on its ambitions to grow police officer numbers by March 2023. While only indicative, it has provided some certainty on the total funding that will be available not just in 2022/2023, but also in 2023/2024 and 2024/2025. This has been included in our medium term financial plan, which still identified the need for further savings over the next three years. At the request of the PCC, early planning by the Chief Constable is being

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undertaken to consider this savings requirement, which includes the role of the ongoing commercialisation in some service areas. Beyond 2024/2025 the funding position is less certain, as this will fall into a new SR period. Our MTFP recognises key areas of uncertainty, including inflation in pay and non-pay, as well as pressures which will result from a maturing workforce profile as more and more of our officers become experienced and therefore progress through the pay scales. However, although the MTFP published in February 2022 represents our best estimate based on all of the information available to us at that time, we already recognise that there have been changes which will impact on our assumptions requiring us to review and further refine these. We continue to keep our assumptions under review, liaising with Local Authority partners and others and we have already commenced the process of re-forecasting our MTFP which will be used to inform our future planning as we move into the budget setting process for 2023/24 in the autumn.

Our ambition remains to be an efficient and forward thinking, innovative force, focussed on realising the benefits of our recent investment in ICT, developing a policing model that is fit for the future and provides efficient and effective policing services to our communities. Under the Empower programme the force is setting the future direction for our technology, our infrastructure and our people, and the PCC will be keen to support investment in capabilities that unlock and release capacity and drive efficiency, to enable re-investment into new and emerging policing priorities in line with his ambitions outlined in the police and crime plan.

The following sections bring together the process of business planning and budget preparation covering the financial performance for 2021/22 as well as looking at future financial issues through the Medium Term Financial Plan (MTFP). The Statement of Accounts for 2021/22 includes income and expenditure that is measured and reported in accordance with correct accounting practice set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. The aim is to provide clear and consistent information outlining the financial position of the PCC and Chief Constable, which provide assurances that public money has been spent appropriately and accounted correctly and that Warwickshire Police is affordable and sustainable. For a reconciliation between the figures used to produce the outturn, explained in the following paragraphs and those contained in the Accounts is provided in Note 1.

This narrative on financial performance and information contained throughout the Statement of Accounts should be read alongside the operational performance and the 2021/22 Outturn Money Matters report to provide a comprehensive overview and further context on the performance of the Force and PCC. Whilst this is the Chief Constable's Statement of Accounts the narrative report contains references and figures relating to the PCC. The reason for this is the financial performance is better viewed from a holistic perspective. The financial statements in the body of the accounts sets out the financial relationship between the PCC and the Chief Constable.

The PCC set a balanced budget for 2021/22, which means the Chief Constable is required to manage income and expenditure within budget and no longer rely on using reserves to support day to day operational policing. The PCC has prudently set aside reserves for specific risks, which are outside of operating income and expenditure. Whilst actions are taken to mitigate these risks reserves may be drawn down to finance variations in income and expenditure across the following areas without the Chief Constable breaching the balanced budget protocol:

- Income Shortfall in relation to Mutual Aid

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- COVID-19 related expenditure in excess of in year government grant
- Pensions, including McCloud and redundancies
- Insurance excesses and legal claims
- National Commercial Vetting Service for market risk
- Operating balances on the Warwickshire Safer Roads Unit (WSRU) / Safer Roads Partnership (SRP)

2021/22 was challenging as Warwickshire Police continued to build standalone services, following the transition from the alliance with West Mercia Police and implement contemporary ICT infrastructure and digital services through the transformational Evolve Programme. At the same time the effects of the pandemic were still being felt both from an internal operational perspective and in terms of policing the community. We also saw the signs of changes in the economy as goods and services became more expensive and some items were difficult to obtain.

However, having emerged from the alliance and completed the vast majority of the Evolve Programme by the 31 March 2022 the Force is in a better position than anticipated twelve months **ago** having financed the transition and transformation programme and maintained a healthy level of reserves.

Key to this was removing over £4m from the budget on the 1 April 2021. This avoided carrying non-specific income targets and removed the requirement to rely on reserves to bridge the gap in lieu of savings. Whilst savings are still required over the medium term, these are not required immediately and options exist as to how the budget can be balanced over the next three years, including the use of income.

The Force does not only relied on savings to balance the budget having developed the National Commercial Vetting Service (NCVS), increasing efficiency and driving up income.

Whilst crime levels in the main returned to pre-pandemic patterns by the end of the year the level and complexity of incidents and demand on policing continues to be challenging. As part of the government Police Uplift Programme the Force continues to deliver against targets for recruiting police officers. Having recruited an additional 41 officers in both 2020/21 and 2021/22 the Force will recruit a further 55 officers in 2022/23. It is anticipated that the Force will reach the target establishment of 1,100 officers during 2022/23. However, from starting with the Force it takes some time before new officers undergo training and become fully operational and effective.

In 2022/23 the Force's Empower Programme will report on the proposals for People, Place and Tech and identify options for an optimal, value for money, policing model and operational estate. This will be delivered from within existing resources, whilst leveraging productivity and efficiency from the ICT and digital services. Therefore, over the next few years the increase in capacity (police officers) combined with the enhanced ICT and digital services capability will have a positive impact on policing performance.

In 2021/22 the PCC agreed a net revenue budget of £114.233m and to transfer £1.117m to reserves resulting in a budget requirement of £115.350m.

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Following an uplift of 5.7% in government grant and flexibility to increase the precept by up to £15, supported by the government settlement, the PCC decided, following consultation, to increase the precept by £14.99 (6.30%) on a band D equivalent property.

Government support in recent years; through the annual grant settlement and the Police Uplift Programme, combined with the flexibility to allow the PCC to increase the precept have been essential to funding front line policing. However, this investment needs to be sustained and at the very least the government grant needs to increase annually so as to meet the unavoidable and increasing annual cost of pay and non-pay increases to prevent the service being eroded by inflation. Core funding is set out in Table 3.

Table 3. Funding 2021-22

Where the Money Came From	Budget £m	Actual £m	Variation £m	%
Central Government Funding	62.188	62.108	0.080	53.8
Locally Raised Funding – Precept (Council Tax)	53.162	53.162	0.000	46.2
Total Funding (excluding reserves)	115.350	115.270	0.080	100.0

The £0.080m variation in the actual central government funding reflects the actual Tax Income Guarantee Scheme grant to cover the Collection Fund deficit as opposed to the estimate used to prepare the budget.

The PCC is responsible for setting the total annual budget within which the Chief Constable is expected to operate and against which financial performance is measured. The Chief Constable's only source of income is through the intra-group transfer, where the PCC reimburses the Chief Constable for the cost of day to day policing up to the agreed budget.

Table 4 shows the financial performance of both the PCC and the Chief Constable by comparing the revised budget to the actual for 2021/22. This integrates with the information contained in the Comprehensive Income and Expenditure Statement, where the distinction between the PCC and the Chief Constable follows the governance arrangements of the two entities, whereas Table 4 presents information in the format used to manage the budget.

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Table 4. Warwickshire PCC and Chief Constable Outturn for year ended 31 March 2022

	Budget £m	Budget Adjustments £m	Revised Budget £m	Actual £m	Variance £m
Chief Constable					
Police officers' pay	56.325	0.004	56.329	56.843	0.514
Police officers' overtime	1.514	0.088	1.602	2.844	1.242
Police staff pay	25.305	0.059	25.364	24.145	(1.219)
Police staff overtime	0.288	0.000	0.288	0.288	0.000
PCSO pay	2.911	0.001	2.912	2.602	(0.310)
Police pensions	1.479	0.000	1.479	1.541	0.062
Other employee expenses	0.701	0.010	0.711	1.055	0.344
Premises	3.065	0.000	3.065	3.166	0.101
Transport	2.765	(0.011)	2.754	2.417	(0.337)
Supplies & services	12.460	0.189	12.649	12.854	0.205
Third party payments	9.103	(0.140)	8.963	9.954	0.991
Capital financing	3.262	0.000	3.262	3.592	0.330
Expenditure	119.178	0.200	119.378	121.301	1.923
Income	(6.525)	(0.080)	(6.605)	(8.276)	(1.671)
Vetting Income					
Expenditure	1.671	0.000	1.671	1.881	0.210
Income	(2.709)	0.000	(2.709)	(4.619)	(1.910)
Total Vetting Unit	(1.308)	0.000	(1.038)	(2.738)	(1.700)
Total Chief Constable	111.615	0.120	111.735	110.287	(1.448)
Police & Crime Commissioner					
Office of the PCC	1.057	(0.001)	1.056	0.958	(0.098)
Commissioner's Grant Scheme	1.561	0.007	1.568	1.599	0.031
Total PCC	2.618	0.006	2.624	2.557	(0.067)
Net PCC & Chief Constable	114.233	0.126	114.359	112.844	(1.515)
Safer Roads partnership					
Expenditure	1.370	0.107	1.477	1.626	0.149
Income	(1.370)	0.000	(1.370)	(1.624)	(0.254)
Total Safer Roads Partnership	0.000	0.107	0.107	0.002	(0.105)
Funding Variation (Table 3)					(0.080)
Net Warwickshire Police	114.233	0.233	114.466	112.846	1.540

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Budget Contribution to/(from) Reserves	Budget £m	Budget Adjustments £m	Revised Budget £m	Actual £m	Variance £m
General	0.000	0.000	0.000	1.000	1.000
Budget & Transformation	0.778	0.000	0.778	0.778	0.000
Infrastructure	0.000	0.000	0.000	0.774	0.774
Collection Fund	0.339	0.000	0.339	0.000	(0.339)
Safer Roads	0.000	(0.233)	(0.233)	(0.128)	0.105
Net Transfer to Reserves	1.117	(0.233)	0.884	2.424	1.540

Table 4 summarises the 2021/22 outturn position for the PCC and Chief Constable as follows. Net expenditure, after income, is £112.846m, which is £2.424m less than the £115.270m core funding (Table 3).

The £2.424m consists of agreed (budgeted) transfers to and from reserves, as well as unanticipated variations. In setting the 2021/22 Budget the PCC planned to make a £1.117m contribution to reserves to set aside government grant awarded to the PCC to ease the impact of the pandemic on the Council Tax Base (CTB) and Billing Authorities Collection Funds (CF). This would have been released over 2022/23 & 2023/24 to ease pressures on the budget whilst the CTB and CF recovered. However, Billing Authorities have reported the CTB has fully recovered and the CF was in surplus. This means the Collection Fund transfer to reserve of £0.339m is not required, however the £0.778m contribution to the Budget & Transformation Reserve has been retained. Further to this the PCC agreed to transfer £0.233m from the SRP Reserve to support the PCC's road safety initiatives.

The remaining transfers to reserves deal with unexpected variations and the £1.540m net underspend, transferring £1.000m to the General Reserve to enhance resilience and respond to audit recommendations on the adequacy of the General Reserve. £0.774m has been transferred to the Infrastructure Reserve to support the Capital Programme and £0.105m operating surplus on the Safer Roads Partnership has been set aside in reserves to be used for the PCC's road safety initiatives. The transfers to and from reserves are completed by foregoing the £0.339m transfer to the Collection Fund Reserve.

After the outturn had been declared and prior to the completion of the Accounts, the PCC opted to make a termination or 'clean break' payment to discharge the PCC's share of the PPL Local Government Pension Scheme liability forever. This is explained further in Note 14 to the Accounts. As PPL ceased trading from 1 April 2021, this one off payment of £0.735m has been accounted for in the 2021/22 Accounts, funded from the Budget Reserve. This means that the net transfer to Reserves of £2.424m set out above has been reduced by £0.735m to £1.689m.

Capital expenditure of £0.072m has been funded from the Road Safety Reserve, resulting in a net increase in Reserves in 2021/22 of £1.617m.

All transfers to and from reserves are set out at the foot of Table 3 the opening and closing balances held in reserve are set out in Table 7.

The variations against the budget in the top half of Table 4 are explained as follows.

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The PCC agreed to underwrite up to £1.895m of unbudgeted expenditure from the budget & Transformation Reserve to fund the hosted ICT infrastructure and applications, with West Mercia Police, until 31 March 2022 (£1.570m) and to meet the one-off revenue cost of the Evolve Programme over and above the £1m budget (£0.325m). However, the final outturn position meant that it wasn't necessary to make this transfer. The hosted services appears in the Third Party costs and the Evolve Programme costs in Supplies and Services in Table 4.

The reason for the better than expected outturn can be attributed to the £1.700m budget variation on the Vetting Unit supported by the £2.738m surplus income. The National Commercial Vetting Service (NCVS), which provides vetting to non-police companies working for and with police forces has grown the business faster than planned. The aim is to generate a £1.500m contribution to the full costs of the service incurred by the Force and to do this by 2022/23, however this position has been reached a year early.

The police pay budget overspent by £0.514m which is related to less officers leaving the Force than anticipated and included in the budget. However, this relates to officers approaching retirement and is therefore a temporary timing issue as the officers will eventually leave the Force. The in-year overspend has been dealt with from underspends elsewhere, without the need to rely on reserves. The Force has also meet it's in-year targets under the Police Uplift Programme, to recruit 20,000 officers nationally by 2022/23.

Police overtime has substantially overspent in 2021/22 by £1.242m. Of this £0.617m is recoverable for specific events through mutual aid and accounts for a significant proportion of the £1.910m surplus income shown further down in Table 4. £0.240m relates to additional bank holidays, which were not budgeted for and which has been addressed in the 2022/23 budget. The remainder relates operational events and investigations over and above what the budget provides for and to provide cover for vacancies in specialist posts.

The remainder of the variation in income is related to expenditure incurred elsewhere in the budget and is sometimes retrospective recognition of work done in previous years but which was not promised at the time. It includes grants for example related to the costs of policing the pandemic, which the government fully reimbursed, the Emergency Services Network project and reimbursement from the Regional Organised Crime Unit for historic operational support to address county lines.

In contrast to police pay and overtime the staff pay budget is significantly underspent by £1.208m. in addition to higher than expected turnover, this can be attributable in part to vacancies, for example where the standalone ICT/ Digital Services structure have deliberately not been fully appointed to, or business growth withheld. For part of the year services were provided through shared and hosted arrangements and therefore costs have been classified as third party payments, or provided by consultants and shown in supplies and services, which was mentioned earlier. During the year these services have transitioned out of the hosting arrangement to an in-house service (staff pay) and will align more closely with the budget in 2022/23.

Other employee expenses, in Table 4, is overspent by £0.344m of which £0.298m relates to training courses and the demand created by the increase in the workforce and new officers taking up roles. The budget has not been reviewed post transition out of the alliance and whilst this will plateau once recruitment eases it is clear that investment in Learning & Development (L&D) will be required to meet demand in the short to medium term, whilst an

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assessment of the L&D capacity and capability is undertaken against the Force's requirements to ensure it is fit for the future.

Finally in revenue to support the capital programme the Force has made both the £0.334m planned contribution from revenue to finance capital expenditure and made a further contribution to capital financing of £0.320m. The latter is the equivalent payment that was foregone in 2020/21 due to the force being in a net overspend position. The combined effect of these has resulted in the £0.330m in year overspend in Table 4 on capital financing. It is important in the long-term to make ongoing contributions from revenue to fund capital expenditure due to the limited sources of capital financing open to the Force and thereby reduce the reliance on borrowing.

In addition to the spending on day-to-day activities, the PCC also incurs expenditure on buildings, information technology, vehicles and other major items of plant and equipment which have a long-term useful life. This type of spend is known as capital expenditure.

Table 5 shows a summary of capital programme, budget spend and the future investment plans. Table 6 shows how this has been funded in 2021/22.

Table 5. Capital Programme Outturn 2021/22

Programme	2021/22 Budget £m	2021/22 Actual £m	2021-22 Variance £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Estates	2.440	1.503	(0.937)	2.494	1.500	1.500	1.500	1.500
ICT: Evolve Programme	15.995	13.625	(2.370)	0.742	0.000	0.000	0.000	0.000
ICT: Empower Tech	0.000	0.000	0.000	1.628	0.000	0.000	0.000	0.000
ICT: Projects	0.094	0.039	(0.055)	0.427	1.387	1.551	1.000	1.000
ICT: Replacement	0.175	0.117	(0.058)	0.158	1.088	0.576	0.517	2.000
Vehicles	0.671	0.616	(0.055)	1.306	1.407	1.443	1.204	1.204
Plant and Equipment	0.221	0.130	(0.091)	0.340	0.300	0.300	0.300	0.300
Total Expenditure	19.596	16.030	(3.566)	7.095	5.682	5.370	4.521	6.004

Note: The 2021/22 budget of £19.596m includes £11.595m slippage from 2019/20, which relates mainly to the Evolve Programme.

It has been a momentous year with the delivery of the Evolve Programme and being able to transition out of the residual hosted arrangements with WM for ICT. The Capital Programme is dominated by the Evolve Programme, which involved the design and build of the standalone ICT infrastructure (network, storage and back up), application migration, device roll out and achieving NEP compliance, which consists of hardware, software, licences and consultancy fees. The Programme spanned three years at a cost of £28.743m of which £20.716m was capital.

Following a review of the technical requirements to complete the transition and transformation work the PCC decided to increase the 2021/22 Evolve capital budget by £7.558m to £15.924m, which has increased to £15.995m as a result of a £0.071m revenue contribution from Safer Roads Partnership to pay for the Fastform system migration. The fact an increase would be required was recognised at the outset of the programme, where it would be met by either reserves or underwritten by borrowing. However, a final decision on funding was deferred so as to better understand the ICT/Digital Services operating model, the split between revenue and capital costs, the Force's funding position on transitioning out of the alliance and so as to take time to identify alternatives to borrowing to fund capital.

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The PCC financed this increase in the Evolve capital budget by reconfiguring the existing Capital Programme, utilisation of £6.013m of slippage in estates, vehicles and plant and equipment projects and increasing the level of borrowing by £1.545m.

The cost of the Evolve Programme in 2021/22 was £13.625m and the £2.370m underspend has been carried forward into 2022/23 to provide a £0.742m contingency to complete residual transition work and create a £1.628m Empower Tech budget, which will be instrumental in developing applications, including power apps to drive out the return on the investment in ICT/Digital Services.

Having invested significantly in the ICT infrastructure and digital applications it is important to leverage a return from this investment through more increasing the efficiency and effectiveness of policing. It is also important to maintain the operability of the ICT and ensure digital services remain relevant to policing and not a hindrance.

The Chief Digital Information Officer will review the allocation of budgets across all of the ICT / digital Services workstreams including the existing ICT Projects and ICT Replacement budgets.

There has been a pause in the Estates Programme whilst the Empower Place workstream articulates the projects to be undertaken as part of the Capital Programme. The £0.993m slippage on the Estates Programme relates to HQ Leek Wootton and the Operational Control Centre at Stuart Ross House. The slippage will be kept within the Estates Capital Programme in recognition of transfers made from the Estates Programme, during the year, to support the Evolve Programme. The position is reviewed in the Autumn as part of the MTFP refresh and in light of the implementation plan emerging from the Empower Place workstream.

Slippage in the Vehicle Replacement Programme stems from the delay in signing the Blue Light Commercial (BLC) framework agreement and related issues. This has substantially reduced the vehicle replacement programme in 2021/22 to £0.616m. Whilst steps will be taken to accelerate replacement, outside of the BLC contract where appropriate, it will take some time for the replacement programme to 'catch up' due to supply line issues.

The PCC has to determine how the capital programme will be financed, which is set out in Table 6. As can be seen the majority of funding is by way of borrowing, which is either internally financed or comprises external debt. External borrowing is taken out at a preferential fixed rate and is within the Treasury Management Strategy and complies with Prudential Code.

Table 6. Capital Programme Funding 2021/22

Funding Source	2021/22 Budget £m	2021/22 Revised Budget £m	2021/22 Actual £m	2021/22 Variance £m
Borrowing	15.269	15.239	9.790	(5.449)
Capital Receipts	0.000	0.000	5.190	5.190
Revenue Contribution	0.000	0.000	0.654	0.654
Capital Grant	0.113	0.114	0.114	0.000
Revenue: Safer Roads Partnership	0.000	0.000	0.100	0.100
Section 106	0.100	0.100	0.095	(0.005)

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Safer Roads Reserve	0.000	0.125	0.072	(0.053)
Specific Grants ESN	0.000	0.018	0.015	(0.003)
Total Funding	15.482	15.596	16.030	(0.434)

The shift to borrowing for ICT, to finance short-life assets, has increased the burden on the revenue budget through the workings of the Minimum Revenue Provision (MRP), which is the statutory mechanism whereby assurance is sort that adequate revenue is set aside to repay borrowing. The reliance on borrowing is also in part a consequence of the reduction, over a number of years, of direct government support (grant) for capital expenditure and the lack of alternative sources of capital finance available during austerity. The long-term financing of the capital programme is an issue which the post transition financial strategy and MTFP will seek to resolve in part through direct revenue financing.

In the interests of prudence capital receipts are only included as a source funding when the receipt is fairly certain. On this basis the £4.812m receipt was only recognised in the last quarter of the financial. Assets can only be sold once therefore, receipts are a one-off source of finance.

Where appropriate non-specific government grant, specific grants and S.106 money is used to finance the Capital programme, ensuring that any relevent conditions are satisfied.

Borrowing must be affordable and sustainable and comply with the Prudential Code. The use of reserves to fund capital has, in recent years, by and large been suspended and replaced by borrowing. This was to protect reserves, at a time of economic uncertainty and whilst the Evolve Programme was still active. In light of the outturn position and now that the Evolve Programme is all but complete, £0.774m has been transferred to the Infrastructure Reserve (capital) to fund the programme. The MTFP plans to place a greater burden on revenue to directly fund short life assets.

Reserves

Table 7 sets out the opening balances held on reserves as at 1 April 2021, it also shows the transfers from and to reserves in 2021/22, which includes transfers between reserves and the closing balance on reserves as at 31 March 2022. It goes on to forecast closing balances in the subsequent four years up to 2025/26.

Table 7. Reserves

Reserve	Opening Balance 01/04/21 £m	Transfers (from)/to Reserve 2021/22 £m	Closing Balance 31/03/2022 £m	Forecast Closing Balance 2022-/23 £m	Forecast Closing Balance 2023/24 £m	Forecast Closing Balance 2024/25 £m	Forecast Closing Balance 2025/26 £m	Forecast Closing Balance 2026/27 £m
General	5.000	1.000	6.000	6.000	6.000	6.000	6.000	6.000
Budget & Transformation	3.067	0.410	3.477	3.210	3.210	3.210	3.310	3.310
Transformation	1.378	(1.378)	0.000	0.000	0.000	0.000	0.000	0.000
Infrastructure	0.000	0.774	0.774	0.774	0.774	0.774	0.774	0.774
Pension & Redundancy	0.500	0.400	0.900	0.667	0.667	0.667	0.667	0.667
COVID-19 Operational	0.386	0.114	0.500	0.500	0.500	0.500	0.500	0.500
Pay	0.000	0.000	0.000	0.500	0.500	0.500	0.500	0.500

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Insurance & Legal	0.253	0.247	0.500	0.500	0.500	0.500	0.500	0.500
Income	0.000	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Sustainability	0.000	0.000	0.000	0.250	0.250	0.250	0.250	0.250
PCC Grants & initiatives	0.300	0.000	0.300	0.300	0.300	0.300	0.300	0.300
National Commercial Vetting Service	0.573	0.000	0.573	0.573	0.573	0.573	0.573	0.573
Safer Roads	1.231	(0.200)	1.031	0.781	0.631	0.531	0.431	0.331
	12.688	1.617	14.305	14.305	14.155	14.155	14.055	13.955

As part of the good and balanced budget protocol reserves will not be routinely used to support the Chief Constable's day to day operating budget.

Reserves are a limited source of funding for one-off specific issues and once spent they cannot be spent again. The challenge is to hold appropriate, not excessive reserves to meet known one-off items, risks and unforeseen operational events. The Reserves Strategy is set out more fully in the 2022/23 Budget & MTFP where The Treasurer to the PCC carries out an annual review of the adequacy to reserves.

In light of the 2021/22 outturn position the General Reserves has been increased from £5.000m to £6.000m to provide greater resilience, in line with audit comments. The General Reserve is there to meet unplanned significant and unusual operational incidents that exceed the capacity of the day to day budget and in the event that Home Office Special Grant was not forthcoming.

Earmarked reserves are held to meet one-off revenue costs as well as to mitigate specific risks in the budget such as a shortfall in income or litigation. In the event these risks materialise then the balances shown in Table 7 could be lower. If a risk is mitigated or the purpose for which a reserve was held is no longer relevant then the reserve will be transferred to another reserve, or drawn down to supplement the revenue budget to deliver one-off targeted items and activities.

The opportunity has been taken, in light of the outturn position, to recommended (Section 2) that £0.774m is transferred to the Infrastructure Reserve to support the capital programme.

It is anticipated the Budget & Transformation Reserve will be used over 2022/23 to 2026/27 to support the revenue budget as a result of any adverse impact on government funding and precept as a consequence of the economic uncertainty and to fund one-off costs of Operation Empower. Therefore, the actual closing balances for 2022/23 onwards will be less than those shown in Table 7.

As a consequence of the recovery in the CTB and CF the Collection Fund Reserve has been removed and in light of the underspend it is not necessary to draw down on the Pension & Redundancy Reserve to meet the cost of change. However, a Pay Reserve will to be created in 2022/23 by transferring money from the Budget & Transformation Reserve and the Pension & Redundancy Reserve, this is to mitigate increases in pay over and above those budgeted for.

It has been a challenging four years for the Force leading up to and transitioning out of the alliance, policing the pandemic and implementing extensive ICT/DS transformation. The financial resilience of the Force was a concern during this period, however with the vast majority of this work complete reserves are better than anticipated and the force is more financially robust than anticipated at any point in this journey.

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Note 8 in the Accounts provides an analysis of the reserves at the 31 March 2022 and shows the movement since 31 March 2021.

MTFP – ‘Looking Ahead’

The PCC’s 2022/23 Budget and MTFP, approved in February 2022, sets out more fully the business plan and financial strategy over a five year period.

The aim of the PCC and Chief Constable is for Warwickshire Police to be affordable, sustainable and deliver value for money policing. This is expressed as a good and balanced budget, based on robust assumptions, where day to day operating costs are met from core funding consisting of government grant and precept, which is supported by income from charges for services. The Chief Constable is not reliant on reserves to support day to day operational policing.

Based on assumptions about funding, precept and expenditure, including the impact of pay and non-pay inflation, the MTFP has identified that up to £3m of savings are required by 2026/27. However, no savings are required in 2022/23 and this period is being used to reassess the policing model to ensure it meets the current operational requirements and identify potential savings. The Force will be considering how to leverage investment in ICT/digital services through automation and self-service and any further costs associated with this. As part of the review consideration is being given to what the estates requirements are to support this operating model. The outcome of this review alongside future settlements will inform the budget and MTFP and determine the extent to which the Chief Constable needs to make savings or identify other means to balance the budget.

The business planning process established in recent years remains in place. However, it has been more focused in the lead up to 2022/23 in recognition of the wider review of the operating model and the extensive post alliance business planning and investments that have taken place in recent year.

As part of the precept increase the PCC has invested in:

- Funded five PCSOs, allocating once to each district and borough across the county, at a cost of £0.174m. They will target urban areas and improve visibility and public engagement as well as support work to address violence against women and girls, increasing the patrol capacity in areas that the public have reported feeling unsafe as part of the Street Safe project;
- A further £0.050m to support victims through the PCC’s grant scheme;
- £0.200m to allow the Chief Constable to carry out sustainability projects. It is envisaged that this will allow the roll out of such things as solar panels and electric vehicle charging points.

The table below shows the approved 2022/23 budget compared to the 2021/22 budget and MTFP up to 2025/26. The MTFP will be reviewed in the summer leading up to the PCC approving the precept, 2023/24 Budget and MTFP in February 2023.

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Table 8. Medium Term Financial Plan

	Budget 2021/22 £m	Budget 2022/23 £m	Budget 2023/24 £m	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m
Previous year's net Budget	111.590	114.233	121.438	126.083	130.86	135.073
Pay inflation, and increments	3.583	3.543	3.144	2.745	2.038	1.657
Non-pay inflation	0.352	0.472	0.200	0.200	0.200	0.200
Uplift Programme police recruitment	1.273	1.792	0.000	0.000	0.000	0.000
Pensions incl. McCloud remedy	0.275	0.346	0.350	0.500	0.500	0.250
PCSOs	0.000	0.174	0.000	0.000	0.000	0.000
Unavoidable and legislative	1.134	0.584	0.500	0.500	0.300	0.500
Business Plans	0.635	0.357	0.503	0.500	0.500	0.500
Transformation, Transition and Digital Services	0.119	(0.811)	(0.500)	0.000	0.000	0.000
Capital Financing	0.790	1.915	0.117	0.388	0.669	0.512
Income	(1.094)	(1.015)	(0.500)	0.000	0.000	0.000
PCC Safer Roads Initiatives	0.000	0.250	(0.100)	(0.050)	0.000	0.000
PCC Grant	0.000	0.050	(0.050)	0.000	0.000	0.000
Uplift Grant	0.398	(0.251)	1.006	0.000	0.000	0.000
Savings	(4.822)	(0.201)	(0.025)	0.000	0.000	0.000
Net Revenue Budget	114.233	121.438	126.083	130.866	135.073	138.692
Funding						
Central Government Grant	(62.188)	(64.254)	(64.944)	(65.968)	(66.576)	(67.190)
Precept (Council Tax)	(53.162)	(57.134)	(59.810)	(63.038)	(65.560)	(68.182)
Contribution to / (from) Reserves	1.117	(0.050)	(0.150)	(0.100)	(0.100)	(0.100)
Total Funding	(114.233)	(121.438)	(124.903)	(129.105)	(132.235)	(135.472)
Budget Gap	0.000	0.000	1.179	1.760	2.837	3.220

Pension Liabilities

The value of net pension liabilities is shown in the group balance sheet and is split across police officers and police staff. Further specific details are contained within the summary of the statement of accounts section towards the end of this narrative report. However, in general terms, the police officer pension scheme is an unfunded scheme administered by the Chief Constable. Its status as an unfunded scheme means that there are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Both police officers and the employer (i.e. the Chief Constable) make annual contributions which are paid into the Police Pension Fund. In turn, pensions are paid from the Fund to retired officers. The Home Office funds the difference between actual pension payments and pensions income through an annual top-up grant.

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Warwickshire County Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2021/22 the Group paid employer's contributions in addition to contributions paid directly by staff. The last valuation was in April 2019, the next valuation is effective from the 1st April 2023, but the actuaries have recommended no change in contribution rates as a result.

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Financial year	Contribution rate %
2019-20 (Rate at time of triennial valuation)	18.2
2020/21	18.9
2021/22	19.7
2022/23	20.4
2023/24	20.4

The new rate of 19.7% for 2021/22 is reflected in the employer contribution rate in the 2021/22 annual accounts.

Treasury Management

The PCC approves a Treasury Management and Investment Strategy before the start of each financial year and receives regular updates on treasury performance throughout the year. These reports are also scrutinised by the Joint Audit and Standards Committee prior to their approval by the PCC.

Total investments, cash and cash equivalents at 31 March 2022 were £5.275m. These levels are at a point in time and will be affected most significantly in the future by the value and use of reserves, the disposal of assets and the levels of capital investment.

As part of the 2021/22 approved budget the PCC approved external borrowing to fund the planned capital spend. Additional external borrowing of £10m was undertaken in 2021/22 to fund the capital programme. This was in line with the capital and treasury management strategy. As at the 31st March 2022 the PCC had total external borrowings of £20.156m and internal borrowing from cashflow monies of £17.1m. The level of 'debt' is well within the authorised prudential limit for external debt of £40 million as approved by the PCC in the treasury management strategy in March 2022.

5. Police Performance

The PCC holds the Chief Constable to account for the performance of the force. In 2021/22 the PCC agreed again with the Chief Constable that there would be no specific performance objectives other than to reduce crime. The Chief Constable monitors a range of indicators across crime categories in pursuit of this objective and performance in achieving this is discussed formally at a monthly 'performance' holding to account meeting. These meetings usually include more detailed challenge of a 'deep-dive' subject to scrutinise the performance in specific areas of policing. The outputs of these meetings are published in the meeting papers on the OPCC website. More general weekly holding to account meetings, give an opportunity for timely discussion of performance and topical matters, and wider discussion around local, regional and national issues

The Chief Constable controls specific actions through various policies and procedures, the behaviours of officers and staff and the culture of the force more widely are shaped by our values and the national Code of Ethics. Whilst, there is an acknowledgement that Warwickshire police do not always get it right and that the actions of a few can let down the vast majority of hard working and dedicated people that work to protect people from harm,

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the force always seeks to ensure that high standards of conduct are enforced, and the Professional Standards Team seek to proactively address concerns that are raised with them and to ensure that lessons are learnt from our experiences. The PCC and the OPCC also hold the force to account on any emerging areas of concern, and any arising issues may also be investigated, followed up and reported through these channels, and are developing their policy for dealing with concerns raised with them about the force. The PCC has responsibilities for dealing with complaints and has shared staffing arrangements in place with West Midlands Police to fulfil responsibilities for dealing with complaints appeals. This arrangement is coming to an end and complaints will be dealt with internally at the OPCC, under the new staffing structure from April 2022 onwards.

Table 10 shows a summary of force performance for 2021/22 against the various categories of crime, and compares this to the number of crimes recorded in the previous year. Total recorded crime increased by 9% in 2021/22. An increase was expected as Covid restrictions were lifted in June 2021 and crime volumes returned to pre-covid levels. To provide some context, the increase in Warwickshire was however, at a lower rate than both the region (25%) and all England and Wales forces (15%), and worthy of note, burglary, shoplifting and other miscellaneous crimes all saw a decrease in Warwickshire year on year, reversing the regional and national trend for these specific crime types.

Table 10. Policing performance 2021/22

Crime Category	2020/21 no. of crimes	2021/22 no. of crimes	% change
Total recorded crimes as at 31 st March of each year	36,714	40,178	9%
Homicide	6	10	67%
Violence with injury	3,935	4,502	14%
Violence without injury	10,717	11,883	11%
Rape	421	614	46%
Other sexual offences	839	1,025	22%
Business robbery	28	32	14%
Personal Robbery	278	332	19%
Burglary – residential	1,487	1,404	-6%
Burglary – business	628	604	-4%
Vehicle offences	3,219	3,439	7%
Theft from person	176	201	14%
Bicycle theft	384	408	6%
Shoplifting	2,385	2,132	-11%
All other theft offences	2,961	3,532	19%
Criminal damage	3,377	3,820	13%
Arson	134	152	13%
Drug offences	1,390	1,055	-24%
Possession of weapons	457	500	9%
Public order offences	2,955	3,662	24%
Miscellaneous crimes against society	937	871	-7%

*Please note these figures may differ to equivalent figures quoted elsewhere due to differences in when the data is reported.

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In terms of safety on our roads, there had been a significant decrease in the number of fatalities between 2019 and 2020 (34 vs 14) but the figure for 2021 has remained at a similar level being 15. Working with the Road Safety Partnership using an evidence based Safe System approach our vision is to strive to eliminate fatal and serious casualties. The target that has been set is to reduce the number of killed and seriously injured on Warwickshire's roads by 50% by 2030. The PCC is committed to this target and has provided increased road safety funding in 2021/22 to the force, the Warwickshire Road safety Partnership and in the form of grants to external organisations to help educate and improve the safety on our extensive road network.

Satisfaction in policing services is measured generally through the national crime survey (England and Wales). However, satisfaction levels are monitored local and the 2021/22 survey data from victims is shown below for different crime types. Disappointingly, the figures for 2021/22 show a decrease in satisfaction across all crime types. Satisfaction levels are continually being monitored by the force and PCC with regular performance meetings to discuss trends and agree any actions. Improved and increased service provision through targeted work should help to improve satisfaction levels for victims in the future. Further transformational change will also have an impact on satisfaction figures moving forwards. The PCC is also in the process of recommissioning range of victim support services, and this follows a review of victims needs, to ensure that services are fit for purpose and meet the expectations and needs of victims in the future. In 2021/22 there has been significant additional investment by the PCC, in victim services for those who have suffered domestic abuse and sexual violence, and it is hoped that this sustained investment will begin to result in improved victim satisfaction rates.

Table 11 - Victims satisfaction survey results

Crime type	2020/21 victim satisfaction rate	2021/22 victim satisfaction rate
Burglary	89%	73%
Vehicle	79%	72%
Violence	75%	66%
Hate crime	74%	70%
Domestic abuse	78%	75%

The force management statement provides a huge amount of detail on force performance, including assessments on future demand for the force and the planning activity and resourcing required to address this. It provides information on the track record of the force in responding to the public, dealing with investigations, protecting vulnerable people, managing offenders, managing serious and organised crime, major events and force wide functions including ICT. It should be read in conjunction with this report.

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Value for Money

Both the PCC and Chief Constable have a duty to provide efficient and effective policing at an affordable cost. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertakes independent inspection and assessment of the force's performance in terms of its effectiveness, efficiency and legitimacy, with the aim of encouraging improvement. They produce reports to allow the public, and peers, to see how forces are performing.

HMICFRS undertake formal PEEL inspections, which assess forces across a range of metrics and provide forces with an appropriate grading, as well as recommendations, Areas for Improvement (AFI) and, where appropriate Causes of Concern (CoC). Additionally, HMICFRS also conduct thematic inspections around a wide range of relevant topic areas and provide forces with national recommendations to drive improvement activity.

There has been significant activity in terms of HMICFRS inspection during late 2021 and throughout 2022. The force has recently completed the final evidence gathering phase of the current PEEL inspection process, and they were also subject to an unannounced custody inspection in late 2021 and a specific thematic inspection on Child Protection in February 2022. More emphasis is now placed on continuous inspection rather than the traditional intensive two week inspection visit.

HMICFRS introduced the new model of continuous assessment in 2021 and Warwickshire has been one of the first forces in the country to be assessed in this way. Although the process is proving to be a more rigorous and labour-intensive process than the previous system, it ensures that the force is inspected thoroughly. An initial debrief has been received but the final report publication date is not yet known.

There are currently 13 outstanding areas of improvement/causes of concern from the previous PEEL inspection, which have been revisited through the recent inspection. These are managed through the Assurance Board and progress is also reported to the Joint Audit and standards Committee.

In October 2021, HMICFRS published on their website for the first time outstanding 'open' Causes for Concern allocated to forces, following the 2018-2019 round of PEEL inspections. This allows the public to view the CfC's and to monitor each force's progress. Warwickshire Police currently have three open CfC's, each of which has been addressed and awaits closure with our inspectors as part of the new PEEL report later this year.

The key areas of the PEEL inspection process are:

- Effectiveness – how effective are the force at keeping people safe and reducing crime;
- Efficiency - does the force provide value for money;
- Legitimacy – treating people with fairness and respect.

The new collaboration agreement for the delivery of forensics services that came into effect in September 2021 provides improved value of money, with superior forensic capabilities, at lower cost and improvements in service. Significant investment in ICT has been made over the last two years, but new contracts and suppliers combined with the new devices and systems are providing for improved efficiency and productivity. The infrastructure is more

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robust, some systems have been upgraded providing improved capabilities, whilst other unused systems have been removed from our networks, removing cost and improving the efficiency of the networks. Further work to introduce robotics and further digital technological advances will continue to seek further improvements in value for money.

Warwickshire also operates other successful collaborations and partnership working evident at the Justice Centres covering various criminal justice service providers in the north and south of the county, regionally in policing, for example through the regional organised crime unit and the regional policy officers who support the work of the PCC's across the West Midlands. These arrangements deliver value for money, they provide an opportunity for cost sharing, and advantages from greater economies of scale.

6. The Coronavirus Pandemic – the 2021/22 operational and organisational response

By the start of the 2021/2022, the COVID-19 pandemic had been ongoing for over a year. Whilst some enforcement of COVID-19 rules was still required, particularly in the earlier parts of the year, this dropped away from the level seen in earlier lockdowns and our policing of these rules largely focussed on engagement, explanation and encouragement meaning that little enforcement action was required. Whilst during 2020/2021 we saw significant reductions in demand on the force, by 2021/2022 the demand levels largely returned to normal. We have continued to enjoy the support of a large number of our specials and volunteers during this period, and the PCC has recognised their significant contributions at recent engagement events. Current demand is at some of the highest levels ever recorded in the force, this is being managed and the operating model is flexing to support this, and under the Empower programme this has been fundamentally reviewed to ensure that policing services in Warwickshire continue to be effective and fit for the future.

Our response to the pandemic has required officers and staff to work in new ways, from different locations, using new tools and methods. At the outset of the pandemic in 2020/2021, we mobilised large numbers of our workforce to be able to work from home, supporting this with both hardware (laptops) and software through our ongoing transitional ICT work. Supporting and enabling some staff to work in different ways and from different locations ensured that those who continued to work from our police stations, offices and other workplaces could do so in a safe and compliant environment. Personal protective equipment (PPE), provision was both local and also utilising the national distributions channels established across all policing, and enhanced cleaning regimes across our estate, were continued to support safe working practices. Staff at the OPCC and in the force have increasingly returned to the office, but hybrid working to build on the learning and advantages we saw during the pandemic is widespread throughout the organisation, and the new ICT infrastructure has enabled this change.

7. Corporate Risks and horizon scanning

The PCC and Chief Constable each have a Strategic Risk Strategy in place to ensure that the risks facing the force and the PCC's office are effectively and appropriately identified, evaluated, reported and mitigated against. The PCC and force risk registers are reviewed regularly by their respective chief officer teams and they are also reported to the Joint Audit and Standards Committee to provide independent oversight to ensure that risks are managed effectively.

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Horizon Scanning

In 2022 The Police Foundation released the strategic review of policing, which set out to examine how crime, fear of crime and other threats to public safety are changing and assess the ability of the police to meet these challenges, as part of a wider strategic response.

The review outlined the challenges faced by policing and how they can be expected to evolve through the 2020s and into the 2030s. This provides a helpful context which the force will remain mindful in setting its strategy to ensure it is able to provide effective policing services in the medium term

“Traditional crime (all crime except fraud and cybercrime) has fallen nationally by 75 per cent since 1995. However, these traditional forms of crime (burglary, car theft, low level assaults and so on) have been replaced by new forms of crime and harm – Warwickshire is no different in terms of this profile. These have in turn been generated by three transformations.

- **Technological Revolution:** The technological revolution has created, via the internet, a whole new space in which crime and harm take place. This has transformed the composition of crime. For example, in the year to June 2021 53 per cent of all crime affecting people in England and Wales was just fraud and cybercrime. The force has undertaken a review of the operating model and a key area has been how we strengthen in the area of cybercrime.
- **Environmental crisis:** Human activity is transforming the natural environment in a way that poses new risks to public safety. In the UK climate change is also generating an increase in political protest and the police increasingly find themselves having to manage the public order implications. Another form of environmental change is the growing risk of global pandemics. The experience of the coronavirus pandemic has shown how highly disruptive such events can be, with significant implications for policing and public safety. During 2022 Warwickshire has been one of the forces affected by the Just Stop Oil protests which have had a significant resource impact on our police resources.
- **Social change:** We are living through a period of significant social change, characterised in part by the emergence of more complex social needs. For example, there was a 28 per cent increase in mental health related incidents between 2014 and 2018 across 26 forces. To provide another example, police devote around three million ‘investigation hours’ per year to missing persons reports, which is the equivalent of 1,562 full time police officers per year, this is more officers than the whole of Warwickshire and is equivalent to the same number of officers required to police all of North Yorkshire. In particular, there has been increased reporting of male violence and sexual abuse against women and girls. For example, between 2016 and 2021 there was a 50 per cent increase in reported domestic abuse crime, and between 2013 and 2021 there was a 240 per cent increase in the numbers of rapes reported to the police. As described above, our force operating model review has considered these changes and we are proposing to bring together specialist resources to tackle these crimes.

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Finally, new forms of social division and tension have emerged creating demands on those charged with keeping the peace. The number of protest events has risen steadily over the last decade, going from 83 in 2007 to 280 in 2016 and the number of protests involving confrontational tactics increased from 7 in 2000 to 126 in 2019. The number of hate crimes reported to the police in England and Wales rose by 194 per cent between 2012/13 and 2018/19.

Organised crime groups are profiting from each of these transformations, using more sophisticated technology to commit crimes and hide their gains, committing widespread environmental crime and exploiting vulnerable people with complex needs.

How people experience crime and safety is important. If people feel unsafe then this is likely to have a major impact on their wellbeing. Before the pandemic there was an increase in those who thought crime was one of the biggest issues facing the country. Fear of becoming a victim of crime is lower than it was in the past but it is not experienced equally. Those on low incomes worry significantly more about crime than those on high incomes, reflecting real differences in their likelihood of becoming a victim. Public confidence and trust in the police are under pressure and high-profile national incidents in other parts of the country have sought to further challenge police legitimacy. The force recognises this and is prioritising public engagement, seeking to ensure Warwickshire residents retain confidence and trust in their police force.

8. Conclusion and acknowledgements

The PCC and Chief Constable will continue to drive value for money across all areas of policing and closely monitor financial performance throughout the year to ensure that policing demands can be met within the resources available in the approved budget. During 2021/22 the force has made great strides in recruiting additional police officers under the national Police Uplift programme. Warwickshire Police had been asked to recruit an additional 41 police officers by March 2021, and a further 41 in 2021/22, which it has achieved. 2022-23 will see the final year of the uplift programme and these additional resources will prove to be critical to the operational resilience of the force to reduce crime in Warwickshire.

The Commissioner has set a clear direction of travel through the new Police and Crime Plan through to 2025 and he has committed to strategic activity, working with and holding to account the force, while also working in partnership with others on shared priorities.

The financial affairs of the PCC and Chief Constable have been and continue to be prudently and effectively managed. Best practices and CIPFA guidance and codes of practice in financial management, governance and treasury management are being followed. The PCC, the Chief Constable and their CFO have a strong focus on managing costs and achieving value for money whilst navigating the process of exiting services from the former alliance. This process has completed during 2021/22. Looking ahead the ongoing challenges will be to manage the immediate and ongoing significant demand pressures at the same time as delivering officer uplift and managing a maturing workforce to achieve our target operating model. Work to realise the productivity benefits made possible through our new ICT infrastructure and systems is also a high priority. Our forward plans being developed under the Empower programme will help us navigate the future, with greater service strength, coupled with effective operational processes, ICT and other resources to realise the vision and deliver the outcomes our communities rightly expect of us.

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The production of the Statement of Accounts would not have been possible without the exceptionally hard work of colleagues in the Force Finance Department. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. It has been another challenging year and I would also like to thank them for their support during this time.

Jeff Carruthers
Director of Finance, Warwickshire Police

Summary on the Statement of Accounts

The Accounts and Audit Regulations 2015 require the PCC and Chief Constable to produce a Statement of Accounts each financial year. These statements contain a number of different elements which are explained below.

As previously mentioned in this statement it is the purpose of the Statement of Accounts (the Accounts), consisting of the financial statements and notes to the accounts, to demonstrate that the Group, consisting of the PCC and the Chief Constable has accounted for public money properly and been economical, efficient and effective in the use of that public money.

The treatment of transactions (income and expenditure) and balances (assets, liabilities and reserves) in the PCC's and Chief Constable's Accounts under the Group arrangement and within the context of the Alliance is explained in Note 3, 'Critical Judgements in Applying Accounting Policies'. The PCC and Chief Constable are classified as a group arrangement under accounting standards, the Chief Constable being a subsidiary of the PCC. The specific accounting treatment takes into account the substance of the arrangements for governing the two entities and recognises the formal stage 2 transfer of responsibilities from the PCC to the Chief Constable that took place on 1 April 2014. The Alliance by comparison is instead classified as a joint operation where costs are shared in line with the cost share model on 69% to West Mercia and 31% to Warwickshire up to March 2020. Under the new collaboration agreement post April 2020, for the remaining service areas, costs are split 68.3% to 31.7%.

The Accounts reflect current legislation and local operating arrangements, where legislation takes precedent over the Code or where the Group position differs from that of the PCC this is explained in the Accounts and the notes. The following is an explanation of the contents of the Accounts and the main financial statements, their purpose and relationship between them.

They comprise:

- The **Statement of Accounting Policies**, which sets out the accounting policies adopted by the Group and the PCC and explains the basis on which the financial transactions are presented;
- The **Statement of Responsibilities** for the Accounts, which sets out the responsibilities of both the PCC and the responsible Chief Finance Officer for the preparation of the Accounts;

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- **Auditor's Report** gives the auditor's opinion of the financial statements and of the Group's arrangements for securing economy, efficiency and effectiveness in the use of resources;
- The **Comprehensive Income & Expenditure Statement (CIES)** is a summary of the income and expenditure received and used to provide services during the year and shows how the PCC has funded the cost of net expenditure incurred at the request of the Chief Constable by an intra-group transfer. The surplus or deficit on the provision of services line flows into the MIRS to be transferred into the balance sheet as explained below;
- The **Movement in Reserves Statement (MIRS)** shows the movement in the year on the different reserves held by the Group and the PCC. A further analysis and explanation of the purpose for which these unusable reserves are held can be found at Note 9. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the CIES. This is different to the statutory amounts that can be charged against the police fund and taxation, whereas the net increase before transfers to earmarked reserves is the sum after adjustment for the entries required to comply with accounting standards, Note 8 provides detailed analysis of the adjustments contained in the MIRS;
- The **Balance Sheet**, which shows the value as at the 31 March 2021 of the assets and liabilities recognised by the Chief Constable. The net assets (assets less liabilities) are matched by the usable and unusable reserves, which hold the transfers from the CIES, which have moved through the MIRS;
- The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes;
- **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements, including the Expenditure and Funding Analysis (Note 1);
- **Police Officer Pension Fund Account** - This identifies the payments in and out of the Police Officers Pension Fund Account for the year;
- The **Annual Governance Statement** – This section describes how the PCC conducts business in accordance with proper standards and presents the findings from the annual review of the effectiveness of systems of internal control. The Annual Governance Statement does not form part of the Accounts but is included here for reporting purposes.

For completeness, the Group and PCC Accounts should be read alongside the Chief Constable's Accounts.

The CIES shows a deficit on the provision of services of £27.168m. The deficit is arrived at after accounting for costs and income in line with the Group's accounting policies and recognised accounting conventions, which is different to the statutory basis used to identify the net expenditure to be funded from local taxation in the form of the Council Tax. For

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example, proper accounting practice requires the full cost of future pension liabilities to be recognised in the Accounts and is a significant part of the deficit on the Group's CIES.

The financial standing of the Group needs to be viewed from the perspective of the movement in the Police Fund, as set out in the MIRS, which reconciles the CIES to the statutory basis for determining taxation.

In accordance with International Accounting Standard (IAS) 19, the cost of employment and post-employment liabilities is shown in the Group's Accounts. The Group maintains a negative pensions reserve to match the estimated liability in relation to Police Officers, Police Staff and Police Community Support Officers' retirement benefits, which at the 31 March 2022 is £1,280.189m. However, in considering the impact that this has on the financial position of the Group it must be remembered that:

- Police Staff and Police Community Support Officers are entitled to join the Local Government Pension Scheme (LGPS), which is a funded scheme. The liability will be funded by future planned increases in both the employee and employer contributions.
- The Police Pension Scheme, under the current arrangements, is funded partly by police officer and employer contributions. If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year the Home Office will fund the deficit through a pensions grant.
- The Police Pension Scheme and LGPS have been subject to reform and as from 1 April 2015 the former became a career average (CARE) scheme; the LGPS became a CARE scheme on 1 April 2014. Therefore, the future benefit structures, as well as the level of contributions, have changed.

Further information about the IAS 19 liability can be found under Note 20 and information about the Police Pensions Fund Account can be found on page 82.

Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2020/21 financial year and its position at the year-end. The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Chief Constable when preparing and presenting the financial statements. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year.

ii. Changes in Accounting Policies

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions in the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. No changes have been made to the Chief Constable's accounting policies in 2021/22.

iii. Income and Cost Recognition and Intra-group Adjustment

The PCC is responsible for the Police Fund into which all income is received including the main funding streams of Police Grant, Revenue Support Grant and Council Tax as well as income from charges and from which all costs are met. The Police Fund is held in a single bank account: the Chief Constable does not have a separate bank account into which money can be received or from which payments can be made.

The Chief Constable's Accounts show the cost of undertaking day to day operational policing under the direction and control of the Chief Constable. Expenditure shown in the CIES include the salaries of police officers, PCSOs and police staff as well as the cost of purchases. In addition, a charge is shown for the Chief Constable's use of assets, which are strategically controlled by the PCC. The capital charge is equal to depreciation of property, plant and equipment and amortisation of intangible assets plus any charge for impairment through obsolescence or physical damage. To fund the operational expenditure the Chief Constable's Accounts show income by way of funding or financial guarantee provided by the PCC to the Chief Constable. This treatment forms the basis of the intra-group adjustment between the Accounts of the PCC and the Chief Constable. However, because the Chief Constable does not have a bank account there is no actual transfer of cash between the PCC and the Chief Constable.

The cost of post-employment benefits accrued by serving and ex-police officers and police staff and the cost of accrued absences is also shown in the Chief Constable's Accounts.

Statement of Accounting Policies

iv. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by police officers, police staff and PCSOs) are recorded as expenditure when the services are received rather than when payments are made;
- Manual accruals of expenditure are not made where the value of the item is less than £1,000.

Notional transactions between the PCC and the Chief Constable are assumed to be settled immediately. The effect is to minimise the debtors within the Chief Constable's Balance Sheet. Where revenue and expenditure has been recognised but cash has not been paid a creditor for the relevant amount is recorded in the Balance Sheet. However, the PCC has not given consent to the Chief Constable to enter into contracts; therefore creditors for purchases are not shown in the Chief Constable's Accounts. However, accruals for police officers, PCSOs and police staff under the control of the Chief Constable are reflected in the Chief Constable's Accounts.

v. 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 no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

However, the Chief Constable does not have a separate bank account, therefore the cash figure is a notional figure derived from the PCC's cash and cash equivalents to balance with corresponding items held on the Balance Sheet.

vi. Charges to Revenue for Non-Current Assets

Services under the direction and control of the Chief Constable are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible non-current assets attributable to the service.

vii. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

This policy only applies to members of police staff, including PCSOs.

Termination benefits are amounts payable to employees as a result of a decision by the Chief Constable to terminate their employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Cost of Services in the CIES at the earlier of when the employer can no longer withdraw the offer of those benefits or when the employer recognises costs for a restructuring.

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

Post-Employment Benefits

Police officers and police staff, including PCSOs have the option of belonging to one of two separate pension schemes relevant to them:

- Police Pension Scheme (PPS) for Police Officers.
- Local Government Pensions Scheme (LGPS) for Police Staff administered by Warwickshire County Council.

Both schemes provide index-linked defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Chief Constable and determined by the individuals' pensionable pay and pensionable service.

The LGPS and the PPS are accounted for as defined benefits schemes as follows:

Statement of Accounting Policies

- the liabilities of the pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of anticipated earnings for current employees.
- International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds.
- the PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin and the LGPS liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields at 31 March 2022.
- the discount rates used by the actuaries and other principal assumptions are set out in Note 20.
- the assets of the LGPS fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions' liability is analysed into the following components:

- **Current service cost** – the increase in liabilities as a result of years of service earned in the current year – allocated in the CIES to the services for which the employees worked;
- **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs;
- **Net interest on the net defined benefit liability** i.e. net interest expense for the Group – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

Statement of Accounting Policies

- **Re-measurements comprising:**
 - **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **Contributions paid to the pension fund** – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A difference between the two schemes is that the PPS is an unfunded, defined benefit, final salary scheme, whereas the LGPS is a funded, defined benefit scheme and, with effect from 1 April 2014, became a career average (CARE) rather than final salary scheme. As the PPS is unfunded there are no investment assets built up to meet the pensions’ liabilities and cash has to be generated to meet the actual pension^s payments as they eventually fall due. This is further explained in the notes to the Police Pension Fund Account on page 62.

It should be noted that the Chief Constable has not exercised powers to make discretionary awards of retirement benefits in the event of early retirements. The approach set out in the joint Government Actuary’s Department (GAD)-CIPFA paper “Assessment of Pension Liabilities Disclosures” as realised in the GAD model has been followed in order to satisfy the disclosure requirements of the Code.

The Chief Constable has powers to make awards to Police Officers who have ceased to be members of the police force and are permanently disabled as a result of an injury received without his/her own default in the execution of his/her duty. These payments are made in accordance with the Police (Injury Benefit) Regulations 2006.

The triennial valuation of the Local Government Pension Scheme took place during 2020/21 and the effects of this have been reflected in the changes to the figures by the scheme’s actuaries, Hymans Ltd, in preparing their report for 31 March 2021. Further information can be found in Note 35.

viii. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the PCC and / or Chief Constable in conjunction with other ventures or organisations that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets (Property, ICT and Vehicles) that it controls or its share thereof. Joint assets give rise to benefits of the joint venturers. The Group also recognises the liabilities that it incurs. The CIES is debited and credited with the expenditure it incurs and the share of costs incurred or income earned through the joint operation.

A full explanation of the treatment of transactions and balances under the Alliance has been explained fully in Note 10 to the Accounts 'Pooled Budgets and Joint Operations'.

ix. Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis from the commencement of the lease term over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent free period at the inception of the lease).

x. Segmental Analysis

Income and Expenditure is reported in the CIES on the basis of the Chief Constable's organisational structure. This requirement arose from CIPFA's "Telling the Story" review that revised the presentation of Public Sector financial statements so that the CIES reflects the way that organisations operate and manage services. The Chief Constable monitors and manages its financial performance on the basis of a single segment, Policing Services, to reflect this distinct service area. The costs of overheads and support services are charged to the segment on the same basis as they are reported in the financial performance reports. That is, the costs fall in the segment that is responsible for the support service and that directly monitors and manages that service.

The Expenditure and Funding Analysis (EFA) emanated from the Telling the Story review and brings together local authority performance reported on the basis of expenditure measured under proper accounting practices (including depreciation and the value of pension benefits earned by the employees) with statutorily defined charges to the Police Fund. The EFA reconciles the net expenditure chargeable to council tax to the CIES, analysed by service segment and thereby provides a direct link between the CIES and the budget i.e. the Police Fund.

xi. Prior Year Adjustments

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

xii. Provisions, Contingent Liabilities and Contingent Assets

Provisions are made where an event has taken place that gives the Chief Constable a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Chief Constable may be involved in a court case that could eventually result in the making of a settlement of the payment of compensation.

Provisions are charged as an expense to the Cost of Services in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate as at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the Cost of Services.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the Chief Constable settles the obligation.

A contingent liability or a contingent asset arises where an event has taken place that gives the Chief Constable a possible obligation or asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities and contingent assets are not recognised in the Balance Sheet but disclosed in Note 18 to the Accounts.

xiii. Reserves

The Chief Constable does not hold any usable reserves as all such reserves are retained by the PCC.

Unusable reserves are held by the Chief Constable to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Chief Constable. These reserves are explained in the relevant disclosure notes to the accounts.

xiv. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Statement of Responsibilities

Responsibilities of the Chief Constable of Warwickshire Police

The Chief Constable is required to:

- Make arrangements for the proper administration of the Chief Constable's financial affairs and to ensure that one of his/her officers has the responsibility for the administration of those affairs. In this organisation that officer is the Chief Finance Officer to the Chief Constable;
- Manage the Chief Constable's affairs to secure economic, efficient and effective use of resources and safeguard the Chief Constable's assets;
- Approve the Statement of Accounts.

I accept the above responsibilities and approve these Statement of Accounts for 2021/22.

Debbie Tedds

The Chief Constable of Warwickshire Police

Date: xx November 2022

Responsibilities of the Chief Finance Officer

The Chief Finance Officer to the Chief Constable is responsible for the preparation of Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer to the Chief Constable has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Chief Finance Officer has also:

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

The Statement of Accounts for the Chief Constable of Warwickshire Police is duly authorised for issue on xx November 2022 by authority of the Chief Finance Officer to the Chief Constable.

I certify that the Statement of Accounts represents a true and fair view of the financial position of the Chief Constable of Warwickshire Police at the accounting date and of the income and expenditure for the year ended 31 March 2022.

Jeff Carruthers

Chief Finance Officer to the Chief Constable of Warwickshire Police

Date: xx November 2022

Independent Auditor's Report

**Independent auditor's report to the Police and Crime Commissioner for Warwickshire
Report on the Audit of the Financial Statements**

Audit Report Page 1 – to be added following completion of audit

Independent Auditor's Report

**Independent auditor's report to the Police and Crime Commissioner for Warwickshire
Report on the Audit of the Financial Statements**

Audit Report Page 2 – to be added following completion of audit

Independent Auditor's Report

**Independent auditor's report to the Police and Crime Commissioner for Warwickshire
Report on the Audit of the Financial Statements**

Audit Report Page 3 – to be added following completion of audit

Independent Auditor's Report

**Independent auditor's report to the Police and Crime Commissioner for Warwickshire
Report on the Audit of the Financial Statements**

Audit Report Page 4 – to be added following completion of audit

Comprehensive Income and Expenditure Statement (CIES)

This Statement recognises the financial resources belonging to the PCC consumed at the request of the Chief Constable in exercising day to day direction and control of the police force for the financial year, presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The CIES includes the intra-group transfer, whereby the PCC provides resources to meet the cost of day to day policing provided by the Chief Constable.

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000			2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
144,061	0	144,061	Policing Services		149,044	0	149,044
144,061	0	144,061	Cost of Policing Services	1	149,044	0	149,044
(127,039)	0	(127,039)	PCC's Funding for Resources Consumed	9	(126,944)	0	(126,944)
17,022	0	17,022	Net Cost of Policing Services		22,100	0	22,100
		(14,864)	Other operating income - Home Office grant receivable towards the cost of retirement benefits (<i>Police Pension Fund Account, Page 80</i>)				(13,467)
		25,010	Financing and investment net expenditure (<i>Note 20</i>)				25,742
		27,168	Deficit on Provision of Services				34,375
		144,877	Re-measurement of the net defined benefit liability (<i>Notes 8 and 20</i>)				(34,982)
		144,877	Other Comprehensive Income & Expenditure				(34,982)
		172,045	Total Comprehensive Income & Expenditure				(607)

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into Usable Reserves (ie 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 Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different to the statutory amounts charged to the General Fund Balance for council tax setting purposes. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Chief Constable.

	Notes	Police Fund Balance	Unusable Reserves	Total Chief Constable Reserves
		£000	£000	£000
Opening Balance at 1 April 2020		0	(1,112,063)	(1,112,063)
Movement in reserves during 2020/21				
Total Comprehensive Income and Expenditure	20	(27,168)	(144,877)	(172,045)
Adjustments between accounting basis and funding basis under regulations	7	27,168	(27,168)	0
Net Increase before transfers to Earmarked Reserves		0	(172,045)	(172,045)
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	(172,045)	(172,045)
Balance at 31 March 2021 Carried Forward		0	(1,284,108)	(1,284,108)
Movement in reserves during 2021/22				
Total Comprehensive Income and Expenditure	20	(34,375)	34,982	607
Adjustments between accounting basis and funding basis under regulations	7	34,375	(34,375)	0
Net Increase before transfers to Earmarked Reserves		0	607	607
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	0	607
Balance at 31 March 2022 Carried Forward		0	(1,283,501)	(1,283,501)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The Chief Constable holds employment liabilities, which is associated with the Chief Constable's day-to-day direction and control of police officers and police staff, the costs of which are shown in the CIES. The net liabilities are matched by an unusable reserve held at the bottom of the balance sheet.

31 March 2021			31 March 2022
£000		Notes	£000
0	Long Term Assets		0
1,361	Short Term Debtors	15	201
600	Intra Group Debtor	9	2,791
1,961	Current Assets		2,992
(4,874)	Short Term Creditors	16	(6,109)
(224)	Provisions	17	(195)
0	Intra-Group Creditor	9	0
(5,098)	Current Liabilities		(6,304)
(1,280,971)	Liability Relating to Defined Benefit Pension Schemes	20	(1,280,189)
(1,280,971)	Long Term Liabilities		(1,280,189)
(1,284,108)	Net Liabilities		(1,283,501)
(1,284,108)	Unusable Reserves	8	(1,283,501)
(1,284,108)	Total Reserves		(1,283,501)

The unaudited Statement of Accounts were issued on 31st July 2022 and these audited Statement of Accounts were authorised for issue on xx November 2022.

Chief Finance Officer to the Chief Constable of Warwickshire Police

Cash Flow Statement

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

2020/21 £000		Notes	2021/22 £000
27,168	Net (surplus) or deficit on the provision of services		34,375
(27,168)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	7, 20	(34,375)
0	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		0
0	Net cash flows from Operating Activities		0
0	Investing Activities		0
0	Net increase or decrease in cash and cash equivalents		0
0	Cash and cash equivalents at the beginning of the reporting period		0
0	Cash and cash equivalents at the end of the reporting period		0

Notes to the Financial Statements

The following notes contain information which is in addition to that contained in the main financial statements, and is intended to provide a fuller explanation and description of specific figures to aid the reader's understanding of the Statement of Accounts.

1. Expenditure and Funding Analysis (EFA)

This Statement shows how annual expenditure is used and funded from resources by the Chief Constable in comparison with those resources consumed or earned by the Chief Constable in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Chief Constable's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

	2021/22 Net Expenditure Chargeable to the Police Fund Balances £000	2021/22 Adjustments between the Funding and Accounting Basis £000	2021/22 Net Expenditure in the CIES £000
Policing Services	125,615	23,429	149,044
Net Cost of Policing Services	125,615	23,429	149,044
Funding from the PCC	(125,615)	(1,329)	(126,944)
Other income and expenditure	0	12,275	12,275
(Surplus) or deficit on provision of Services	0	34,375	34,375

Opening Police Fund at 31 March 2021	0
Less Deficit on Police Fund in Year	0
Closing Police Fund at 31 March 2022	0

	2020/21 Net Expenditure Chargeable to the Police Fund Balances £000	2020/21 Adjustments between the Funding and Accounting Basis £000	2020/21 Net Expenditure in the CIES £000
Policing Services	124,264	19,797	144,061
Net Cost of Policing Services	124,264	19,797	144,061
Funding from the PCC	(124,264)	(2,775)	(127,039)
Other income and expenditure	0	10,146	10,146
(Surplus) or deficit on provision of Services	0	27,168	27,168

Opening Police Fund at 31 March 2020	0
Deficit on Police Fund in Year	0
Closing Police Fund at 31 March 2021	0

Notes to the Financial Statements

1(a) Note to the EFA

Adjustments between Funding and Accounting Basis

2021/22					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	1,214	21,925	(517)	807	23,429
<i>Net Cost of Services</i>	1,214	21,925	(517)	807	23,429
Funding from the PCC	(1,214)	0	517	(632)	(1,329)
Other income and expenditure from the Funding Analysis	0	12,275	0	0	12,275
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	34,200	0	175	34,375

2020/21					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	3,029	15,997	(554)	1,325	19,797
<i>Net Cost of Services</i>	3,029	15,997	(554)	1,325	19,797
Funding from the PCC	(3,029)	0	554	(300)	(2,775)
Other income and expenditure from the Funding Analysis	0	10,146	0	0	10,146
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	26,143	0	1,025	27,168

Note (i) Adjustments for Capital Purposes

This column adds in depreciation and amortisation in the services line. MRP and other revenue contributions to capital expenditure are deducted because they are not chargeable under generally accepted accounting practices.

Notes to the Financial Statements

Note (ii) Net Change for Pensions Adjustments

This column reflects the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs;
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note (iii) Financing and Investment Income and Expenditure Adjustments – this column adjusts for borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services.

Note (iv) Other Adjustments – this column reflects timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

1(b) Expenditure and Income Analysed by Nature

2020/21 £000		2021/22 £000
57,982	Police officers pay	60,018
32,879	Police staff pay	29,862
1,390	Police pensions	1,548
1,875	Other Employee Expenses	1,706
32,830	Pensions current cost of service	38,775
(17,103)	Cost of pensions based on cash flows	(17,317)
1,025	Accumulated absences	175
28,780	Other service expenditure	29,348
270	Non distributed costs	467
3,196	Depreciation, Amortisation, Revaluation Loss and REFCUS	8,059
937	Capital Charge between PCC and Chief Constable - net	0
25,010	Net interest on the net defined benefit liability	25,742
169,071	Total Expenditure	178,383
(127,039)	Funding from the PCC for financial resources consumed	(126,944)
0	Capital Charge between PCC and Chief Constable - net	(3,597)
(14,864)	Government grants and contributions	(13,467)
(141,903)	Total Income	(144,008)
27,168	Deficit on the Provision of services	34,375

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code requires the Group to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The annual IFRS improvement programme notes four changed standards:

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

None of the above are expected to have a material impact on the Accounts of the Group. The implementation of IFRS 16 – Leases for Public Sector Accounts has again been deferred, until 1 April 2024, and it is currently not possible to provide an estimate of the impact this may have. Both the 2022/23 and the 2023/24 Codes will allow for early adoption of IFRS 16 should an Authority consider that it is able to do so as of 1 April 2022 or 2023, but there are currently no plans for Warwickshire to do this. On 12th April 2021 Chief Officers agreed to set Warwickshire Police's minimum threshold for leases at £5,000, and this remains the same for 2021/22 accounts.

3. Critical Judgements in Applying Accounting Policies

The financial statements are prepared using the accounting policies set out in the earlier section; however the Chief Constable is required to exercise judgement and make estimates and assumptions, based on a range of factors including experience or expert valuation, which affects the application of these policies and the value of transactions and balances reported in the financial statements. This is often the case where there are complex transactions or uncertainty about future events and/or figures are not readily available from another source. The estimates and assumptions are kept under review and revisions, where appropriate, are recognised in the period in which they are made. The critical judgements that have a material impact on the Accounts are as follows:

PCC and Chief Constable Group Relationship

The Police Reform and Social Responsibility Act 2011 came into effect on 22 November 2012, creating two corporation soles: The Police and Crime Commissioner for Warwickshire (PCC) and the Chief Constable of Warwickshire Police (CC).

The allocation of transactions and balances between the PCC and the CC affects the values reported in the two entities' Accounts. The allocation of transactions and balances is a judgement in light of the legislation, accounting standards and the substance of the local arrangements that are in place rather than the legal form underpinning the arrangements. The treatment of the Group, consisting of the PCC and CC, has to be considered jointly.

The approach taken to the accounts is that:

Notes to the Financial Statements

- Revenue expenditure directly relating to those budgets delegated to the CC for the provision of policing services is predominantly included within the Chief Constable's Accounts;
- The CC's accounts have been charged with the expense associated with IAS19 pensions and accumulated staff absences as well as the fair value of non-current assets consumed during the year and the CC's Balance Sheet contains the net liabilities associated with these items offset by unusable reserves as required by the Code of Practice;
- An intra-group transfer has been made between the CC's and the PCC's CIES offsetting the above expenses;
- Within the Group accounts, where material, a distinction is made between the transactions and balances of the Group and the PCC;
- The Chief Constable's Balance Sheet contains employment-related debtors, creditors and provisions together with all inventories.

4. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Accounts contain estimated figures that are based on judgements and assumptions made by the Chief Constable about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from those that have been estimated. The items in the Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Post-Employment Benefits (Pension Liability)

Estimation of the pension liability depends on a number of complex judgements and assumptions relating to the discount rate, the future value of the assets and liabilities of the Police Pension Schemes (PPS) and Local Government Pension Scheme (LGPS), the rate of increase in pay, changes in retirement ages and mortality rates. Two actuaries are engaged to provide the PCC and the Chief Constable with expert advice and illustrations about the impact of the changes in assumptions to be applied to the pension schemes, and these are set out in Note 20.

The assumptions used to value the pension assets and liabilities are reviewed annually when the actuaries prepare the figures for inclusion in the Accounts. They will vary year on year based on experience and changes to the pension schemes e.g. scheme profiles and the most appropriate inflation index. A variance in the assumptions compared to reality can produce material changes to the assets and liabilities of the pension schemes. The actuary produces sensitivity analysis to show the impact of a plus or minus 1% variation in key assumptions. The impact of these changes is dampened by the fact that only employer contributions, the cost of ill health retirements and injury awards are charged against the General Fund. The impact on the employer's contributions is smoothed over time by the valuation of the schemes, which is undertaken every three years.

Cost of Service – Comprehensive Income and Expenditure Statement

As explained in the Accounting Policies, income and expenditure is categorised into one segment: Policing Services, as this is how the organisation monitors and manages its financial performance. Support service costs are reported as part of the services where they are monitored and managed.

Notes to the Financial Statements

The Net Cost of Policing Services has risen by £5m compared to 2020/21, mainly due to fluctuations between years relating to pensions' costs, as well as reflecting the increased government funding for the recruitment of additional police officers, as explained in the Narrative Statement.

Employee Benefits

With the exception of leave built up through flexible working hours the majority of the hours required to calculate the accrued annual leave and toil are taken directly from the HR and Duty Management system. The flexi hours are calculated by extrapolating a sample of police staff. The cost is applied to the hours to calculate the employee benefit accrual using average salary cost per rank based on the data held in the payroll. This is the most significant estimate used to affect the accruals.

5. Material Items of Income and Expenditure

The re-measurement of the net defined benefit liability in the Other Comprehensive Income and Expenditure section of the CIES is a gain of £34.982m, compared to a loss of £144.877m in 2020/21. The gain is due to relatively small changes in the rates and assumptions used by the actuaries for calculating inflation, salary increases, and discounting scheme liabilities. Overall, the Pensions Liability held on the Balance Sheet, has reduced by £0.782m to £1,280.2m at 31 March 2022. Further information regarding the Pensions Liabilities can be found in Note 20.

6. Events After the Reporting Period

The unaudited Statement of Accounts were issued by the Chief Finance Officer to the Chief Constable on 31 July 2022. Events taking place after this date are not reflected in the financial statements or notes.

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

2021/22	Police Fund Balance £000
Adjustments primarily involving the Pensions Reserve	
Pensions Costs (transferred to or from Pensions Reserve)	34,200
Adjustments involving the Accumulated Absences Account	
Holiday pay (transferred to the Accumulated Absences Account)	175
Total Adjustments	34,375

Notes to the Financial Statements

2020/21	Police Fund Balance £000
Adjustments primarily involving the Pensions Reserve	
Pensions Costs (transferred to or from Pensions Reserve)	26,143
Adjustments involving the Accumulated Absences Account	
Holiday pay (transferred to the Accumulated Absences Account)	1,025
Total Adjustments	27,168

8. Unusable Reserves

The Pensions Reserve and Accumulated Absences Reserves are held by the Chief Constable and all other unusable reserves are held by the PCC. Unusable reserves are consolidated in the Group Accounts. The Chief Constable's reserves can be summarised as follows:

31 March 2020 £000		31 March 2021 £000
1,280,971	Pension Reserve	1,280,189
3,137	Accumulated Absences Account	3,312
1,284,108	Total Unusable Reserves	1,283,501

(i) Pensions Reserve

Payments for the cost of post-employment benefits and the associated liability are shown in the Chief Constable's Accounts. 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 Chief Constable Accounts for post-employment benefits in the CIES 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 Chief Constable makes employers contributions to pension funds or eventually pays any pensions for which the Chief Constable is directly responsible as Scheme Manager. 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 Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid and that the PCC can continue to meet the liability in the Chief Constable's Accounts, which is made up as follows:

2020/21 £000		2021/22 £000
1,109,951	Balance as at 1 April	1,280,971
144,877	Re-measurement of the net defined benefit liability	(34,982)
58,110	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	64,984
(31,967)	Employer's pensions contributions and direct payments to pensioners payable in the year	(30,784)
1,280,971	Balance as at 31 March	1,280,189

Notes to the Financial Statements**(ii) Accumulated Absences Account**

The cost of employment benefits and the associated Accumulated Absences liability is shown in the Chief Constable's Accounts. The Accumulated Absences Account absorbs the differences that would otherwise arise on the Police Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. time off in lieu carried forward at 31 March. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2020/21			2021/22	
£000	£000		£000	£000
	2,112	Balance as at 1 April		3,137
(2,112)		Cancellation of accrual made at the end of the preceding year	(3,137)	
3,137		Amount accrued at the end of the current year	3,312	
	1,025	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		175
	3,137	Balance as at 31 March		3,312

It should be noted that during the COVID19 pandemic, officers and staff worked throughout to ensure public safety was their focus at all times, this included some annual leave being cancelled in order to cover absences where some officers and staff were required to self-isolate or shield and their work needed to be covered by others. Absence levels were a main focus during this time, and at no time did they fall below a level that gave concern to Warwickshire Police's provision of services or our ability to fulfil our commitments.

This means that the numbers of days for annual leave and Rest Days in Lieu (RDIL) carried forward at the end of 2022/23 were slightly higher than those carried forward into 2021/22, this was largely due to the continuing waves of the pandemic, with new variants causing further absences during the financial year, although this is expected to return to a more normal level at the end of 2022/23, as the impact of the virus subsides.

9. Intra-Group Funding Arrangements Between the PCC and the Chief Constable

The treatment of transactions and balances within the Group Accounts is set out in Note 3.

The Intra-Group funding arrangement is eliminated on consolidation of the Group Accounts, a treatment adopted for any transactions between the PCC and Chief Constable. The guarantee from the PCC in respect of the resources consumed by the Chief Constable in 2021/22 amounts to £126.944m (£127.039m in 2020/21). This is included within the Net Cost of Policing Services in the CIES, in line with current best practice for the preparation of Police Accounts.

The Balance Sheet includes an Intra-Group Debtor of £2.791m (£0.600m in 2020/21) being the net balance of funding not settled between the PCC and Chief Constable as at the 31 March; this relates mainly to the balance of Debtors and Creditors shown in each of the single-entity accounts as at this date.

The calculation of the Intra-Group funding is set out in the following table:

Notes to the Financial Statements

2020/21 £000		2021/22 £000
144,061	Chief Constable's Cost of Services	149,044
25,010	Interest on the net defined benefit liability	25,742
(14,864)	Home Office grant towards the cost of retirement	(13,467)
144,877	Re-measurement of the net defined benefit liability	(34,982)
299,084	Resources consumed	126,337
	Items removed through the MIRS:	
(171,020)	Movement in pensions liability	782
(1,025)	Movement in accumulated absences liability	(175)
127,039	Total resources consumed for the year by the Chief Constable and funded by the PCC	126,944

10. Pooled budgets and joint operations

Hosted and Shared Services with West Mercia Police during 2020/21 and 2021/22

Two S22a Collaborative Agreements were agreed between Warwickshire Police and West Mercia Police in 2020/21 for four services that were provided by or shared with West Mercia during 2020/21 and the first half of 2021/22. A revised cost sharing mechanism was also agreed, with costs being recharged to Warwickshire at 31.7% in 2020/21, amended to 31.8% in 2021/22. The services covered by the s22a agreements were Forensics, Transactional Services / Business Operations Centre, File Storage (all three hosted), and ICT (shared). The hosted service to Warwickshire for Transactional Services ceased from 1 October 2021 and the service for Forensics ceased from 1 September 2021, although there was some residual Forensics "pipeline" work still being provided to Warwickshire up to 31 March 2022 amounting to £0.011m.

Under these arrangements the costs of the hosted services provided by West Mercia to Warwickshire were shown in full in West Mercia's accounts with the appropriate recharge to Warwickshire shown as expenditure to Warwickshire, as set out below. The recharges consist of Direct Costs (Staff Pay, Transport and Supplies & Services), plus an agreed overhead for premises and other costs, charged as a percentage of pay. Where applicable direct overheads are also added, eg external costs from the payroll provider for running Warwickshire's payroll. Warwickshire Police directly incurred £0.3m (2020/21: £1.4m) of costs in respect of Forensics, mainly relating to pay costs for members of staff employed by Warwickshire, all costs have been recorded in Warwickshire Police's 2021/22 and 2020/21 accounts, but the additional charges are not included in the table below.

Until October 2021 the costs of the ICT Shared Service arrangement were incurred by both forces with the appropriate recharge being made by West Mercia Police to Warwickshire after taking into account costs incurred directly by Warwickshire and costs that were solely attributable to either Force; the net total payable by Warwickshire was £1.176m.

After October 2021 a Hosted service arrangement was in place for ICT services provided by West Mercia to Warwickshire. Costs amounting to £1.684m were paid by Warwickshire under this arrangement to cover the Hosted Service charges until January 2022 (£0.635m), plus set up costs (£0.224m), overheads (£0.100m), and the costs of providing certain applications to March 2022 (£0.725m).

Notes to the Financial Statements

2021/22	Business Operation Centre (BOC) £	Records £	Forensics £	Total £
Employees	347,884	17,502	665,330	1,030,716
Transport	0	0	422	422
Supplies & Services	0	0	33,380	33,380
Direct Costs	347,884	17,502	699,132	1,064,518
General Overheads 2%	6,897	350	13,307	20,554
Premises 3%	10,344	10,301	26,613	47,258
Vehicles	0	954	4,695	5,649
Shared Overheads	17,241	11,605	44,615	73,461
Direct Overheads	37,025	14,652	29,991	81,668
Total Cost for service to Warwickshire	402,150	43,759	773,738	1,219,647

2020/21	Business Operation Centre (BOC)	Records	Forensics	Total
Employees	694,459	19,864	1,696,293	2,410,616
Transport	85	17	572	674
Supplies & Services	0	0	629,953	629,953
Direct Costs	694,544	19,881	2,326,818	3,041,243
General Overheads 2%	13,672	397	33,927	47,996
Premises 3%	20,509	10,271	67,853	98,633
Vehicles	0	952	11,234	12,186
Shared Overheads	34,181	11,620	113,014	158,815
Direct Overheads	72,880	552	0	73,432
Total Cost for service to Warwickshire	801,605	32,053	2,439,832	3,273,490

Place Partnership Limited

Place Partnership Limited (PPL) was a single asset management company co-owned by Warwickshire Police, West Mercia Police, Worcestershire County Council, and Hereford & Worcester Fire Authority that commenced business on 1 September 2015. Each party had equal shares and equal voting rights.

Notes to the Financial Statements

In March 2020 Worcestershire County Council gave notice of its intention to exit PPL effective from 1st April 2021. The remaining partners agreed to dissolve PPL and it ceased trading 31st March 2021. Papers have now been filed at Companies House placing PPL into a solvent liquidation and a small balance will be payable to former Partners in due course.

In 2021/22, all services supplied by PPL have been absorbed by Warwickshire Police or outsourced to external bodies. Most of the work carried out was concerning maintenance and facilities management of the estate and this has been absorbed into the estates department.

The Property valuations that were previously carried out by PPL are now outsourced to Lambert Smith Hampton (LSH), who have provided our annual Land and Buildings valuations as required to comply with Financial Accounting Standards.

PPL was classified as a Joint Operation, because there was joint control and the activity of the arrangement is primarily to provide services to the parties within the parties' boundaries. In 2020/21, the operating costs for Warwickshire Police were £3.476m and this is reflected in the CIES in that year. Costs relating to PPL reflected Warwickshire Police's contribution to the operating costs of PPL, on the agreed basis and the direct costs for works undertaken.

Warwickshire Police's share of PPL's Local Government Pension Scheme assets and liabilities as at 31 March 2021 were incorporated into the Accounts and are shown separately in the tables in Note 37. The actuaries assessed both the total assets and total liabilities relating to PPL as £40.698m as at 31 March 2021 (£33.666 as at 31 March 2020): a net liability of zero. In assessing this position the actuaries took into account the guarantee that was in place between the partners and PPL to ensure that PPL's pension position was fully funded at inception and cessation.

Following PPL termination the Actuary assessed that on extrapolation to the end of the term (careers) of staff who worked for PPL there is currently forecast a deficit of £17.1m. The share of any surplus / deficit is divided amongst the partners on the basis of guarantee based on the level of fees. For Warwickshire Police that is a 4.3% share.

For those Partners in the Worcestershire Pension Fund they have the opportunity to have their valuations adjusted on an ongoing basis to reflect the staff / liability transferred back to them. So if the liability worsens or gets better they will have their employer valuations adjusted for that fact. For Warwickshire Police that is not possible as it is part of the Warwickshire Local Government Pension Fund. There were a number of options available to deal with this liability but the PCC opted to make a termination or 'clean break' payment that discharges the PCC's liability forever. This one off payment of £0.735m (4.3% of £17.1m) has been accounted for in the 2021/22 Accounts, funded from the Budget Reserve.

West Midlands Regional Organised Crime Unit

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region. The aim of WMROCU is to reduce the impact and increase the disruption of serious and organised crime within the region and beyond. West Midlands Police acts as the lead force for this joint arrangement and provides the financial management service for this unit.

Notes to the Financial Statements

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit covers all operating costs. The details are as follows:

2020/21		2021/22
£000		£000
(14,721)	Contribution from West Midlands Police	(14,500)
(4,001)	Contribution from West Mercia Police	(3,970)
(3,887)	Contribution from Staffordshire Police	(3,857)
(1,944)	Contribution from Warwickshire Police	(1,928)
(2,399)	WMROCU Grant	(2,399)
(140)	National Cyber Security Programme funding	(365)
(178)	Regional Asset Recovery Team grant	(224)
(482)	ROCU Reserves	(1,156)
(1,096)	UCOL Funding	(1,096)
(112)	ROCTA Funding	(122)
(256)	Disruption Team Funding	(155)
(250)	Dark Web Funding	(250)
(34)	OPSY Income	(67)
(29,500)	Total funding provided to the WMROCU	(30,089)
1,066	Regional Asset Recovery Team (RART)	1,172
187	RART – ACE team	237
739	Regional Cyber Crime Unit	827
320	Regional Fraud Team	389
952	Regional Prisons Intelligence Unit	1,211
63	Operational Security (OPSY)	71
61	Regional Government Agency Intelligence Network (GAIN)	62
1,440	Command Team	1,400
5,679	Regional Confidential Unit	5,660
0	Posts created from underspend	93
765	TIDU – Technical Intelligence	841
252	Enabling Services	312
5,197	SOCU	4,780
7,531	Regional Surveillance Unit (FSU)	7,710
112	Threat Assessment Team (ROCTA)	3,808
385	Disruption Team	902
3,649	Other Regional Operations	195
854	Additional Contribution to Reserves *	160
248	Dark Web	259
29,500	Total Expenditure	30,089
0	Total Net Expenditure	0

East Midlands Air Support Unit (EMASU) and National Police Air Service (NPAS)

The EMASU was a joint operation by the Chief Constables of Warwickshire, Northamptonshire and Leicestershire, the latter provided the financial administration service for this joint unit, with the three PCCs jointly owning the helicopter.

Notes to the Financial Statements

NPAS was set up by the Home Office with effect from 2 October 2012 with administration of the service being provided by the Chief Constable of West Yorkshire. The Warwickshire, Northamptonshire and Leicestershire helicopter was formally transferred to the new national service provider on 3 October 2013. NPAS does not constitute a jointly controlled operation and so the PCC only accounts for the expense of payments to NPAS amounting to £0.281m in 2021/22, (£0.441m in 2020/21) and not for a share of the assets or liabilities.

As part of the transfer arrangements, the PCC will receive an annual payment from NPAS to reflect the value of the air frame credits for the transferred helicopter. NPAS's liability to the PCC is shown in the PCC's balance sheet as a long term debtor of £0.008m and a short term debtor of £0.025m, representing the discounted value of future expected cash flows in 2022/23 and subsequent years. Future payments from NPAS will be offset against these debtors and an annual interest amount credited to the CIES.

The Northern Justice Centre and Southern Justice Centre

The Warwickshire Justice Centres are a multi-partner jointly controlled operation. Whilst no legal entity exists, the business of the Justice Centres is conducted through a separate Justice Centre Board, under a formal agreement. The partners to the agreement have joint control of operations; therefore the PCC for Warwickshire is not the sole beneficiary or controlling partner. The Chief Constable provides financial administration support to the Warwickshire Justice Centres Board.

Partners contribute to the running costs on the basis of floor area as follows:

Northern Justice Centre

- 45.6% Police
- 40.0% Her Majesty's Courts & Tribunals Service
- 10.4% Probation
- 3.8% Youth Justice Service
- 0.2% Victim Support

Southern Justice Centre

- 27.9% Police
- 56.9% Her Majesty's Courts & Tribunals Service
- 7.8% Probation
- 5.1% Crown Prosecution Service
- 2.3% Youth Justice Service

The operational costs, including building maintenance, for the Northern Justice and Southern Justice Centre are met from partner's contributions. A surplus or deficit on the Justice Centre Accounts is carried forward and taken into account in setting the following year's budget. Sinking funds exist for both Justice Centres to meet future building maintenance costs, these funds are ring fenced in their earmarked Reserves and do not form part of the Chief Constable, PCC or Group Accounts. The sinking funds are cash-backed Reserves and £4.767m (£4.084m as at 31 March 2021) relating to these reserves is invested by Warwickshire Police on behalf of the Justice Centres.

Notes to the Financial Statements

The assets of the two Justice Centres (land and buildings) are recorded in the PCC and Group Balance Sheet representing the PCC's control over these assets. The entire income and expenditure associated with operating the Warwickshire Justice Centres is set out in the following tables, however only the Chief Constable's share of this income and expenditure is included in the Chief Constable and Group financial statements.

Northern Justice Centre

2020/21 £000		2021/22 £000
	Income	
(1,549)	Contribution from partners	(1,583)
0	Other income	(6)
(1,549)	Total Income	(1,589)
	Expenditure	
48	Pay and Allowances	44
1,386	Premises	1,409
57	Supplies & Services	57
1,491	Total Expenditure	1,510
(58)	Net (Income) / Expenditure	(79)

Southern Justice Centre

2020/21 £000		2021/22 £000
	Income	
(3183)	Contribution from partners	(3,225)
(10)	Other income	(9)
(3,193)	Total Income	(3,234)
	Expenditure	
73	Pay and Allowances	67
2,534	Premises	2,576
85	Supplies & Services	76
435	Capital Charges – loan repayment	434
3,127	Total Expenditure	3,153
(66)	Net (Income) / Expenditure	(81)

The reserves, including the sinking funds, for the Justice Centres do not form part of the Chief Constable's Accounts, they are shown here to present the complete picture of a significant partnership arrangement, which the PCC and Chief Constable are involved in:

Notes to the Financial Statements

RESERVE	Balance at 1 April 2020 £000	Transfers out 2020/21 £000	Transfers in 2020/21 £000	Balance at 31 March 2021 £000	Transfers out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000
Sinking fund	(5,136)	323	(684)	(5,497)	336	(699)	(5,860)
General Reserve	(173)	0	(124)	(297)	0	(160)	(457)
TOTAL	(5,309)	323	(808)	(5,794)	336	(859)0	(6,317)

11. Exit Packages

Following on from changes to the way we deliver some services there were a small number of exit packages approved during 2021/22.

Exit packages include charges by the LGPS in respect of benefits paid before normal retirement age. There were no compromise agreements covering the 2021/22 exit packages. Some employees left the organisation prior to 1 April 2022, and some in early 2022/23. The number of exit packages resulting from redundant posts with total cost per band is set out in the table:

Exit Package cost band (including special payments)	Number of Exit Packages		Total cost of Exit Packages in each band	
	2020/21	2021/22	2020/21 £000	2021/22 £000
£0 - £20,000	30	2	318	7
£20,001 - £40,000	11	3	285	91
£40,001 - £60,000	6	0	280	0
£60,001 - £80,000	1	0	65	0
Total	48	5	948	98

12. Officers' Remuneration

Regulation 7(3) of the Accounts and Audit Regulations 2015 sets out the information to be disclosed to increase transparency and accountability in Local Government for reporting remuneration of senior employees and senior police officers. Remuneration includes all sums paid to or receivable by an employee and expense allowance chargeable to tax, including non-cash benefits in kind. The relevant remuneration information is as follows:

Notes to the Financial Statements

Senior Officer and Relevant Police Officer Emoluments:

		Salary, Fees & Allowances	Bonuses	Expenses Allowances	Benefits in Kind (e.g. car allowance)	Other Payments (Police Officers only)	Exit Packages	Pension Contributions	Total
		£	£	£	£	£	£	£	£
Chief Constable - Mr M Jelley Note 1	2021/22	36,617	0	0	0	1,639	0	0	38,256
	2020/21	144,980	0	60	8,677	12,399	0	0	166,116
Chief Constable 2 – Mrs D Tedds Note 2	2021/22	140,509	0	0	0	4,226	0	43,558	188,293
	2020/21	113,818	0	0	8,291	4,226	0	35,283	161,618
Deputy Chief Constable 2 - Note 3	2021/22	95,617	0	0	0	3,423	0	38,083	137,123
	2020/21	121,382	0	0	7,645	3,423	0	37,628	170,078
Asst Chief Constable 1 – Note 4	2021/22	121,776	0	0	0	1,239	0	37,751	160,766
	2020/21	113,147	0	0	266	3,117	0	35,076	151,606
Asst Chief Constable 2 – Note 5	2021/22	91,634	0	0	0	18,508	0	28,407	138,549
	2020/21	90,161	0	0	0	7,044	0	27,950	125,155
Asst Chief Constable 2 – Note 6	2021/22	91,749	500	0	0	12,842	0	28,442	133,533
	2020/21	89,847	0	0	0	3074	0	27,852	120,773
Director of Finance (S151 Officer) – Note 7	2021/22	94,422	0	0	0	0	0	18,129	112,551
	2020/21	91,452	0	0	0	0	0	17,284	108,736
Director of Enabling Services – Note 8	2021/22	90,405	0	0	0	0	0	17,358	107,763
	2020/21	87,520	0	0	0	0	0	16,541	104,061

Notes

1	Outgoing CC 1 started in post 1 April 2015, and retired on 30 June 2021
2	Incoming CC 2 started in post 1 July 2021 after a period as Temp DC from 27 January 2021 to 30 June 2021.
3	DCC 1 became substantive 11 Sept 2018 after a short period Acting up.
4	DCC 2 acted up as ACC from 13 August 2018 to 20 April 2020 when the postholder became substantive. Appointed Temp DCC on 1 July 2021
5	Temporary ACC acted up from 6 Jan 2020 till 31 May 2020 and again from 27 Jan 2021.
6	Temporary ACC from 1 July 2021
7	Director of Finance appointed permanently 30 May 2018
8	Director of Enabling Services started in post 9 October 2019

Notes to the Financial Statements

Senior police officers and police staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) and including Senior Officers listed above were paid the following amounts:

Number of Employees		Number of Employees
2020/21	Remuneration Band	2021/22
83	£50,000 - £54,999	120
78	£55,000 - £59,999	66
26	£60,000 - £64,999	30
11	£65,000 - £69,999	10
4	£70,000 - £74,999	7
5	£75,000 - £79,999	4
4	£80,000 - £84,999	5
2	£85,000 - £89,999	2
4	£90,000 - £94,999	5
0	£95,000 - £99,999	1
1	£110,000 – £114,999	0
1	£115,000 - £119,999	0
1	£120,000 – £124,999	1
1	£140,000 - £144,999	1
221	Total	252

13. External Audit Costs

	2020/21 re-stated £000	2021/22 £000
Chief Constable	28,167	17,900
PCC	48,327	37,897
Total for the Group	76,494	55,797

The audit fees for 2020/21 have been re-stated to show the actual costs charged in the 2020/21 year. The initial agreed fees were £11,550 for the Chief Constable and £23,897 for the PCC. However, additional fees were agreed and charged for both 2018/19 and 2019/20 and an accrual was made for an estimate of additional fees for 2020/21 and the figures above reflect all these fee variations. In 2021/22 the agreed fees were £12,550 for the Chief Constable and £25,897 for the PCC and the fees above again include an accrual for estimated fee variations for previous years.

Grant Thornton UK LLP provided no non-audit services during the year (nil in 2020/21).

14. Related Parties

The PCC and the Chief Constable are intrinsically related. The PCC empowers the Chief Constable through the scheme of delegation and provides funding to meet expenditure incurred by the Chief Constable on behalf of the PCC. A full explanation of this relationship is set out in Note 3 to the Accounts.

The Chief Constable is required to disclose material transactions with related parties; bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain or deal freely with the Chief Constable.

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates. The PCC has direct control over the Group's finances, including making crime and disorder reduction grants and is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC, to deliver the aims and objectives set out in the Police and Crime Plan.

Warwickshire County Council administer the LGPS and provide Legal Services and Internal Audit services to the Group.

The PCC and Chief Constable participate in various partnerships with a range of public bodies. Details of the transactions with other public bodies participating in joint arrangements are set out in Note 14 to the Accounts.

As explained in Note 11, Place Partnership Limited (PPL) was a single asset management company co-owned by Warwickshire Police, West Mercia Police, Worcestershire County Council, Hereford & Worcester Fire Authority, Redditch Borough Council and Worcester City Council that commenced business on 1 September 2015. Following Worcestershire County Council giving notice in March 2020 of its intention to exit PPL effective from 1st April 2021, during 2020/21 the remaining partners agreed to dissolve PPL and it ceased trading 31st March 2021. Each party held two shares of £1 each (held by the PCC). The PCC received no remuneration from PPL.

The following table shows the extent of the expenditure and income with other local authorities and police forces. (The Other Police Forces figure excludes the settlement from West Mercia Police).

	Expenditure £000	Income £000
Local Authorities in the Policing Area	2,844	(77)
Other Local Authorities	4	(4)
Seconded Police Officers	0	(317)
Other Police Forces (Incl West Mercia)	9,389	(1,060)
Total	12,237	(1,458)

Notes to the Financial Statements

There are no related party transactions for the Chief Constable other than those set out above, which require adjustment of or disclosure in the financial statements or the accompanying notes.

15. Debtors

This note shows money owed to the Chief Constable for funding and services provided on or before 31 March 2022 where the money has not been received by this date.

Restated 31 March 2021 £000		31 March 2022 £000
0	Trade Receivables	0
0	Prepayments	0
1,361	Other Receivables (including balance of Police Pensions Top-up Grant)	201
1,361	Total Debtors	201

16. Creditors

This note shows money owed by the Group and PCC for goods and services purchased and received on or before 31 March 2022 where the money has not been paid by this date.

31 March 2021 £000		31 March 2022 £000
0	Trade Payables	0
(4,874)	Other Payables	(6,109)
(4,874)	Total Creditors	(6,109)

17. Provisions, Contingent Assets and Contingent Liabilities

A £224k provision was charged to the CIES in 2020/21 in respect of termination benefits which will give rise to payments in the future. £29k of this was used during the year relating to adjustments to injury pensions in respect of the Evans & Ashcroft case, leaving a balance as at 31 March 2022 of £195k.

18. Proceeds of Crime

The Act gives powers to the Police and Customs to seize cash derived from, or intended for use in crime, and to secure its forfeiture in civil magistrates' court proceedings. The PCC is currently holding cash totalling £0.309m.

19. Cash Flow Statement – Operating Activities

The Chief Constable does not hold a bank account and in order to balance the mandatory cash flow statement a non-cash movement is shown in respect of the sums required at the financial year end to finance the Chief Constable's share of external debtors, external creditors, provisions and the employment liability due to employees and the pensions accounts, as shown below.

2020/21 £000		2021/22 £000
(1,200)	(Increase)/decrease in revenue creditors & provisions	(1,206)
0	Increase/(decrease) in revenue debtors	(1,160)
175	Movement in Intra-Group Funding	2,191
(26,143)	Movement in pension liability	(34,200)
(27,168)	Total – Group and PCC	(34,375)

20. Defined Benefit Pension Schemes

The costs and liabilities associated with retirement benefits are primarily recorded in the Chief Constable's Accounts.

Participation in Pension Schemes

As part of the terms and conditions of employment for police officers and other employees the Chief Constable makes contributions towards the cost of post-employment benefits (pensions). Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement, no matter when the actual financial cost is incurred.

The Chief Constable participates in two defined benefit pension schemes:

- the Local Government Pension Scheme (LGPS), for police staff and PCSOs, administered locally by Warwickshire County Council. This is a funded, defined benefit scheme, meaning that the Chief Constable and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. With effect from 1 April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.
- the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Administration (Kier Pensions Unit was purchased by XPS Group on 1 November 2018). These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due. The disclosures for the various Police Pension Schemes, including the Injury Awards Scheme, are consolidated in the notes below, as the rules of the schemes are not materially different. The income and expenditure incurred by the police pension schemes and how they are funded is summarised in the section covering the Police Pensions Fund Account.

Notes to the Financial Statements

The pension schemes above provide members with indexed-linked benefits, which are determined predominantly by the individual's pensionable salary and length of service. As part of the government's pension reforms, these schemes are undergoing significant changes in how they are funded and the benefits they offer. However, the purpose of this note is to explain the financial impact, in accordance with the Code, of the pension schemes, on the Accounts. Details of how the police pension schemes operate can be found on the Home Office website and details of how the LGPS operates can be found on the Warwickshire County Council website.

As explained in Note 10, the PCC opted to make a termination or 'clean break' payment to discharge the PCC's share of the PPL Local Government Pension Scheme liability forever. This one off payment of £0.735m (4.3% of £17.1m) has been accounted for in the 2021/22 Accounts, funded from the Budget Reserve.

Discretionary post-retirement benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

McCloud / Sargeant Ruling - Police Pension Scheme 2015 (CARE scheme) Legal Challenge

The Chief Constable, along with other Chief Constables and the Home Office, currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud / Sargeant judgement, but a case management hearing was held in October 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated the same way.

Goodwin treatment

There is another legal case ongoing; the Goodwin case relates to survivor benefits in the Teachers' Pension Scheme. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988. This is being challenged in the legal case.

Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement, the Group's actuaries have carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c. 0.1-0.2% of obligations). We therefore do not believe there are sufficient grounds to apply an additional adjustment to account for this in a standard Results Schedule, given the level of additional work and fees that would be involved (and indeed the highly approximate nature of applying an unknown remedy).

Other court cases

The following court cases, which may also impact LGPS benefits in the future:

- Walker;

- O'Brien;

It is our understanding these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical Employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, we have not made any allowance for the potential remedies to these judgements or applied any changes to the existing LGPS benefits structure in our calculations at the Accounting Date.

Impact on pension liability

McCloud/Sargeant and 2016 valuation cost control

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. This increase was reflected in the IAS19 disclosure as a past service cost in the 2018/19 Accounts. GAD re-calculated the 2019/20 disclosures in light of the eligibility criteria set out in HM Treasury's remedy consultation exercise and these revised figures were incorporated in the 2019/20 audited Accounts.

The impact of an increase in scheme liabilities arising from the McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in scheme liabilities arising from the McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Impact of COVID-19

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. The Actuaries state that it is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next years' Accounts.

Notes to the Financial Statements

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is reported in the Cost of Services when they are earned by police officers, police staff and PCSOs, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Police Fund via the Group MIRS. The following transactions have been made in the Group CIES and the Police Fund via the MIRS during the year:

2021/22	LGPS £000	LGPS (PPL ele- ment) £000	Police Pension Schemes £000	Total £000
CIES				
Cost of Services:				
– current service costs	10,825	0	27,950	38,775
– past service costs and gain/loss from settlements	167	0	300	467
Financing and Investment Income and Expenditure				
– net interest expense	1,782	0	23,960	25,742
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	12,774	0	52,210	64,984
Other Post-Employment Benefits charged to the CIES				
Re-measurement of the net defined benefit liability and return on plan assets	(26,329)	0	(8,653)	(34,982)
Total Post Employment Benefit charged to the CIES	(13,555)	0	43,557	30,002
MIRS				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(12,774)	0	(52,210)	(64,984)
Actual amount charged against the Police Fund Balance for pensions in the year				
– employers' contributions payable to the scheme	4,397	0	12,920	17,317
– benefits paid direct to beneficiaries			1,230	1,230

2020/21	LGPS £000	LGPS (PPL ele- ment) £000	Police Pension Schemes £000	Total £000
CIES				
Cost of Services:				
– current service costs	7743	37	25,050	32,830
– past service costs and gain/loss from settlements	0	0	270	270

Notes to the Financial Statements

Financing and Investment Income and Expenditure				
– net interest expense	1,200	0	23,810	25,010
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	8,943	37	49,130	58,110
Other Post-Employment Benefits charged to the CIES				
Re-measurement of the net defined benefit liability and return on plan assets	28,762	(17)	116,132	144,877
Total Post Employment Benefit charged to the CIES	37,705	20	165,262	202,987
MIRS				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(8,943)	(37)	(49,130)	(58,110)
Actual amount charged against the Police Fund Balance for pensions in the year				
– employers' contributions payable to the scheme	4,675	20	12,408	17,103
– benefits paid direct to beneficiaries			1,120	1,120

Pensions Assets and Liabilities Recognised in the Balance Sheets for the Chief Constable and the Group

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:-

	LGPS £000	Police Pension Schemes £000	Total £000
2021/22			
Present value of the defined benefit obligation	(208,052)	(1,214,440)	(1,422,492)
Fair value of plan assets	142,303	0	142,303
Net liabilities arising from the defined benefit obligation	65,749	(1,214,440)	(1,280,189)

	LGPS £000	Police Pension Schemes £000	Total £000
2020/21			
Present value of the defined benefit obligation (including PPL £1.612m)	(214,237)	(1,197,270)	(1,411,507)
Fair value of plan assets (including PPL £1.612m)	130,536	0	130,536
Net liabilities arising from the defined benefit obligation	(83,701)	(1,197,270)	(1,280,971)

Notes to the Financial Statements

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation) for the Chief Constable and the Group

2021/22	LGPS £000	LGPS (PPL element) £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April 2021	(212,625)	(1,612)	(1,197,270)	(1,411,507)
Current service cost	(10,825)	0	(27,950)	(38,775)
Interest cost	(4,452)	0	(23,960)	(28,412)
Contributions by scheme participants	(1,421)	0	(5,020)	(6,441)
Re-measurement of liabilities	18,430	0	7,990	26,420
Removal of PPL Liabilities as a result of cessation of PPL and the associated final settlement payment (see Note 10)	0	1,612	0	1,612
Benefits paid	3,008	0	32,070	35,078
Past service costs	(167)	0	(300)	(467)
Curtailments	0	0	0	0
Closing balance 31 March 2022	208,052	0	1,214,440	1,422,492

2020/21	LGPS £000	LGPS (PPL element) £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April 2020	(149,882)	(1,310)	(1,059,280)	(1,210,472)
Current service cost	(7,743)	(37)	(25,050)	(32,830)
Interest cost	(3,519)	(35)	(23,810)	(27,364)
Contributions by scheme participants	(1,587)	(9)	(4,860)	(6,456)
Re-measurement of liabilities	(52,741)	(239)	(116,800)	(169,780)
Benefits paid	2,847	18	32,800	35,665
Past service costs	0	0	(270)	(270)
Curtailments	0	0	0	0
Closing balance 31 March 2021	(212,625)	(1,612)	(1,197,270)	(1,411,507)

Notes to the Financial Statements

Reconciliation of the Movements in the Fair Value of the Scheme Assets for the Chief Constable and the Group

Reconciliation of fair value of the scheme assets (LGPS)	2020/21 £000	PPL element 2020/21 £000	Total 2020/21 £000	2021/22 £000	PPL element 2021/22 £000	Total 2021/22 £000
Opening balance at 1 April	99,211	1,310	100,521	128,924	1,612	130,536
Interest income	2,319	35	2,354	2,670	0	2,670
Re-measurement gain/loss: The return on plan assets, excluding the amount included in the net interest expense	23,979	256	24,235	7,899	0	7,899
Contributions by employer	4,675	20	4,695	4,397	0	4,397
Contributions from employees into the scheme	1,587	9	1,596	1,421	0	1,421
Removal of PPL Assets as a result of cessation of PPL and the associated final settlement payment (see Note 14)	0	0	0	0	(1,612)	(1,612)
Benefits paid	(2,847)	(18)	(2,865)	(3,008)	0	3,008
Closing balance 31 March	128,924	1,612	130,536	142,303	0	142,303

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 Police Pension Scheme has no assets to cover its liabilities.

The net liabilities show the underlying commitments that the Chief Constable and the Group has, in the long run, to pay post-employment retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable and the Group remains healthy. The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, (i.e. before payments fall due) as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid.

The total contributions budgeted to be made to the LGPS by the Chief Constable in the year to 31 March 2023 is £4.773m. Expected contributions for the Police Pension Schemes by the Chief Constable in the year to 31 March 2023 are £12.377m.

Reconciliation of the Re-measurement of the Net Defined Benefit Liabilities for the Chief Constable and the Group

The analysis of the re-measurement of the net defined benefit liabilities for 2021/22 is shown in the table below. The two actuaries concerned have different approaches in providing their respective analyses and the table below is therefore a composite analysis.

Notes to the Financial Statements

	LGPS £000	LGPS (PPL element) £000	Police Pension Schemes £000	Total £000
2021/22				
Changes in financial assumptions	(17,884)	0	1,047	(16,837)
Changes in demographic assumptions	(1,085)	0	0	(1,085)
Return on plan assets	(7,899)	0	0	(7,899)
Experience gains and losses	539	0	(9,700)	(9,161)
Total re-measurement	(26,329)	0	(8,653)	(34,982)
2020/21				
Changes in financial assumptions	51,594	239	125,832	177,665
Changes in demographic assumptions	2,793	0	0	2,793
Return on plan assets	(23,979)	(256)	0	(24,235)
Experience gains and losses	(1,646)	0	(9,700)	(11,346)
Total re-measurement	28,762	(17)	116,132	144,877

LGPS Assets

The LGPS assets consist of the following categories, by proportion of the total assets held:

	Total 31 March 2020 £000	Split of Assets between Investment categories %	Total 31 March 2021 £000	Split of Assets between Investment categories %
Cash & Cash Equivalents	2,504	2	2,984	2
Equities	61	0	61	0
Bonds	0	0	22,629	9
Investment Funds & Unit Trusts	108,051	84	92,500	72
Private Equity	6,604	5	10,114	7
Property	11,704	9	14,015	10
Total Assets	128,924	100	142,303	100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit actuarial method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The assets and liabilities of the LGPS which is administered by Warwickshire County Council (County Council Fund) have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the

Notes to the Financial Statements

scheme as at 31 March 2020, projected forward to 31 March 2022. The liabilities for the Police Pension Schemes have been assessed by the Government Actuary's Department. The principal assumptions used by the actuaries have been:

2020/21			2021/22	
LGPS	Police Pension Schemes		LGPS	Police Pension Schemes
		Mortality assumptions		
		Longevity at 65 for current pensioners:		
21.6 years	22.0 years	Men	21.6 years	22.1 years
23.8 years	23.7 years	Women	24.1 years	23.8 years
		Longevity at 65 for future pensioners:		
22.5 years	23.6 years	Men	22.7 years	23.8 years
25.4 years	25.2 years	Women	25.9 years	25.4 years
0	2.00%	Rate of CPI inflation	0	3.00%
3.60%	4.00%	Rate of increase in salaries (long-term)	3.95%	4.75%
n/a	1.00%	Rate of increase in salaries (short-term)	n/a	1.00%
2.80%	2.00%	Rate of increase in pensions	3.15%	3.00%
2.05%	2.25%	Rate for discounting scheme liabilities	2.75%	2.65%
0	3.65%	CARE Revaluation Rate	0	4.25%
pre-April 2008 service: 50% post-April 2008 service: 75%	100%	Take-up of option to convert annual pension into retirement lump sum	pre-April 2008 service: 50% post-April 2008 service: 75%	100%

Life expectancy is based on the Self-Administered Pensions Scheme (SAPS) year of birth tables adjusted for specific characteristics of the membership of the two schemes.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Notes to the Financial Statements

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	50,322	(50,322)
Rate of increase in salaries (increase or decrease by 1%)	24,270	(24,270)
Rate of increase in pensions (increase or decrease by 1%)	254,140	(254,140)
Rate for discounting scheme liabilities (increase or decrease by 1%)	(278,750)	278,750

Police Pension Fund Account

The Chief Constable administers the Police Pension Fund Account (the Account) on behalf of the PCC; amounts debited and credited to the Account are specified by legislation, the Police Pension Fund Regulations 2007 [Statutory Instrument 2007 No 1932], (the Regulations). In relation to the Account the use of the word 'Fund' should not be taken to mean the Police Pension Scheme is a funded scheme, as there are no assets or investments associated with the Account to provide for future benefits. Instead the purpose of the Account is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to balance the account for that year.

2019/20			2020/21	
£000	£000		£000	£000
		Contributions Receivable		
		From employer		
(11,305)		- Normal at 31% of pensionable pay (see below)	(11,693)	
(252)		- Ill Health Capital Sum Income	(327)	
(68)		- Other – Pre 1974 Contributions (West Midlands)	(54)	
(4,862)		From members (serving police officers)	(5,020)	
	(16,487)			(17,094)
	(272)	Individual Transfers In from other schemes		(300)
		Benefits Payable		
26,759		Pensions	27,240	
4,831		Commutations and Lump Sum retirement benefits	3,591	
0		Lump sum death benefits	0	
	31,590			30,831
		Payments to and on account of leavers		
33		Refunds of contributions	30	
0		Individual transfers out to other schemes	0	
	33			30
	14,864	Sub-total for the year before transfer from the Group of amount equal to the deficit		13,467
	(14,864)	Additional funding payable by the Group to meet deficit for the year		(13,467)
	0	Net Amount Payable / Receivable for the year		0
	(14,864)	Actual Home Office Top Up funding		(13,467)

Notes to the Police Pension Fund Account

The principles contained in the Regulations, which have been adopted in preparing the Account are as follows:

1. The Account collects the costs and income relating to retired police officers that are in receipt of pensions and income associated with serving police officers that are members of the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) or the Police Pension Scheme 2015 (PPS). There are certain exceptions to this arrangement, such as pensions payable under the Police Injury Pension Regulations, which are charged directly to the Cost of Services in the CIES;
2. The Account is prepared on an accruals basis with the exception of accounting for lump sum transfer values to and from other pension schemes. Due to the unpredictable nature of transfer values they have been attributed to or transferred from the Account on a payment and receipts basis;
3. The annual cost of police pensions is met, in part, by contributions from the employer and serving police officers and other minor sources of income. Under the Police Pension Fund Regulations 2007, if the Account is in deficit an amount equal to the deficit is transferred from the Police Fund to meet the deficit; the cost to the Police Fund is subsequently reimbursed by the Home Office by way of the Pensions Top-Up. Conversely, if the Account was to be in surplus, this would be transferred to the Police Fund and subsequently paid over to the Home Office;
4. The amounts due from the Home Office in respect of the shortfall on the Account is the responsibility of the Chief Constable and has therefore been included in the Chief Constable's (and the Group's) Balance Sheet;
5. This Account does not take account of long-term liabilities to pay future pension benefits after the year end, details of the Group's pension liability can be found in Note 20;
6. Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 21.3% of police officer pensionable pay from 1 April 2015. However, the difference between the old employer contribution rate of 24.2% and the new rate will be retained by the Exchequer, reducing Pensions Top Up as shown at the foot of the Pension Fund Account. In both years the force therefore budgeted as though there were an employer contribution rate of 24.2%;
7. Police officer contributions are deducted from officer salaries. The contribution rates were increased on 1 April 2012 to reflect the agreement reached between the Home Secretary and the Police Negotiating Board. Contribution rates range between 11.00% and 15.05% dependant on the range the police officer's salary falls into and whether the officer is a member of the OPPS, NPPS or PPS;
8. There are no related party transactions to the Account.

Glossary of Terms

Accounts and Audit (England) Regulations 2015 – The regulations that govern the preparation, approval and audit of statements of accounts and other accounting statements prepared in respect of the year ending 31 March 2016 onwards.

Accounting Policies – The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting the Statement of Accounts.

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.

Actuarial Gains and Losses – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

Accumulated Absences Account – This account holds the liability value of accumulated accrued absences (annual leave, time owing in lieu etc) that are due to employees at the end of the financial year.

Actuarial Valuation – A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

Amortisation – The expensing of the acquisition cost minus the residual value of intangible assets in a systematic manner over their estimated useful economic lives.

Amortised Cost – The carrying amount of some financial assets and liabilities in the Balance Sheet will be written down or up via the Comprehensive Income and Expenditure Statement over the term of the instrument.

Appropriations – Amounts transferred to or from revenue or capital reserves.

Asset – An item owned by the PCC, which has a value, for example, land and buildings, vehicles, equipment and cash. These can be held over the long (non-current) or short (current) term.

Billing Authority – A local authority that, by statute, collects the council tax and national non-domestic rates and manages the Collection Fund

Budget – A statement of the PCC's Policing Plan in financial terms for a specific financial year, which starts on 1 April and ends on 31 March. A budget is prepared and approved by the PCC before the start of each financial year.

Capital Adjustment Account – An account that manages the timing differences between the amounts that have been set aside for capital expenditure, which are not aligned with the charges made for assets such as depreciation, revaluation and impairment, along with the amortisation of intangible assets.

Glossary of Terms

Capital Expenditure – Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

Capital Financing Charges – The repayment of loans and interest for capital projects.

Capital Grant – A grant from central government used to finance specific schemes in the capital programme.

Capital Programme – The plan of capital projects and future spending on purchasing land, buildings, vehicles, IT and equipment.

Capital Receipts – The proceeds from the sale of an asset, which may be used to finance capital expenditure or to repay outstanding loan debt.

Cash – Cash in hand and held at the bank in on-demand deposits.

Cash Equivalents – Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows – Inflows and outflows of cash and cash equivalents.

Chief Constable – Chief Constable is the rank used by the chief police officer of a territorial police force, who has overall responsibility for the day to day operational direction and control of the Force. The Chief Constable has ultimate statutory responsibility for maintaining the Queen's peace.

CIPFA – The Chartered Institute of Public Finance and Accountancy is the body that oversees financial standards and financial reporting in public organisations. It is also the professional body for accountants working in the public services.

Code of Practice on Local Authority Accounting in the United Kingdom (The Code) – The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Standards Committee, except where these are inconsistent with specific statutory requirements. The Code specifies the principles and practices, sets out the accounting requirements for local authorities and is based on International Financial Reporting Standards (IFRS).

Collection Fund Adjustment Account – The account that manages the differences arising from the recognition of council tax income as it falls due from taxpayers compared to the statutory arrangements for receiving amounts from the billing authorities.

Comprehensive Income and Expenditure Statement - The total of income less expenditure, including other comprehensive income and expenditure items, presented in the CIES and prepared in accordance with IFRS as set out in the Code.

Contingency – A sum of money set aside to meet unforeseen expenditure or a liability.

Corporation Sole – this a legal entity consisting of a single incorporated office, occupied by a sole person. This allows corporations to pass from one office holder to the next successor-in-office, giving the positions legal continuity with subsequent office holders having identical powers to their predecessors.

Glossary of Terms

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

Creditors – Individuals or organisations to which the Chief Constable owes money at the end of the financial year.

Current Assets – These are assets which can either be converted to cash or used to pay current liabilities within 12 months. Typical current assets include cash, cash equivalents, short-term investments, debtors and stock.

Current Liabilities – These are liabilities that are to be settled within 12 months. Typical current liabilities include creditors and loan payments due within 12 months.

Current Service Costs (Pensions) – The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employees' service in the current period.

Curtailment Costs – Costs that arise when many employees transfer out of the pension scheme at the same time, such as when an organisation transfers its members to another scheme. The cost represents the value of the pensions rights accrued by the transferring staff.

Debtors – Individuals or organisations who owe the Chief Constable money at the end of the financial year.

Defined Benefit Scheme – A pension scheme which defines the benefits paid to individuals independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Depreciation – An annual charge to reflect the extent to which an asset has been worn or consumed during the financial year, which is charged to the Comprehensive Income and Expenditure Statement.

Disclosure – Information that must be shown in the accounts under the CIPFA Code of Practice.

Discretionary Benefits – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Chief Constable's discretionary powers.

Earmarked Reserves – Monies set aside that are intended to be used for a specific purpose and held in the Balance Sheet.

Exit Packages – Payments such as redundancy payments, either voluntary or compulsory, or early retirement payments made to employees leaving the Group before their due retirement dates.

Fair Value – The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments – The borrowings and investments disclosed in the Balance Sheet, consisting of loans and investments.

Glossary of Terms

Finance Leases and Operating Leases – A Finance lease transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. If these leases are used, the assets acquired have to be included within the non-current assets in the balance sheet at the market value of the asset involved. With an operating lease, the ownership of the asset remains with the leasing company and an annual rent is charged to the revenue account.

Financial Reporting Standards (FRS) – Recommendations on the treatment of certain items within the accounts.

Financing Activities – Activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

Financial Management Code of Practice for the Police Services of England and Wales 2012 – The Financial Management Code of Practice provides clarity around the financial governance arrangements within the police service in England and Wales, and reflects the fact that the police service has a key statutory duty to secure value for money in the use of public funds.

Financial Year – The period of twelve months for the accounts, from 1 April to 31 March.

General Fund – The main account which income is received into and expenditure is paid from.

General Reserves – Funds set aside to be used in the future.

Government Grants – Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

Gross Spending – The costs of providing services before allowing for government grants and other income.

Group Accounts – The financial statements that combine the accounts for the PCC and the Chief Constable, that show the performance of the Group as if it was a single entity.

Home Office Grant (Pensions) – If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year, the Home Office will fund the deficit by way of a grant.

Impairment – The amount by which the recoverable value of an asset falls below its carrying (or book) value.

Intangible Asset – A non-physical non-current asset, e.g. computer software.

Interest Income – The money earned from investing activities, typically the investment of surplus cash.

International Accounting Standards Board (IASB) – This is the independent, accounting standard-setting body, which is responsible for developing International Financial Reporting Standards and promoting the use and application of these standards.

Glossary of Terms

International Financial Reporting Standards (IFRS) & International Accounting Standards (IAS) – The accounting rules and principles, adopted by the International Accounting Standards Board, on which the Statement of Accounts is based. The Code is prepared in accordance with the IFRS.

Investing Activities – The buying and selling of long-term assets and investments that are not cash equivalents.

Jointly Controlled Operations - Activities undertaken by the Chief Constable and/or the PCC that are jointly controlled with other venturers. The jointly controlled operation does not give rise to the creation of a separate entity.

Liabilities – Amounts that are due to be settled by the PCC in the future, which includes Current Liabilities and Long Term Liabilities.

Major Precepting Authority – Authorities that make a precept on the billing authority's collection fund, e.g. County Councils and Police and Crime Commissioners.

Materiality – Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of financial statements. Materiality depends on the nature or size of the item omission or misstatement judged in the surrounding circumstances.

Minimum Revenue Provision (MRP) – The statutory minimum amount that is required to be set aside on an annual basis as a provision to repay debt.

National Non-Domestic Rates (NNDR) – The national non-domestic rate in the pound is the same for all non-domestic rate payers and is set annually by the government. Income from non-domestic rates goes into a central government pool that is then distributed according to resident population.

Net Book Value – The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current values less the cumulative amounts provided for depreciation.

Non-Current Assets (Fixed Assets) – Tangible assets, such as buildings and equipment are assets that yield benefits for a period of more than one year. Intangible non-current assets have no physical substance but provide a benefit for more than one year, e.g. computer software.

Notes to the Accounts – The notes contain information in addition to that presented in the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.

Operating Activities – The activities of the entity that are its normal activities, excluding its investment and financing activities.

Outturn – The actual amount spent in the financial year.

Glossary of Terms

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

Payments in Advance – These represent payments made prior to 31 March for supplies and services received on or after 1 April.

Pension Fund – The fund that makes pension payments following the retirement of its participants.

Pensions Expected Rate of Return on Assets – For a funded defined benefit 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.

Pensions Interest Costs – For a defined benefit scheme, the expected increase during the period at the present value of the scheme liabilities because the benefits are one period closer to settlement.

Pensions Reserve – A non-cashable reserve used to reconcile payments made for the year to various statutory pension schemes and the net change in the recognised liability under IAS19 for the same period.

Police and Crime Commissioner (the PCC) – an elected representative charged with securing efficient and effective policing of a police area in England and Wales. PCCs replaced the now abolished Police Authorities from 2012.

Police Act 1996 – An Act of the Parliament of the United Kingdom which defined the current police areas in England and Wales, constituted the Police Authorities for those areas (now superseded by PCCs), and set out the relationship between the Home Secretary and the English and Welsh territorial police forces.

Police and Crime Panel – The Police Reform and Social Responsibility Act 2011 established Police and Crime Panels within each force area in England and Wales. The panel is responsible for scrutinising PCCs' decisions; they also review the Police and Crime Plan and have a right of veto over the precept.

Police and Crime Plan - The Police Reform and Social Responsibility Act 2011 introduces a duty on the PCC to prepare a Police and Crime Plan which should determine, direct and communicate their priorities during their period in office.

Police Fund Balance - The Police Fund Balance is the statutory fund into which all the receipts of the PCC are required to be paid and out of which all liabilities of the PCC are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Police Fund, which is not necessarily in accordance with proper accounting practice. The Police Fund Balance therefore summarises the resources that the PCC is statutorily empowered to spend on services or on capital investment.

Police Principal Grant – This is part of the total specific government grant support for police services. The amount is determined annually by the Home Office on a formula basis.

Glossary of Terms

Police Reform and Social Responsibility Act 2011 (The Act) – this is an Act of the Parliament of the United Kingdom. It transfers the control of police forces from Police Authorities to elected PCCs. The first PCC elections were held in November 2012, and will be held every four years thereafter.

Precept – The amount of council tax that the PCC, as a major precepting authority, has instructed the billing authorities to collect and pay over in order to finance its net expenditure.

Provisions – The amounts set aside to provide for liabilities that are likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

Public Works Loan Board (PWLB) – A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury, which provides long-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Receipts in Advance – These represent income received prior to 31 March for supplies and services provided by the Authority on or after 1 April.

Reimbursements – Payments received for the work carried out for other public organisations, e.g. the government.

Related Parties – Bodies or individuals that have the potential to control or influence the Chief Constable and/or the PCC.

Reserves – Monies set aside by the PCC that do not fall within the definition of provisions. Reserves held for specific purposes are known as earmarked reserves.

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.

Revaluation Reserve – The Reserve records the accumulated gains on the non-current assets held by the PCC arising from increases in value. It is charged with the part of the depreciation charge for the asset which relates to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.

Revenue Expenditure and Income – Day to day expenses mainly salaries, general running expenses and debt charges. These costs are met from the Council Tax, Government Grants, fees and charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) – 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. These costs may be charged as expenditure to the relevant service in the CIES in the year.

Revenue Support Grant (RSG) – General Government Grant support towards the PCC's expenditure.

Scheme Liabilities (Pensions) – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that are committed to be provided for service up to the valuation date.

Glossary of Terms

Scheme of Delegation and Consent, Financial and Contract Regulations 2012/13 – The Scheme of Delegation and Consent details the key roles of the PCC and those functions that they designate to the Chief Executive, Treasurer, the Chief Constable and, if appointed, the Deputy PCC. The scheme also provides a framework to ensure that business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. The Financial and Contract Regulations establish overarching financial responsibilities; confer duties, rights and powers upon the PCC, the Chief Constable and their officers providing clarity about the financial accountability of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.

Specific Grant – Payments from the government to cover Local Authority spending on a particular service or project. Specific grants are usually a fixed percentage of the cost of a service or project and have strict rules detailing eligible expenditure.

(Strategic) Alliance – The alliance formed by Warwickshire Police and West Mercia Police to use their combined resources to deliver all policing services to the people and communities of Herefordshire, Shropshire, Telford & Wrekin, Warwickshire and Worcestershire.

Surplus or Deficit on the Provision of Services – The total of income less expenditure, excluding the components of Other Comprehensive Income and Expenditure. Presented in the Comprehensive Income and Expenditure Statement in accordance with IFRS as set out in the Code.

Tangible Non-current Assets – Physical non-current assets, e.g. land, buildings, vehicles and equipment held for a period of over one year.

Taxation and Non-Specific Grant Income – Council Tax and all grants and contributions recognised in the financial year.

Telling the Story – CIPFA's review of the presentation of Public Sector financial statements. The CIES now reflects the way that organisation's operate and manage services.

Transfer Value – A sum of money transferred between pension schemes to provide an individual with entitlement to benefits under the pension scheme to which the transfer is made.

APPENDIX 1

Chief Constable of Warwickshire Police Annual Governance Statement 2021-22