

Police & Crime Commissioner FOR HERTFORDSHIRE

Consolidated Statement of Accounts

2023/24

The Police and Crime Commissioner for Hertfordshire Group

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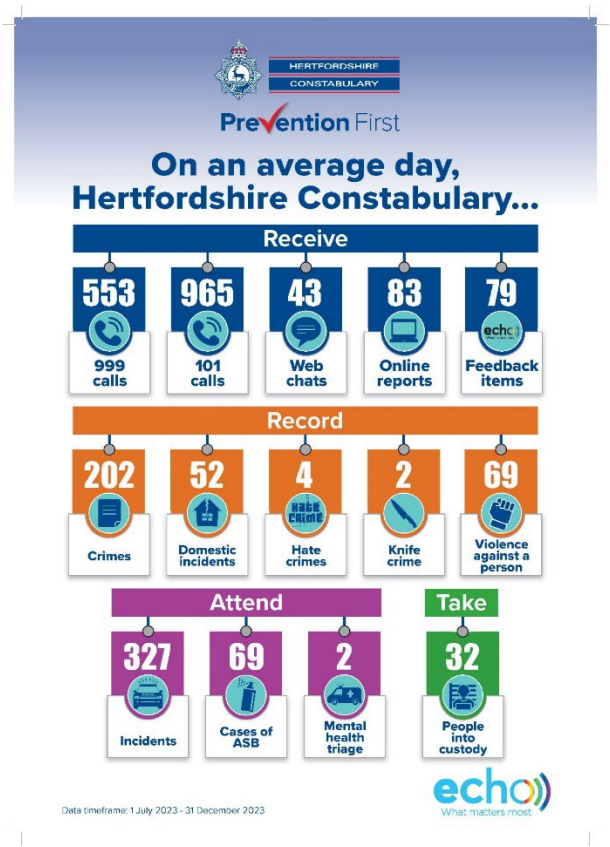
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A Organisational Overview and External Environment

Hertfordshire police covers 634 square miles, 70% of the county is designated as rural, whilst four centres of population, Dacorum (156,123), St Albans (148,358), Watford (103,031) and Stevenage (89,737) have resident populations of, and (based on ONS mid-2022 estimates). The standard of living is mostly high, with low unemployment and residents are generally healthy, well-educated and well paid, however there are areas of relative deprivation and social exclusion. The current estimated population of 1,204,588 persons, continues to increase, rising by approximately 5,788 (0.48%) since the 2021 Census. According to the last (2021) Census, some 28.2% of Hertfordshire residents are from ethnic minority groups.

The Constabulary maintains a strong local policing focus through ten Community Safety Partnerships (CSPs) aligned to local authority areas. Each has dedicated neighbourhood, local response and crime teams, supported by inter-agency partnerships and centralised specialist support. There is significant collaboration, chiefly through its strategic alliance with Bedfordshire and Cambridgeshire police forces, which provides protective services and a range of other operational and support functions that increase effectiveness and efficiency. The Chief Constable and the Police and Crime Commissioner are also working closely with local partner organisations – the Hertfordshire Community NHS Trust, the East of England Ambulance Service, and the Hertfordshire County Council and the Fire and Rescue Service – to achieve greater efficiencies.

The image gives a highly summarised idea of an average day in Hertfordshire Constabulary.



Hertfordshire's 2023/24 Net Revenue budget was £253.501m. The budgeted workforce comprises 2,362 police officers, 235 police community support officers, 1,603 police staff.

Collaboration through working with Bedfordshire Police and Cambridgeshire Constabulary (BCH) continues to play an important part in the delivery of policing services. Full details of Hertfordshire's financial transactions with Bedfordshire Police and Cambridgeshire Constabulary are set out in note 29 below.

B Governance

The current governance arrangements for policing were introduced by the Police Reform and Social Responsibility Act 2011. The act established two corporations sole, the Police and Crime Commissioner who replaced the police authority and the Chief Constable. The two corporations sole are both schedule 2 bodies under the Local Audit and Accountability Act 2014 and so are both required to publish accounts and are both subject to audit.

The relationship between the two corporations sole is reflected in accounting terms by the existence of a group relationship. Group relationships require the completion of a consolidated group Statement of Accounts in addition to those for the individual entities. This document is the Statement of Accounts for the Group as well as for the Police and Crime Commissioner for Hertfordshire (PCC). A statement of accounts for the Chief Constable of Hertfordshire is published as a separate document. Note 4 - Critical Judgements in Applying Accounting Policies, sets-out the allocation of expenses, income and balances between the two corporations sole.

Further detail on governance arrangements will be contained within the Annual Governance Statement on page 98 (to follow).

C Operational Model, Strategy and Resource Allocation

The Role of the PCC

The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to both policing and crime reduction, including government grant, council tax precept. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or when relevant in accordance with any grant terms.

The PCC is responsible for setting the Police and Crime Plan and budget, monitoring financial outcomes and the approval of medium-term financial plans in consultation with the Chief Constable. The PCC is responsible for approving the overall framework of accountability and control, and monitoring compliance which includes the Police and Crime Plan, the Medium-Term Financial Strategy, the Annual Revenue Budget, the Capital Programme, Financial Regulations, the Treasury Management Strategy, the Estate Strategy and Asset Management plans, the Risk Management Strategy and the Governance policies.

In 2019, following public consultation, the PCC published a refreshed Police and Crime Plan entitled 'Everybody's Business: The Community Safety and Criminal Justice Plan 2019-2024'. The plan is structured around the four key themes:

- Building on Success
- Putting victims at the centre
- Public Focus
- Business Sense
- Holding to account

The Role of the Chief Constable

The Chief Constable is responsible for maintaining the King's Peace and has direction and control over the Constabulary's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC. 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 Constabulary. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the public.

The Chief Constable has day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation and levels of authorisation issued by the PCC and must ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the Commissioner.

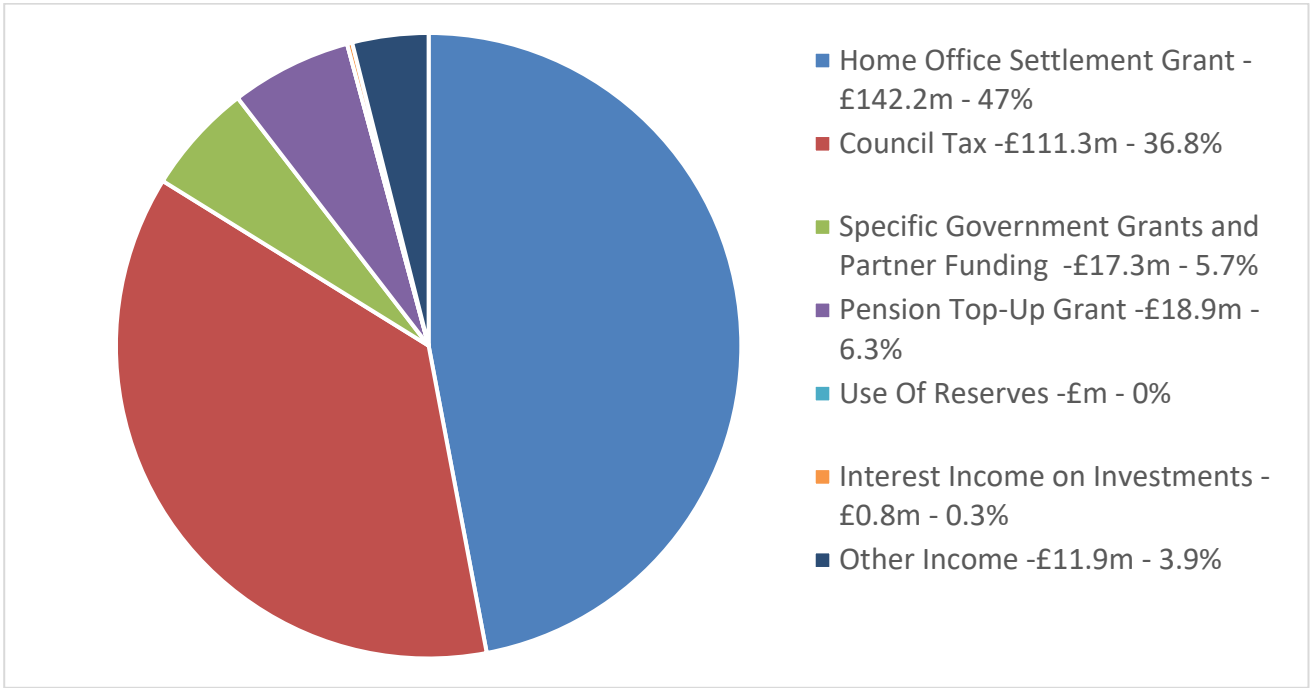
In prioritising resourcing, including re-investment requirements, the Chief Constable is mindful of the five key priorities set out in the PCC's plan:

1. Put Victims First
2. Keep Crime Low
3. Protect Local Policing
4. Increase Officer Numbers
5. Keep Tax Low

The Constabulary's response to the Police and Crime Plan is set-out in the Operational Policing Plan.

Funding

The chart below shows an analysis of the PCC's key sources of gross revenue income during 2023/24 totalling £302.4m. Home Office Settlement grant paid to the PCC by central government accounted for 47% of all gross income. This central government grant plus income raised by Council Tax forms the PCC's budget requirement / net revenue budget for 2023/24 of £253.5m.



Revenue Spending 2023/24

The table below shows revenue expenditure against budget for 2023/24.

	Budget	Outturn	Variance	
	£m	£m	£m	%
Operational Delivery	140.2	140.1	0.1	-0.1%
Strategy & Prevention	28.7	30.0	-1.3	4.5%
Herts Custody & Criminal Justice	8.1	7.2	0.9	-10.6%
Resources	17.6	18.8	-1.2	6.7%
DCC Budgets	5.6	5.6	-	-1.0%
Corporate Budgets	-9.1	-5.6	-3.5	-38.6%
Total Herts	**191.1**	**196.1**	**-5.0**	**2.6%**
Collaborated Operational Support	15.5	15.0	0.5	-3.2%
Collaborated Organisation Support	14.7	14.7	-	0.0%
Collaborated Protective Services	27.6	27.9	-0.3	1.3%
Total Collaborated	**57.8**	**57.6**	**0.2**	**-0.3%**
Transfer from Reserves	-0.4	-0.4	-	0.0%
Total Force	**248.5**	**253.3**	**-4.8**	1.9%
OPCC	5.0	3.2	1.8	-35.2%
Total Budget	**253.5**	**256.5**	**-3.0**	**1.2%**

*Over / (Under) spend

The overall outturn position of a £3.0m overspend arose across a number of offsetting areas as follows:

- Police Officer Pay and allowances overspent by £5.3m as-a-result of higher than budgeted net intakes of Officers in order to meet the Constabulary's Police Uplift Programme requirements.
- Police Office and Police Staff Overtime overspend of £2.6m occurred to cover police staff vacancies (as below) and to maintain standards in line with national requirements, for example in the Force Communications Room, Armed Policing Unit, Roads Policing Unit and Custody.
- An underspend of -£0.7m on Police Staff and Agency costs resulting from carrying a number of vacant posts during the year.
- Constabulary Non-Pay Budgets underspent by -£2.4m as a result of the increased investment income due to higher interest rates, a reduction in the Minimum Revenue Provision (MRP) made during the year, service credits relating to 2 high valued contracts and reduced expenditure against the Transformation Fund in order to mitigate the overall overspend position.
- The Office of the Police and Crime Commissioner (OPCC) underspend of -£1.8m arose predominantly due to a lack of suitable projects for the Commissioner's funds to allocated as well as a number of vacancies across a number of teams.

Capital Spending 2023/24

The final capital programme for 2023/24 is set out in the Table below:

	REVISED BUDGET £m	OUTTURN SPEND £m	OUTTURN VARIANCE £m		SLIPPAGE £m	UNDER/OVER SPEND £m
Property – Estate Programme						
HQ & Gosling	21.3	8.8	-12.5		-12.1	-0.4
George Street, Watford	3.8	3.8	-		-	-
Firing Range	1.1	0.1	-1.0		-	-1.0
Other Estates Strategy Developments	0.6	0.1	-0.5		-0.4	-0.1
Minor Works Programme	1.0	1.0	-		-0.1	0.1
	27.8	**13.8**	**-14.0**		**-12.6**	**-1.4**
ICT Investment Programme						
BCH ICT Schemes (Herts Share)	4.5	3.0	-1.5		-0.4	-1.1
Herts ICT Schemes	0.1	0.1	-		-	-
	4.6	**3.1**	**-1.5**		**-0.4**	**-1.1**
Other Capital Programmes						
ESMCP	0.7	-	-0.7		-	-0.7
Chiltern Transport Consortium	2.8	2.5	-0.3		-	-0.3
Technical & Specialist Equipment	0.6	0.5	-0.1		-	-0.1
	4.1	3.0	-1.1		-	-1.1
TOTAL CAPITAL	**36.5**	**19.9**	**-16.6**		**-13.0**	**-3.6**

Capital investment in 2023/24 totalled £19.9m and included expenditure on expanding, maintaining and enhancing the estate of totalling £14.0 (including £8.8m work on the HQ redevelopment, £3.8m on the development of the new police station site in Watford and £1.0m on minor works), ICT Schemes expenditure of £3.1m, £2.5m planned vehicle replacements and £0.5m on other specialist equipment.

D Performance and Value for Money

OPCC

Performance against the Commissioner's plan is monitored regularly, by the Executive Management Team (EMT), through the use of the BCH Action Management System (AMS) that allows for the recording, assignment and management of actions and tasks.

In addition, the statutory annual report (on performance is presented to the Police and Crime Panel (PCP) each year before publication.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

HMICFRS are commissioned by the Home Secretary to undertake inspections of police forces and fire and rescue services.

PEEL (Police Effectiveness, Efficiency and Legitimacy) is HMICFRS's assessment of police forces in England and Wales.

Hertfordshire received notification of inspection in the current 2022-25 round of PEEL in November 2023. HMICFRS have been in force since December 2023 attending strategic meetings and conducting staff focus groups.

The national PEEL inspections this round have focused on distinct areas. There is a clear focus from HMICFRS on responding to the public and achieving appropriate outcomes for victims and investigative standards and vulnerability. These are areas that the force received areas for improvement in the last inspection and work has been done to improve these elements.

Hertfordshire have not been subject of any thematic inspections since the previous PEEL in 2022. Recommendations from national reports continue to be governed in strategic boards chaired by relevant ACC's.

The culmination of the current inspection was in June 2024 with publication expected in the Autumn.

Victim Satisfaction

Since November 2020 the Constabulary has used Echo as a way of gauging the levels of victim satisfaction. The current feedback provided below, which was obtained between April 2023 to March 2024, relates to Victims of Crime. We received results from 2,645 victims who scored the Constabulary as follows:

Q1 / Were they kept informed? 3.6 out of 5
Q2 / Did we meet their need? 3.5 out of 5
Q3 / Overall satisfaction? 3.6 out of 5

Recorded Crime

Within the constabulary's Most Similar Group (MSG) of eight forces [1], Leicestershire, Essex, TVP, Hampshire, Staffordshire, Sussex and Avon & Somerset, the level of recorded crime in Hertfordshire puts us in 1st position at 62.085 crimes per 1,000 population compared to an MSG average of 77.025. (MSG data 12 months to March 24).

For 2023/24 (compared to 2022/23):

- All recorded crime decreased by 1.8%, a decrease of 1,402 crimes compared to the same period in the previous year. The total number of crimes being 74,650 as opposed to 76,052 the previous year.

    - Residential Burglary-Home offences had increased by 5.2% to 1,932 offences (95 more than recorded in the previous year), the constabulary was 5th position in the MSG.
    - Robbery had an increase of 35.4% to 868 offences (227 more crimes than recorded in the previous year), the constabulary was 5th position in its MSG.
    - Vehicle Offences decreased by 10.1% to 6,934 offences (780 less offences than recorded in the previous year), the constabulary was 7th position in its MSG.
    - Violence Against the Person offences decreased by 3.3 % to 15,928 offences (878 less offences than recorded in the previous year), the constabulary was 1st in its MSG.
    - Criminal Damage decreased by 5.6% to 6,836 offences (407 less offences than recorded in the previous year), the constabulary was 2nd position in its MSG.
    - Thefts from Shops increased by 24.8% to 8,831 (1,756 more offences than recorded in the previous year), the constabulary was 6th in its MSG.
    - Theft from Person decreased by 7.5% to 993 (80 less offences than recorded in the previous year), the constabulary was 7th lowest in its MSG.
    - Possession of drugs was down 4.7% (89 fewer crimes) Trafficking was up 17.0% (54 more crimes). The Constabulary was 3rd in its MSG for Drug Offences (3rd for Possession, 2nd for Trafficking) though in this case, 'worse' figures are more likely an indication of greater proactivity.
    - Domestic Abuse offences had decreased by 8.1% to 11,361 (1,007 less offences than recorded in the previous year).

[1] Most Similar Group forces are; Hertfordshire, Hampshire, Essex, Leicestershire, Sussex, Avon & Somerset, Staffordshire and Thames Valley.

- All Recorded Rape decreased by 4.0% over the same period in the previous year; 1st (lowest) position within our MSG. The force continued to prioritise the response to these areas and this is reflected in the force Strategic Assessment.
- Reported anti-social behaviour had increased by 2.2% (537 more reports). ASB is broken down into three recorded types; Environmental, Nuisance and Personal. The decreases were noted within the Environmental and Personal categories, with an increase in Nuisance. There is no MSG position available.

The Constabulary's all crime outcome rate concluded at 13.2%. This represented an increase of 1.5% points against the previous year. The Constabulary was 6th amongst its MSG Group.

E Outlook

In February 2024 the Net Revenue Budget for 2024/25 was set at £267.378m compared to £253.501m for 2023/24. This increase supports a rise in Standstill Costs of £21.4m off set by -£7.5m of savings. The increase in budget has been funded by a £13 rise in the Band D council tax and an additional £7.8m of core Home Office grant.

The table below sets-out the projected changes in available funding and resultant savings to close the budget gap over the next four years. The following assumptions have been used: A 5.5% increase in grant funding in 2024/25, then 0.5% per annum following this, £13 increase to council tax in 24/25, followed by 2% per annum increase following this, 2% p.a. increase in pay costs and non-pay inflation of 3.6% (24/25), 1.8% (25/26), 1.4% (26/27) and 1.7% (27/28).

MTFP	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Standstill costs	21.4	7.8	6.9	8.0	44.1
Core Grant	-7.8	-0.7	-0.8	-0.8	-10.1
Taxbase & Collection Fund	0.0	-1.0	-1.5	-1.6	-4.1
Precept increase	-6.1	-2.4	-2.4	-2.5	-13.4
Budget Gap	**7.5**	**3.7**	**2.2**	**3.2**	**16.5**

The table above shows the medium-term financial strategy based upon high level spending and income assumptions alongside the Autumn statement announced on 22nd November 2023. The plan sets out a budget gap of £7.5m in 2024/25 and £16.5m by 2027/28.

The current MTFS does not include further flexibility for investment and the expectation has been set by Chief Officers that all requests for investment not meeting strategic principles must be funded through the reprioritisation of existing budget.

As at 31st March 2024, the PCC has usable revenue reserves of £18.512m.

F Basis of Preparation

The PCC has a statutory duty to approve and publish a Statement of Accounts covering a 12-month reporting position. These accounts cover the period 1st April 2023 to 31st March 2024 and have been compiled in accordance with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

These accounting standards set out the format of the Accounts and the concepts and principles that should be used in deciding on the appropriate treatment of transactions and balances within the Accounts. The financial relationship between the Chief Constable and the PCC is determined by the key elements of the legislative framework as well as local arrangements set-out in the Scheme of Governance and the Financial Regulations.

The Scheme of Governance and the Financial Regulations set-out that strategic control; ultimately the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for the delivery of an efficient and effective police force and the responsibility for the appointment and dismissal of the Chief Constable, is exercised by the PCC. As such the Accounts of the PCC contain not only the direct costs of their Office but also capital accounting transactions and balances associated with their control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

The Chief Constable has daily direction and control over all police officers and a great majority of police staff and so their Accounts contain the direct cost of employment and other related costs and balances associated with these staff.

The Accounts of the PCC contain the direct costs of their Office, commissioning budgets, capital accounting transactions and balances associated with their control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

Further details of this approach are set out below in Note 4 – 'Critical Judgements in Applying Accounting Policies'.

These accounts include an analysis of the Group and the PCC's financial affairs and the financial position at 31 March 2024. The Group consists of the Police and Crime Commissioner for Hertfordshire and the Chief Constable of Hertfordshire Constabulary. The accounts comprise of:

a) The **Statement of Responsibilities** for the Statement of Accounts, which sets out the responsibilities of both the PCC and the responsible Chief Finance Officer for the preparation of the Accounts.

b) The **Comprehensive Income & Expenditure Statemen**t, 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-entity transfer.

c) The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost

of providing the PCC's services, more details of which are shown in the Comprehensive Income & Expenditure Statement.

d) The **Balance Sheet**, which shows the value as at the balance sheet date of the assets and liabilities recognised by the Group and the PCC.

e) The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

f) **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements. These also set out the accounting policies adopted by the Group and the PCC, which explain the basis on which the financial transactions are presented.

g) The **Annual Governance Statement** – The statement sets out the results of the annual review of governance and internal controls within the Office of the PCC. The statement reports on any significant weaknesses and the actions undertaken to rectify these.

h) **Police Officer Pension Fund Account** - This identifies the payments in and out of the Police Officers Pension Fund Account for the year.

Investments

The PCC's policy on investments is set out in the Annual Treasury Management Strategy. The primary consideration for the Strategy is security of the PCC's funds. The secondary consideration is liquidity, ensuring that sufficient funds are available to meet forecasted cash flow requirements. Only once both of these matters have been taken into account will the yield be considered. The Strategy sets out the restrictions on the level of individual investments in order to spread the associated risks. In 2023/24 the PCC received £0.792m of investment interest. See note 21 for further details.

Borrowing

The PCC is able to determine their own capital borrowing requirements in accordance with the CIPFA Code of Practice on Prudential Borrowing. In 2023/24 £18.260m of capital expenditure was funded from the Capital Financing Requirement. An increased reliance on the use of Capital Financing Requirement has been factored into the Medium-Term Plan.

At 31st March 2024, the PCC had outstanding long-term loans of £48.700m incurring an annual interest charge of £1.849m. The PCC uses short-term borrowing to help manage liquidity levels, of which there was £16.000m in short-term loans held at 31st March 2024.

Disclosed Pensions Assets or Liabilities

The Chief Constable's and the PCC's police staff employees are able to join the Local Government Pension Scheme (LGPS) administered by Hertfordshire County Council. The pension fund pays the pensions of member employees upon retirement and receives contributions from employees together with an employer's contribution from the Chief Constable and PCC. Every three years the fund's appointed actuary assesses how much

money is in the fund and whether this is sufficient to meet the potential call from staff as they retire at a future date.

Police Officers are eligible to join the national Police Pension Schemes which is an unfunded defined benefit final salary scheme administrated by the Chief Constable. Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The net amount charged to the Police Fund is that payable for the year in question in accordance with the statutory requirements governing the pension fund. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement any difference is transferred to the pension reserve on the balance sheet via the Movement in Reserves Statement in order that there is no impact on the Group's revenue expenditure funded from taxation. The Group's liability during 2023/24 was limited to employer contributions equivalent to 31.0% (increasing to 35.3% from 2024/25) of police officer pensionable pay with the Home Office paying the balance of any deficit on the Police Pension fund. Further details are shown in the accounts of the Police Pension Fund on page 94.

There are many factors, including external economic factors that can affect the financial position of the fund. As a result, the Group's share of the Hertfordshire Local Government Pension Scheme Fund and Police Pension funds shows a net liability of -£1.479bn as at 31st March 2024 (-£1.484bn as at 31st March 2023). The liability is a notional amount as it would only fall due if all circumstances remained as they are now and neither the Chief Constable nor the Group sought to address the matter. The liability on the balance sheet is matched with an equivalent pension reserve. Note 38 gives further details.

Balance Sheet

The balance sheet shows the net worth of the Group as at 31st March 2024 is -£1.381bn consisting of General Police Fund £12.600m, Earmarked Reserves £5.824m, Capital Grants Unapplied £0.088m, Pension Reserves of -£1.479bn and Other Unusable Reserves £79.695m.

Further information on the financial statements presented in this document can be obtained from the Director of Finance at the Constabulary (email mike.jarvis@herts.police.uk).

Prior Year Balances

Due to the national backlog of local authority audits, the 2021-22 and 2022-23 Statement of Accounts for the Police and Crime Commissioner for Hertfordshire and the Chief Constable for Hertfordshire have not received an external audit opinion. As a result, some of the prior year balances in the 2023-24 accounts have been left as 'TBC'. These balances will be updated following the audit of the 2023-24 Statement of Accounts, which is commencing in August 2024.

Ian Rooney - Chief Finance Officer to the Police and Crime Commissioner for Hertfordshire
August 2024

The PCC for Hertfordshire's Responsibilities

The PCC is required to:

- make arrangements for the proper administration of the PCC's financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For Hertfordshire, that officer is the Police and Crime Commissioner's Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

I confirm that I approve these accounts following completion of the audit.

Signed: *
Jonathan Ash-Edwards - Police and Crime Commissioner for Hertfordshire

Date:

The PCC for Hertfordshire's Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner'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 2023/24 (the Code)

In preparing this Statement of Accounts, the Chief Finance Officer 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.

I confirm this Statement of Accounts gives a true and fair view of the financial position of the PCC for Hertfordshire at the accounting date and its income and expenditure for the year ended 31st March 2024.

Signed: *
Ian Rooney – PCC's Chief Finance Officer

Date:

* Official signed version is held at Police HQ in Welwyn Garden City

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISIONER FOR HERTFORDSHIRE

To be updated upon completion of Audit.

Comprehensive Income and Expenditure Statement 2023/24

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement below.

2022/23				Group Comprehensive Income and Expenditure Statement 2023/24	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
153,718	-1,415	152,303		Operational Delivery	17,830	-2,921	14,909
41,291	-490	40,801		Strategy And Prevention	37,759	-813	36,946
20,601	-550	20,051		Resources	19,166	-541	18,625
10,803	-7,754	3,049		Corporate Budgets	8,567	-14,561	-5,994
5,297	-359	4,938		DCC Budgets	7,820	-356	7,464
36,523	-4,575	31,948		Protective Services	32,686	-5,195	27,491
20,241	-2,627	17,614		Operational Support	140,486	-1,387	139,099
17,413	-720	16,693		Organisational Support	15,421	-964	14,457
2,436	-11	2,425		Office of the PCC	2,208	-13	2,195
4,116	-2,807	1,309		PCC Commissioning	4,812	-3,608	1,204
312,439	**-21,308**	**291,131**		**Cost of Services**	**286,755**	**-30,359**	**256,396**
		-13,522	12	Other Operating Expenditure			-6,009
		60,641	13	Financing and investment income and expenditure			69,637
		-246,130	14	Taxation and Non-Specific Grants			-252,627
		92,120		**(Surplus) or Deficit on the Provision of Services**			**67,397**
		-2,701	27	(Surplus) or Deficit on revaluation of Property, Plant and Equipment Assets			1,330
		-863,330	38	Re-measurement of the net defined benefit liability			-46,537
		-866,330		**Other Comprehensive Income and Expenditure**			**-45,207**
		-773,911		**Total Comprehensive Income and Expenditure**			**22,190**

2022/23				PCC Comprehensive Income and Expenditure Statement 2023/24	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5,559	-	5,559		Operational Delivery	783		783
1,493	-	1,493		Strategy And Prevention	1,659		1,659
745	-	745		Resources	842		842
-	-	-		Corporate Budgets			0
192	-	192		DCC Budgets	344		344
1,321	-	1,321		Protective Services	1,436		1,436
732	-	732		Operational Support	6,173		6,173
630	-	630		Organisational Support	678		678
2,436	-11	2,425		Office of the PCC	2,208	-13	2,195
4,116	-2,807	1,309		PCC Commissioning	4,812	-3,608	1,204
17,224	**-2,818**	**14,406**		**Cost of Services**	**18,935**	**-3,621**	**15,314**
		-13,522	12	Other Operating Expenditure			-6,009
		-306	13	Financing and investment income and expenditure			16
		-246,130	14	Taxation and Non-Specific Grants			-252,627
		252,065	15	Funding to the Chief Constable for financial resources consumed			268,706
		6,513		**(Surplus)/Deficit on the Provision of Services**			**25,400**
		-2,701	27	(Surplus) or Deficit on revaluation of Property, Plant and Equipment Assets			1,330
		-4,500	38	Re-measurement of the net defined benefit liability			-585
		-7,201		**Other Comprehensive Income and Expenditure**			**745**
		-688		**Total Comprehensive Income and Expenditure**			**26,145**

Movement in Reserves Statement

This statement shows the movement during the year on the different reserves, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' such as unrealised gains on revaluation reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Police Fund Balance for council tax setting purposes.

Group Movement in Reserves 2023/24

	General Fund £'000	Other Usable Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2022 carried forward	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**
Movement in reserves during 2022/23					
Total Comprehensive Income and Expenditure	TBC	TBC	TBC	TBC	TBC
Adjustments between accounting basis and funding basis under regulations*	TBC	TBC	TBC	TBC	TBC
Net Increase / (Decrease) in Year	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**
Balance at 31 March 2023 carried forward	**24,697**	**88**	**24,785**	**-1,387,850**	**-1,363,065**
Movement in reserves during 2023/24					
Total Comprehensive Income and Expenditure	-67,397	0	-67,397	49,397	**-18,000**
Adjustments between accounting basis and funding basis under regulations*	61,124	0	61,124	-61,124	**0**
Net Increase / (Decrease) in Year	-6,273	0	-6,273	-11,727	-18,000
Balance at 31 March 2024 carried forward	**18,424**	**88**	**18,512**	**-1,399,577**	**-1,381,065**

* See Note 10

PCC Movement in Reserves 2023/24

	General Fund £'000	Other Usable Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total PCC Reserves £'000
Balance at 31 March 2022 carried forward	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**
Movement in reserves during 2022/23					
Total Comprehensive Income and Expenditure	TBC	TBC	TBC	TBC	TBC
Adjustments between accounting basis and funding basis under regulations*	TBC	TBC	TBC	TBC	TBC
Net Increase / (Decrease) in Year	**TBC**	**TBC**	**TBC**	**TBC**	**TBC**
Balance at 31 March 2023 carried forward	**24,697**	**88**	**24,785**	**102,907**	**127,692**
Movement in reserves during 2023/24					
Total Comprehensive Income and Expenditure	-25,400	-	-25,400	3,445	**-21,955**
Adjustments between accounting basis and funding basis under regulations*	19,127	-	19,127	-19,127	**0**
Net Increase / (Decrease) in Year	**-6,273**	**0**	**-6,273**	**-15,682**	**-21,955**
Balance at 31 March 2024 carried forward	**18,424**	**88**	**18,512**	**87,225**	**105,737**

* See Note 10

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group and the PCC. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that may be used to provide services or reduce council tax, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

PCC		Note		Group	
31 March 2023 £'000	31 March 2024 £'000			31 March 2023 £'000	31 March 2024 £'000
146,124	149,406	16	Property, Plant and Equipment	146,124	149,406
1,532	1,192	19	Intangible Assets	1,532	1,192
2,500	2,500	25	Long-Term Investments	2,500	2,500
457	424		Long-Term Debtors	457	424
150,613	**153,522**		**Long-Term Assets**	**150,613**	**153,522**
-	3,260		Short-Term Investments	0	3,260
15,232	14,618	22	Short-Term Debtors	37,788	47,310
4,597	1,138	30	Cash and Cash Equivalents	4,597	1,138
-	4,698	24	Intra-Entity Debtor	-	-
18,829	**23,714**		**Current Assets**	**42,385**	**51,708**
-7,445	-6,084	23	Short-Term Creditors	-29,253	-29,755
-8,210	-16,210		Short-Term Borrowing	-8,210	-16,210
-	-	27	Provisions for Accumulated Absences	-7,743	-8,048
-552	-	24	Intra-Entity Creditor	-	-
-16,207	**-22,294**		**Current Liabilities**	**-45,206**	**-54,013**
-	-		Provisions	-1,300	-4,323
-25,495	-48,687	21	Long-Term Borrowing	-25,495	-48,687
-1,048	-518	38	Other Long-Term Liabilities	-1,484,062	-1,479,272
-26,543	**-49,205**		**Long Term Liabilities**	**-1,510,857**	**-1,532,282**
127,692	**105,737**		**Net Assets / (Liabilities)**	**-1,363,065**	**-1,381,065**
24,785	18,512	26	Usable Reserves	24,785	18,512
102,907	87,225	27	Unusable Reserves	-1,387,850	-1,399,577
127,692	**105,737**		**Total Reserves**	**-1,363,065**	**-1,381,065**

Signed: * **Date:***

Ian Rooney – Chief Finance Officer
Official signed version held at Police HQ in Welwyn Garden City

Cash Flow Statement 2023/24

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows cash and cash equivalents is generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from the operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing). Further details can be found in note 28, with Cash and Cash Equivalents outlined in note 30.

PCC			Group	
2022/23 £'000	2023/24 £'000		2022/23 £'000	2023/24 £'000
TBC	-25,400	Net Surplus or (Deficit) on the Provision of Services	TBC	-67,397
TBC	14,097	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	TBC	56,094
TBC	20	Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing and financing activities	TBC	20
TBC	**-11,283**	**Net cash flows from Operating Activities**	**TBC**	**-11,283**
TBC	-23,368	Investing Activities	TBC	-23,368
TBC	31,192	Financing Activities	TBC	31,192
TBC	**-3,459**	**Net increase or (decrease) in cash and cash equivalents**	**TBC**	**-3,459**
TBC	4,597	Cash and cash equivalents at the beginning of the reporting period	TBC	4,597
4,597	**1,138**	**Cash and cash equivalents at the end of the reporting period**	**4,597**	**1,138**

Notes to the Statements of Accounts 2023/24

Note 1 - General Accounting Policies

Where possible accounting policies have been shown alongside relevant notes to the accounts, formatted in italic typeface to distinguish them from the main content of the notes. There are however a number of overarching accounting policies that apply more broadly which are set-out here:

General Principles

The Statement of Accounts summarises the transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The PCC is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, published by the Chartered Institute of Public Finance and Accountancy, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21(2) of the Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals

Estimation techniques are the methods adopted by the Group / PCC to arrive at the estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. The policies are therefore set to specify the basis on which an item will be measured: where there is uncertainty over how to measure this, the amount has been arrived at using an estimation or accrual technique.

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

- *Revenue from the provision of goods or services is recognised in line with IFRS15.*
- *Supplies and services (including services provided by employees) are recorded as expenditure when they are consumed or the services are received.*
- *Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.*
- *Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.*

- *The actual cost of employees and police officers is recorded in the accounts. Accruals are made for the payment of police overtime, pension and tax liabilities based on the actual March payments and included as creditors on the Balance Sheet.*

Investments

Investments are shown in the balance sheet at cost. Where investments are fixed term deposits, the accrued interest owing at the balance sheet date of 31st March is added to the value of the investment.

Revenue Recognition

The PCC accounts for revenue recognition in accordance with IFRS 15. This applies to the accounting for revenue arising from the sale of goods and services.

Any income received under contract is recognised in accordance with the performance obligations in the contract.

Revenue is recognised and measured at fair value of the consideration received or receivable except for financial assets otherwise measured as financial instruments. Revenue is recognised when performance obligations have been met. Where there are doubts as to the collectability of an amount already included in revenue an impairment expense is recognised rather than an adjustment made to the revenue already recognised in the Comprehensive Income and Expenditure Statement.

VAT

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.

Note 2 - Changes in Accounting Policies

There are no changes in accounting policies which had a material impact for the 2023/24 Statement of Accounts.

Note 3 - Accounting Standards That Have Been Issued but Not Yet Adopted

The following sets out amendments to accounting standards or new accounting standards that have been issued but will not be adopted by the Code until 2024/25.

- IFRS 16 Leases issued in January 2016 – to be implemented in 2024/25's Statement of Accounts.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)

issued in May 2023.

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

Note 4 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. Critical judgements made in the Statement of Accounts for 2023/24 are:

a) Allocation of transactions, benefits and liabilities between the Accounts of the Chief Constable and PCC

A key critical judgement is the allocation of transactions and balances between the accounts of the PCC and those of the Chief Constable. The adopted allocation of expense, income and balances is set-out in the following table:

Group CI&E	
Chief Constable's CI&E	**PCC's CI&E**
Cost of Service	**Cost of Service**
- Employee Cost of Officers & Staff under the direction & control of the Chief Constable	- OPCC Domestic Budget - Commissioning Spend - Support from Chief Constable Staff
- Policing Service Non-Pay Expenditure	- IAS19 Current Cost Pension Charges
- IAS19 Current Cost Pension Charges - Accumulated Absences Accruals	- Capital Charges Depreciation & Impairment
- Pension Fund Top-Up Payment	- Specific Grants relating to the PCC
- Income from Fees and Charges	
- Specific Grants relating policing services	
Other Operating Expenditure	**Other Operating Expenditure**
	- Surplus/Deficit on disposal of non-current assets - Pension Top-Up Grant Income
Financing & Investment	**Financing & Investment**
- IAS19 Pension Net Interest	- IAS19 Pension Net Interest - Capital Financing and Interest on Balances
Taxation and Non-Specific Grants	**Taxation and Non-Specific Grants**
	- Settlement Funding
	- Accounting for Council tax
Intra Entity Transfer	**Intra Entity Transfer**
- Transfer of funding from the PCC	- Transfer of funding to the CC
Movement in Reserves Statement	**Movement in Reserves Statement**
	- Revenue Contributions to Capital
	- Minimum Revenue Provision

Group Balance Sheet	
Chief Constable's Balance Sheet	**PCC's Balance Sheet**
Net Assets	**Net Assets**
- Working Capital (CC Share)	- Non-Current Assets
- Provisions	- Working Capital (PCC Share)
- Accumulated Absences Liability	- Investments
- IAS19 Pensions Liability	- Cash & Cash Equivalents
	- IAS19 Pensions Liability
	- Provisions
	- Long Term Borrowing
Reserves	**Reserves**
- Accumulated Absences Reserve	- Revaluation Reserve
- IAS19 Pensions Reserve	- IAS19 Pensions Reserve
	- Capital Adjustments Reserve
	- Useable Capital Receipts Reserve
	- Specific Reserves
	- Police Fund

The Scheme of Governance sets out that strategic control; ultimately the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for the delivery of an efficient and effective police force and the responsibility for the appointment and dismissal of the Chief Constable, is exercised by the PCC. As such the Accounts of the PCC contain not only the direct costs of their Office but also the cost of funding the activities of the Chief Constable and the capital accounting transactions and balances associated with their control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

In accordance with the principles of IFRS 15 – Revenue Recognition and supported by: the Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013, confirming the legal status of the Chief Constable to apply Sections 21 and 22 of the Local Government Act 2003; and the LAAP bulletin 98A published by CIPFA in March 2014 established the view that the Chief Constable's accounts should contain transactions and balances relating to officers and staff under their direction and control; The Chief Constable has daily direction and control over all police officers and a great majority of police staff and so their Accounts contain the direct cost of employment as well as associated IAS19 transactions and balances associated with their staff.

b) Collaborative Activities - The Chief Constable participates in a wide range of joint arrangements with other forces. During 2023/24 these were primarily with Bedfordshire Police and Cambridgeshire Constabulary, to a lesser extent with Eastern Region forces and Kent. Details of these arrangements as set out in note 29 below. The Chief Constable deems these arrangements to be joint operations in accordance with the Code of Practice Local Authority Accounting in the United Kingdom and consequently the Statement of Accounts and the accounting statements only reflect Hertfordshire's share of the associated financial transactions and balances.

c) IAS19 Estimation of Pension Liabilities – In response to the outcome of the McCloud and Sargeant cases and the subsequent proposed remedial solution Government, an estimate of additional pension liabilities has been reflected in the IAS19 calculation. IAS19 requires an entity to measure its defined benefit obligations on a basis that reflects: the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period. This approach of including an adjustment for McCloud and Sargeant has been applied to ensure that the accounts show a true and fair view of the pension liability as at 31 March 2024. Further details can be found in note 38.

d) In allocating balances between the PCC and Chief Constable accounts, the Home Office debtor for pension top-up grant due of £6.001m has been included in full in the PCC's accounts.

e) Guaranteed Minimum Pension ("GMP") equalisation and indexation. A past service cost was recognised in 2017/18 reflecting a previous extension of the interim solution regarding GMP indexation, which was announced by His Majesty's Treasury (HMT) in January 2018. Members of public service pension schemes with GMP entitlements who reach State Pension age on or after 6 December 2018 and before 6 April 2021 are covered by this previous extension of the interim solution.

Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the PCC with expert advice about the assumptions to be applied.	Note 38 sets out the sensitivity of the defined pension benefit obligation to significant actuarial assumptions including the impact of adjusting results for the McCloud and Sargeant pension challenges.
Property, Plant and Equipment	The PCC's Land and Building non-current assets are valued on a five-year basis and so the potential exists for variations in value and changes in useful life. A full valuation was undertaken in 2019-20, with the previous full valuation having been carried out in 2014-15. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the PCC will be able to sustain its current level of spending on repairs and maintenance, bringing into doubt the estimated useful lives of the assets concerned.	A 5% variation in the value of the PCC's Land and Building would result in an approximate £6.8m change to the value shown on the PCC's balance sheet. If useful lives are reduced the depreciation costs will increase and the carrying value of the assets will fall. It is estimated that the annual depreciation charge for buildings would increase by £0.2m for every year that useful lives had to be reduced.

Note 6 - Events after the Balance Sheet Date

Accounting Policy

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- *Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.*
- *Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.*

There are no such events for 2023/24.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. This is the date at which the CFO signs the audited statement of accounts.

Note 7 - Expenditure and Income Analysed by Nature

Expenditure and income are analysed as follows:

	PCC 2022/23 £'000	PCC 2023/24 £'000	Group 2022/23 £'000	Group 2023/24 £'000
Fees Charges and Other Service Income	-84	0	-9,926	-11,149
Interest and Investment Income	-416	-792	-416	-792
Income from Council Tax	-104,329	-110,381	-104,329	-110,381
Government Grants and Contributions	-158,224	-159,718	-166,873	-175,309
Employee Benefit Expenses	2,507	2,467	260,380	225,288
Other Service Expenses	4,045	4,552	41,379	49,554
Depreciation, Amortisation and Impairment	10,672	11,915	10,672	11,915
Interest Payments	1,027	808	61,064	70,429
Gains and Losses on Disposal of Non-Current Assets	169	7,842	169	7,842
PCC funding To CC for financial resources consumed	251,158	268,707	-	-
(Surplus) or Deficit on the Provision of Services	**6,513**	**25,400**	**92,120**	**67,397**

Note 8 - Group Expenditure and Funding Analysis

The PCC provides a segmental report in the notes to the financial statements together with supporting details and a reconciliation to the Comprehensive Income and Expenditure Statement. The segments mirror the PCC's internal reporting arrangements for reporting at a service level on its budget requirements and monitoring against the approved budget.

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Group in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes across the Group's reporting structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

Group Expenditure and Funding Analysis – Adjustment Between Accounting and Funding Basis

2022/23				2023/24		
Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000		Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000
31,948	-6,179	**25,769**	Protective Services	27,491	224	**27,715**
17,614	-3,424	**14,190**	Operational Support	14,909	123	**15,032**
16,693	-2,947	**13,746**	Organisational Support	14,457	106	**14,563**
4,938	-897	**4,041**	DCC Budgets	7,464	53	**7,517**
152,303	-26,303	**126,000**	Operational Delivery	139,098	665	**139,763**
20,051	-3,485	**16,566**	Resources	18,625	131	**18,756**
40,801	-6,985	**33,816**	Strategy And Prevention	36,946	8	**36,954**
3,049	3,005	**6,054**	Corporate Budgets	-5,994	1,573	**-4,421**
2,425	-469	**1,956**	Office of the PCC	2,195	-54	**2,141**
1,309	82	**1,391**	PCC Commissioning	1,204	63	**1,267**
291,131	**-47,602**	**243,529**	**Cost of Services**	**256,396**	**2,892**	**259,288**
-199,011	-45,093	**-244,104**	Other Operating Expenditure	-188,999	-64,018	**-253,017**
92,120	**-92,695**	**-575**	**(Surplus) or Deficit on the Provision of Services**	**67,397**	**-61,126**	**6,272**
		24,684	**Opening General Fund**			**24,697**
		37	Less Surplus / Plus Deficit on the General Fund for the Year			**-6,272**
		24,721	**Closing General Fund**			**18,425**

Group Note to the Expenditure and Funding Analysis - Adjustment Between Accounting and Funding Basis

2022/23					2023/24			
Adjustment for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000		Adjustment for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
0	0	0	**0**	Protective Services	-1,436	1,697	-37	**224**
-1,321	-4,796	-62	**-6,179**	Operational Support	-783	926	-20	**123**
-732	-2,658	-34	**-3,424**	Organisational Support	-678	801	-17	**106**
-630	-2,287	-30	**-2,947**	DCC Budgets	-344	406	-9	**53**
-192	-696	-9	**-897**	Operational Delivery	-6,173	7,294	-456	**665**
-5,559	-20,185	-559	**-26,303**	Resources	-842	995	-22	**131**
-745	-2,705	-35	**-3,485**	Strategy And Prevention	-1,659	1,960	-293	**8**
-1,493	-5,422	-70	**-6,985**	Corporate Budgets	1,558	0	15	**1,573**
2,462	0	543	**3,005**	Office of the PCC	0	-5	-49	**-54**
0	-427	-42	**-469**	PCC Commissioning	0	0	63	**63**
-8,210	**-39,176**	**-216**	**-47,602**	**Cost of Services**	**-10,357**	**14,074**	**-825**	**2,892**
-111	-46,456	1,474	**-45,093**	Other Operating Expenditure	-7,822	-55,820	-376	**-64,018**
-8,321	**-85,632**	**1,258**	**-92,695**	**(Surplus)/Deficit on the Provision of Services**	**-18,179**	**-41,746**	**-1,201**	**-61,126**

Note 9 - PCC Expenditure and Funding Analysis

2022/23				2023/24		
Net Expenditure in the CIES* £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000		Net Expenditure in the CIES* £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000
1,321	-1,321	**0**	Protective Services	1,436	-1,436	**0**
732	-732	**0**	Operational Support	783	-783	**0**
630	-630	**0**	Organisational Support	678	-678	**0**
192	-192	**0**	DCC Budgets	344	-344	**0**
5,559	-5,559	**0**	Operational Delivery	6,173	-6,173	**0**
745	-745	**0**	Resources	842	-842	**0**
1,493	-1,493	**0**	Strategy And Prevention	1,659	-1,659	**0**
0	2,462	**2,462**	Corporate Budgets	0	1,558	**1,558**
2,425	-469	**1,956**	Office of the PCC	2,195	-54	**2,141**
1,309	82	**1,391**	PCC Commissioning	1,204	63	**1,267**
14,406	**-8,597**	**5,809**	**Cost of Services**	**15,314**	**-10,348**	**4,966**
-7,893	1,499	**-6,394**	Other Operating Expenditure	10,086	-8,780	**1,306**
6,513	**-7,098**	**-585**	**(Surplus) or Deficit on the Provision of Services**	**25,400**	**-19,128**	**6,272**
		24,684	**Opening General Fund**			**24,697**
		584	Less Surplus / Plus Deficit on the General Fund for the Year			-6,272
		25,268	**Closing General Fund**			**18,424**

PCC Note to the Expenditure and Funding Analysis - Adjustment Between Accounting and Funding Basis

2022/23					2023/24			
Adjustment for Capital Purposes £'000	Net Change for The Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000		Adjustment for Capital Purposes £'000	Net Change for The Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
-1,321	-	-	**-1,321**	Protective Services	-1,436	-	-	**-1,436**
-732	-	-	**-732**	Operational Support	-783	-	-	**-783**
-630	-	-	**-630**	Organisational Support	-678	-	-	**-678**
-192	-	-	**-192**	DCC Budgets	-344	-	-	**-344**
-5,559	-	-	**-5,559**	Operational Delivery	-6,173	-	-	**-6,173**
-745	-	-	**-745**	Resources	-842	-	-	**-842**
-1,493	-	-	**-1,493**	Strategy And Prevention	-1,659	-	-	**-1,659**
2,462	-	-	**2,462**	Corporate Budgets	1,558	-	-	**1,558**
-	-427	-42	**-469**	Office of the PCC	-	-5	-49	**-54**
-	-	82	**82**	PCC Commissioning	-	-	63	**63**
-8,210	**-427**	**40**	**-8,597**	**Cost of Services**	**-10,357**	**-5**	**14**	**-10,348**
-111	-110	1,720	**1,499**	Other Operating Expenditure	-7,822	-50	-908	**-8,780**
-8,321	**-537**	**1,760**	**-7,098**	**(Surplus) or Deficit on the Provision of Services**	**-18,179**	**-55**	**-894**	**-19,128**

Note 10 - 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 PCC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC to meet future capital and revenue expenditure.

2022/23	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Charges for depreciation and impairment of non-current assets not charged to the Revaluation Reserve	9,682	-	-	-9,682
Amortisation of intangible assets	989	-	-	-989
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	142	-	-	-142
Statutory provision for the repayment of debt – Minimum Revenue Provision	-1,074	-	-	1,074
Capital expenditure charged against the Police Fund	-1,388	-	-	1,388
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants Unapplied to CGU Reserve	-	-	-	-
Capital grants and contributions unapplied credited to the CIES	-31	-	31	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-31	31
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-
Costs of disposal of non-current assets funded from capital receipts	-	-2,024	-	2,024
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-2	-	-	2

2022/23 Continued	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-1,758	-	-	1,758
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	806	-	-	-806
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-269	-	-	269
Total PCC Adjustment	**7,099**	**-2,024**	**0**	**-5,073**
Adjustments primarily involving the Pensions Reserve (CC):				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	134,338	-	-	-134,338
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-49,243	-	-	49,243
Adjustment primarily involving the Accumulated Absences Account:				
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	502	-	-	-502
Total Group Adjustments	**92,694**	**-2,024**	**0**	**-90,670**

2023/24	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Charges for depreciation and impairment of non-current assets not charged to the Revaluation Reserve	11,127	-	-	-11,127
Amortisation of intangible assets	788	-	-	-788
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	8,092	-	-	-8,092
Statutory provision for the repayment of debt – Minimum Revenue Provision	-1,558	-	-	1,558
Capital expenditure charged against the Police Fund	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants Unapplied to CGU Reserve	-			
Capital grants and contributions unapplied credited to the CIES	-20		20	-
Application of grants to capital financing transferred to the Capital Adjustment Account			-20	20
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES Costs of disposal of non-current assets funded from capital receipts	-250	250	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-250	-	250
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-

2023/24 Continued	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	894	-	-	-894
Adjustments primarily involving the Pensions Reserve (PCC):				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	405	-	-	-405
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-350	-	-	350
Total PCC Adjustment	**19,127**	**-**	**-**	**-19,127**
Adjustments primarily involving the Pensions Reserve (CC):				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	95,922	-	-	-95,922
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-54,230	-	-	54,230
Adjustment primarily involving the Accumulated Absences Account:				
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	305	-	-	-305
Total Group Adjustments	**61,124**	**-**	**-**	**-61,124**

Note 11 - Transfers To/From Earmarked Reserves

The PCC holds all of the Group's reserves. This note sets out the amounts set aside from the Police Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Police Fund expenditure in 2023/24.

	Balance 1 April 2022	2022/23 Transfers		Balance 31 March 2023	2023/24 Transfers		Balance 31 March 2024
		Out	In		Out	In	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Budget Support Reserve	**10,942**	-3,763	215	**7,394**	-4,582	954	**3,766**
Road Safety Fund	**1,994**	-271		**1,723**	-184		**1,539**
Police Property Act Fund	**0**	-	-	**0**	-	34	**34**
Unconditional Funding Reserve	**405**	-279	223	**349**	-74	210	**485**
Sexual Assault Referral	**674**	-	-	**674**	-674	-	**0**
Covid Related Funding	**542**	-542	-	**0**	-	-	**0**
ESMCP Reserve	**262**	-18	-	**244**	-244	-	**0**
Self-Insurance Claim Reserve	**1,451**	-	262	**1,713**	-1,713	-	**0**
Total Specific Reserves Group	**16,270**	**-4,873**	**700**	**12,097**	**-7,471**	**1,198**	**5,824**
Police Fund	**8,000**	-	4,600	**12,600**	-	-	**12,600**
Total Specific and General Reserves Group	**24,270**	**-4,873**	**5,300**	**24,697**	**-7,471**	**1,198**	**18,424**

Accounting Policy

The PCC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by ring-fencing amounts out of the Police Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Police Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC - these reserves are explained in the relevant policies.

The purpose of each reserve carried forward is laid out below;

Base Budget Support Reserve
The use of reserves to support the base budget is an important part of the Medium-Term Financial Plan. In particular reserves provide the PCC with the flexibility to manage the bridging of the budget gap alongside the generation of savings, thereby offsetting the impact of higher standstill costs and significant reductions in grant funding.

Road Safety Fund
This fund holds the balance of income generated in excess of the running costs of the Camera Tickets and Collisions and reflects the ring-fencing of this income for re-investment in Road Safety related activity. In 2023/24, expenditure of £0.184m was funded from this Road Safety Fund.

Police Property Act Fund
The PCC operates a fund for seized monies and the sale proceeds of seized and unclaimed property under the Police (Disposal of Property) Act 1997. Each year one half of the fund monies are available to donated to charity with the balance being held to meet any administrative costs and future claims.

Unconditional Funding Reserve
This fund was created as a result of the introduction of International Financial Reporting Standards (IFRS). The standards require the recognition of unconditional grant income within the PCC's Comprehensive Income and Expenditure Statement in the year of receipt. The reserve represents the level of unconditional grant received but not spent at year end and is ring fenced.

Sexual Assault Referral Centre (SARC)
This balance represents funding previously set aside by the PCC for the refurbishment of the existing SARC. As this reserve is no longer required, the balance has been transferred to the Base Budget Support Reserve.

Covid Related Fund
Following the outbreak of the Covid-19 pandemic in 2020, Central Government provided a number of grants and funding to support Police Forces as a result of increased demand on the force's services and to reimburse lost income. The last tranche of 2020/21 funding was received in late March with the understanding that Police Forces could use balance in future Financial Years.

Emergency Services Mobile Communication Programme (ESMCP) Reserve
Home Office grants were provided for 2020/21 in relation to ESMCP. The balance of this reserve has not been utilised in 2023/24 and isn't anticipated to be required going forward, and therefore the balance has been transferred to the Base Budget Support Reserve.

Self-insurance claims reserve
A reserve based on actuary's central estimate of the 10-year accumulated fund level and payments arising in-year for Employer's Liability, Public Liability, Motor (3rd party liability) and Property claims. Due to an increase in the number of claims in 2023/24, the balance of this reserve has been transferred to meet the provisions required in 2023/24. The level of this fund will be reviewed annually and increased/decreased accordingly.

Note 12 - Other Operating Expenditure

	2022/23 £'000	2023/24 £'000
Gains / Loss on Disposal of Non-Current Assets	169	7,842
Police Pensions Top-Up Grant	-13,691	-13,851
Total Group	**-13,522**	**-6,009**

Note 13 - Financing and Investment Income and Expenditure

	2022/23 £'000	2023/24 £'000
Interest payable and similar charges	917	758
Interest receivable and similar income	-416	-792
Net interest on the net defined liability (PCC)	110	50
Total PCC	**611**	**16**
Net interest on the net defined liability (CC)	60,037	69,621
Provision for Doubtful Debt	-7	-
Total Group	**60,641**	**69,637**

Note 14 - Taxation and Non-Specific Grant Income

	2022/23 £'000	2023/24 £'000
Home Office Settlement Grant	-141,770	-142,226
Council Tax Income	-102,571	-111,275
Capital grants applied	-31	-20
Council Tax – Movement on Collection Fund Adjustment Account	-1,758	894
Total Group	**-246,130**	**-252,627**

Note 15 - PCC Funding for Financial Resources Consumed

The Comprehensive Income and Expenditure Statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The PCC provided funding to the Chief Constable for financial resources consumed. The funding provided covers the day to expenses on an accruals basis as well as charges for operational assets consumed in the year. These transactions are reflected in the intra-group accounts of both entities.

The funding does not cover pension (IAS 19) charges and charges for compensated absences as these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement (MIRS) and charged to the Pensions Reserve and Accumulated Absences Account.

	2022/23 £'000	2023/24 £'000
Chief Constable's Cost of Service	276,725	241,083
Pensions interest cost	60,030	69,621
Re-measurement of the net defined benefit liability	-850,572	-45,952
CI&E Statement (Surplus) Deficit Pre-PCC Funding	**-513,817**	**264,752**
Items Removed through MIRS		
Pensions		
Opening Balance	2,248,491	1,483,014
Less Closing Balance	-1,483,014	-1,478,754
	765,477	**4,260**
Accumulated Absences		
Opening Balance	7,247	7,743
Less Closing Balance	-7,743	-8,048
	-502	**-305**
PCC Funding for Resources Consumed	**251,158**	**268,707**

Note 16 - Property, Plant and Equipment

Accounting Policy

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

a) *Recognition*

All expenditure above £5,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the PCC and the

cost of the item can be measured reliably. Expenditure below £5,000 on the acquisition of individual assets is treated as being de minimis and is charged directly against the relevant service account in revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

b) Measurement

Assets are initially measured at cost, comprising:

- *the purchase price,*
- *any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,*
- *where appropriate, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.*

Assets are then carried in the Balance Sheet using the fair value measurement bases, determined as the amount that would be paid for the asset in its existing use (Existing Use Value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Group values its non-current assets carried at fair value on a five-year full valuation cycle, with intervening valuations undertaken when necessary to comply with the requirements of the Code.

Where decreases in value are identified, they are accounted for as follows:

- *where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)*

- *where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.*

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

c) Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications of impairment exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- *where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)*

- *where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Comprehensive Income and Expenditure Statement.*

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

d) Component Accounting

Component parts of the PCC's property assets are separately identified and accounted for in the capital accounts and the PCC's asset register in accordance with the Code of Practice. Recognition of components takes place at the time of the initial capital expenditure on the asset and thereafter at the times of the revaluations of the assets concerned. This includes retrospective adjustments where necessary, however retrospective adjustments can only relate to the period from 1st April 2010. No individual asset has more than three components these being Structure, Fit Out and Plant & Machinery.

e) Charges to Revenue for Non-Current Assets

The PCC's Comprehensive Income and Expenditure Statement is debited with the following charges to record the cost of holding non-current assets during the year:

- *depreciation attributable to the assets used in providing a police service*
- *revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off*
- *amortisation of intangible fixed assets attributable to the service.*

The PCC is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, the PCC is required to make an annual contribution known as the Minimum Revenue Provision (MRP), from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the Police Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

2022/23	Operational			Non-Operational		Total
	Land and Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	Assets Under Construction £'000	Surplus Assets £'000	Property, Plant and Equipment £'000
Cost or Valuation						
At 1 April 2022	**108,801**	**TBC**	**TBC**	**9,154**	**10,415**	**TBC**
Additions	861	TBC	TBC	2,842	144	**TBC**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,438	TBC	TBC	-	-1,029	**TBC**
Revaluations recognised in the Surplus/Deficit on Provision of Services	-212	TBC	TBC	-	-645	**TBC**
De-recognition	-	TBC	TBC	-	-	**TBC**
Reclassified	-	TBC	TBC	-	-	**TBC**
Other movements in cost or valuation	-3,129	-	TBC	-	-	**TBC**
At 31 March 2023	**111,759**	**TBC**	**TBC**	**11,995**	**8,885**	**TBC**
Depreciation and Impairments						
As at 1 April 2022	**0**	**TBC**	**TBC**	**0**	**0**	**TBC**
In Year Depreciation Charge	3,129	TBC	TBC	-	-	**TBC**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-3,129	TBC	TBC	-	-	**TBC**
De-recognition	-	TBC	TBC	-	-	**TBC**
At 31 March 2023	**0**	**TBC**	**TBC**	**0**	**0**	**TBC**
Net book value						
At 1 April 2022	**108,801**	**TBC**	**TBC**	**9,154**	**10,415**	**TBC**
At 31 March 2023	**111,760**	**TBC**	**TBC**	**11,995**	**8,885**	**TBC**

2023/24	Operational			Non-Operational		Total
	Land and Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	Assets Under Construction £'000	Surplus Assets £'000	Property, Plant and Equipment £'000
Cost or Valuation						
At 1 April 2023	**111,760**	**24,643**	**12,671**	**11,995**	**8,885**	**169,954**
Additions	4,790	3,277	2,704	8,751	117	**19,639**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,905	-	-	-	-1,171	**2,734**
Revaluations recognised in the Surplus/Deficit on Provision of Services	-3,205	-	-	-	-	**-3,205**
De-recognition	-7,267	-5,211	-1,050	-	-	**-13,528**
Reclassified	332	-	-	-7,221	6,889	**-**
Other movements in cost or valuation	-2,929	-	-	-	-	**-2,929**
At 31 March 2024	**107,386**	**22,709**	**14,325**	**13,525**	**14,720**	**172,665**
Depreciation and Impairments						
As at 1 April 2023	**-**	15,636	8,959	-	-	**24,595**
In Year Depreciation Charge	2,929	2,874	1,265	-	-	**7,068**
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,929	-	-	-	-	**-2,929**
De-recognition	-	-4,560	-907			**-5,467**
At 31 March 2024	**0**	**13,950**	**9,317**	**0**	**0**	**23,267**
Net book value						
At 1 April 2023	**111,760**	9,007	3,712	11,995	8,885	**145,359**
At 31 March 2024	**107,386**	**8,759**	**5,008**	**13,525**	**14,720**	**149,398**

The additions shown in the above tables comprise of all capital expenditure on property plant and equipment in the financial year on an accruals basis. Capital expenditure that is considered to not add to the value of fixed assets is written off to the Comprehensive Income and Expenditure Statement as an impairment or revaluation loss in the same year in which the expenditure was incurred and is reversed out to the Balance Sheet in the Movement in Reserves Statement. Individual assets are also assessed in the year for any impairments or revaluation losses in line with the Code of Practice.

The Commissioner's approach to the use or disposal of surplus assets is set out in the Estates Strategy 2017-2022. This includes a commitment to explore options to generate long term income from estates assets which can be used to fund policing. The primary way this can be achieved is through a retained interest in the redevelopment of surplus sites, however, opportunities to lease operational space to our public sector partners will also be explored where there is an operational rationale and identifiable service benefits to the public. The options for each site will be evaluated on a case-by-case basis.

Fair value hierarchy

Details of the PCC's surplus assets and information about the fair value hierarchy as at 31 March 2023 and 2024 are as follows:

	(Level 1) Quoted prices in active markets for identical assets £000s	(Level 2) Other significant observable inputs £000s	(Level 3) Significant unobservable inputs £000s	Total Fair value as at 31 March £000s
31st March 2023				
- Borehamwood ex Police Station	-	-	6,430	**6,430**
- Watford ex Court Site	-	-	2,455	**2,455**
	0	**0**	**8,885**	**8,885**
31st March 2024				
- Borehamwood ex Police Station	-	-	5,890	**5,890**
- Watford ex Court Site	-	-	3,310	**3,310**
- Watford Shady Lane	-	-	5,520	**5,520**
	0	**0**	**14,720**	**14,720**

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Carrying values are shown in the table below, split by their level in the fair value hierarchy.

- Level 1 - derived only from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 - calculated from inputs other than quoted prices that are observable for the asset or liability, e g interest rates or yields for similar instruments
- Level 3 - determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Significant unobservable inputs – Level 3

The ex-police stations and court site were held as Surplus Assets at the reporting dates. As such, they have been valued using the residual method, which reflects an apportionment of the value of the whole site subject to an assumed redevelopment scheme which has been discounted to reflect lack of planning. As this valuation method uses significant unobservable inputs, these properties have been categorised at Level 3.

Note 17 - Depreciation

Depreciation is provided for on all operational fixed assets other than land. Depreciation is calculated using the straight-line method over the following periods:

Asset Class	Estimated Life (Years)
Vehicles	6
Furniture & Equipment	5
Buildings	5 – 73

A full year's depreciation is charged to the Income and Expenditure Account in the year of acquisition or entry into service for all classes of asset used in the provision of services.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are separately depreciated.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Note 18 - Revaluations

The freehold and leasehold properties that comprise the PCC's non-residential estate were valued through an interim valuation as at 31st March 2024 by Gerald Eve LLP. The valuation was previously last undertaken in full as at 31st March 2020 and was applied in the accounts from 31st March 2020. The valuation was carried out in accordance with the methodologies and bases of value set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) and the CIPFA Code, specifically with specialised properties valued by means of the Depreciated Replacement Cost (DRC) method, other operational properties valued to Existing Use Value and non-operational properties valued on a Market Value basis.

Specialist properties are valued using the DRC method, and represent the majority of Land and Buildings, totalling £91.088m (75%).

For non-specialised properties, in order to derive Current Value (equated to either Existing Use Value or Market Value), Gerald Eve have had regard to the available evidence derived from of transactions of comparable properties in their respective locations or other valuation approaches. The carrying value of non-specialist properties as at 31st March 2024 is £31.018m (25%) of which £14.720m are carried at market value.

Note 19 - Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the PCC as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the PCC.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the PCC can be determined by reference to an active market. In practice, no intangible asset held by the PCC meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement.

In order to be classed an intangible asset, the item must be identifiable, lacking in physical substance, controlled by the PCC as a result of past events and future benefits or service potential will flow to the PCC. All intangible assets held on the PCC's balance sheet have been purchased from external suppliers. There are no internally generated intangible assets.

The PCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software classed as an intangible asset is given a finite useful life of 5 years based on an assessment of the average period that the software is expected to be of use to the PCC.

The amortisation of £0.788m charged to revenue in 2023/24 (2022/23 £0.989m) was charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading, therefore has been charged proportionately to each service heading based expenditure incurred.

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

	2022/23 £'000	2023/24 £'000
Opening balances:		
Gross carrying amounts	10,370	10,589
Accumulated amortisation	-8,156	-9,058
Net opening carrying value	**2,214**	**1,531**
Purchases	315	449
Disposals (Cost)	-96	-483
Disposals (Accumulated Amortisation)	87	483
Amortisation for the period charged to the Cost of Services in the Comprehensive Income and Expenditure Statement	-989	-788
Net closing carrying value	**1,532**	**1,192**
Comprising of:		
Gross carrying amounts	10,589	10,555
Accumulated amortisation	-9,058	-9,363
Net closing carrying value	**1,532**	**1,192**

Intangible Assets are identified in the following table:

Asset description	Carrying Value 2022/23 £'000	Carrying Value 2023/24 £'000	Remaining Amortisation period
Athena	244	147	1 to 5 years
Support Services software	460	147	1 to 2 years
Tuserv	206	203	1 to 5 years
CIS decommissioning	170	136	2 to 3 years
All other software	452	559	1 to 5 years
Total	**1,532**	**1,192**	

Note 20 - Capital Commitments

At 31st March 2024, the PCC has entered into a number of contracts related to capital expenditure on Property, Plant and Equipment assets in 2024/25 and future years budgeted to cost £53.884m. Similar commitments at 31st March 2023 were £5.568m. The commitments at 31st March 2024 relate to the HQ redevelopment.

Note 21 – Financial Instruments

Categories of Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments.

Group	Non-Current		Current	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
Financial Assets				
Fair value through profit and loss	2,500	2,500	-	-
Amortised cost other	457	424	19,590	26,984
Total Financial Assets (group)	**2,957**	**2,924**	**19,590**	**26,984**
Financial Liabilities:				
Amortised cost	-25,495	-48,687	-24,134	-33,085
Total Financial Liabilities (group)	**-25,495**	**-48,687**	**-24,134**	**-33,085**

Income & Expense from Financial Instruments

Group	Financial Liabilities	Financial Assets		
	At amortised cost £'000	Fair value through profit and loss £'000	At amortised cost £'000	Total £'000
2022/23				
Interest Payable and similar charges	917	-	-	**917**
Interest and investment income	-	-316	-100	**-416**
Net (income)/expense for the year	**917**	**-316**	**-100**	**501**
2023/24				
Interest Payable and similar charges	758	-	-	**758**
Interest and investment income	-	-675	-117	**-792**
Net (income)/expense for the year	**758**	**-675**	**-117**	**-34**

Fair Values of Assets and Liabilities

Some of the PCC's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Input level in Fair Value Hierarchy	Valuation Technique used to measure fair value	31 March 2023 £'000	31 March 2024 £'000
Financial Assets Fair value through profit and loss				
- Local Authorities Property Fund	Level 1 - derived from quoted prices in active markets	Bid Value	2,315	2,225

Fair Values of Assets and Liabilities that are not carried at Fair Value but for which Fair Value disclosures are required

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the authority are carried in the balance sheet at amortised cost. The fair values calculated are as follows;

Financial Liabilities	31 March 2023		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	-15,647	-16,505	-39,077	-33,613
Non-PWLB debt	-18,066	-22,466	-26,221	-25,541
Total debt (group)	**-33,713**	**-38,971**	**-65,297**	**-59,154**
Trade creditors & bank overdraft				
- PCC	-979	-979	-571	-571
- Chief Constable	-14,945	-14,945	-16,304	-16,304
Total Financial Liabilities (group)	**-49,637**	**-54,895**	**-82,173**	**-76,029**

The fair value is greater than the carrying amount because the PCC's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This increases the fair value of financial liabilities.

The fair values for Financial Assets have been determined using the published bid value for the fund plus accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Financial Assets	31 March 2023		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Call Accounts < 1 Year	2,103	2,103	125	125
Money market loans < 1 Year	2,275	2,275	1,000	1,000
Fixed Loans < 1 Year	-	-	3,260	3,282
Long Term Debtors	457	457	424	424
Trade Debtors	876	876	3,517	3,517
Other Receivables & Advances	14,336	14,336	19,082	19,082
Total Financial Assets (group)	**20,047**	**20,047**	**27,408**	**27,429**

2022/23 (GROUP)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Liabilities carried at amortised cost				
Loans & Borrowings				
- PWLB loans	-	-16,505	-	**-16,505**
- Non-PWLB loans	-	-22,466	-	**-22,466**
Financial Liabilities 31st March 2023	**0**	**-38,971**	**0**	**-38,971**

2023/24 (GROUP)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Liabilities carried at amortised cost				
Loans & Borrowings				
- PWLB loans	-	-33,613	-	**-33,613**
- Non-PWLB loans	-	-25,541	-	**-25,541**
Financial Liabilities 31st March 2024	**0**	**-59,154**	**0**	**-59,154**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table above have been arrived at using a discounted cash flow analysis, with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at the balance sheet date and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation of fair value for these instruments.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

Note 22 - Short-Term Debtors

The following table provides an analysis of money owed by debtors:

	31 March 2023 £'000	31 March 2024 £'000
Net Trade Debtors	TBC	3,122
Year End Accruals	TBC	19,165
Grant & Partner Contributions Due	-	-
VAT Refund	TBC	2,735
Payments in Advance	TBC	7,635
Payroll Debtor	TBC	35
Total (Chief Constable)	**22,556**	**32,692**
Year End Accruals	93	180
Police Pension Fund Debtor	6,158	7,322
Grant & Partner Contributions Due	-	-
Payments in Advance	-	7
Net Council Tax Debtors	8,981	7,109
Total (PCC)	**15,232**	**14,618**
Total (Group)	**37,788**	**47,310**

All outstanding debts are reviewed throughout the year and a bad debt provision made in respect of those debts for which payment is considered doubtful. At 31st March 2024 the bad debt provision was £0.083m (31st March 2023 was £0.087m).

Note 23 - Short-Term Creditors

The following table provides an analysis of money owed to creditors:

	31 March 2023 £'000	31 March 2024 £'000
Net Trade Creditors	-1,640	-157
Conditional Grant	-	-4
Year End Accruals and Grant Held at Year End	-13,892	-16,851
Payroll Deductions	-6,244	-6,658
Total (Chief Constable)	**-21,808**	**-23,671**
Year End Accruals and Grant Held at Year End	-979	-571
Net Council Tax	-6,491	-5,513
Total (PCC)	**-7,445**	**-6,084**
Total (Group)	**-29,253**	**-29,755**

Note 24 - Intra-Entity Creditor / Debtor

Chief Constable's Balance Sheet	31 March 2023 £'000	31 March 2024 £'000
- Short Term Debtors	22,556	32,692
- Short Term Creditors	-21,808	-23,671
- Provisions	-1,300	-4,323
Intra-Entity Debtor/(Creditor)	**-552**	**4,698**

Note 25 - Short-Term and Long-Term Investments

The PCC invests its surplus cash balances in banks and similar financial institutions in order to generate income by earning interest. Short term investments are those where the investment period was greater than three months but less than one year. Long term investments are where the investment term exceeds one year. The annual Treasury Management Strategy approved by the PCC lists the classes of approved organisations and the maximum proportion of monies available for investment that can be invested short-term or long term with any one party. The interest earned on the investments has been credited to the Comprehensive Income and Expenditure Statement.

The analysis of investments is shown in the following table:

Investments	31 March 2023 £'000	31 March 2024 £'000
Short Term		
Other Bodies	-	3,260
Long Term		
Local Authority Property Fund	2,500	2,500
Total (Group)	**2,500**	**5,760**

Note 26 - Usable Reserves

Capital receipts from the disposal of property, plant and equipment assets are accounted for on an accrual basis. The receipts arising from the disposal of Police assets are 100% usable by the PCC. Costs associated with the disposal of property, plant and equipment assets are charged against the appropriate capital receipts from the disposals.

Capital receipts below £10,000 are treated as de-minimus and are taken directly to the Comprehensive Income and Expenditure Statement. Capital receipts of £10,000 and above are considered to be material and can only be used to finance new capital investment and such receipts are appropriated to the Usable Capital Receipts Reserve on the balance sheet via the Movement in Reserves Statement.

All of the Usable Reserves are revenue reserves. The Police Fund is a statutory usable reserve. All other earmarked reserves are discretionary and have been set up voluntarily to earmark resources to finance future spending plans. Movements in the PCC's usable reserves are detailed in the Movement in Reserves Statement and note 11.

	31 March 2023 £'000	31 March 2024 £'000
Earmarked Reserves	12,097	5,824
Police Fund	12,600	12,600
Unapplied Capital Receipts	-	-
Capital Grants Unapplied	88	88
Total (Group)	**24,785**	**18,512**

Note 27 - Unusable Reserves

	31 March 2023 £'000	31 March 2024 £'000
Revaluation Reserve	57,437	56,108
Capital Adjustment Account	43,765	29,776
Collection Fund Adjustment Account	2,490	1,596
Deferred Capital Receipts Reserve	263	263
Pensions Reserve (PCC)	-1,048	-518
Total Unusable Reserves (PCC)	**102,907**	**87,225**
Pensions Reserve (Chief Constable)	-1,483,014	-1,478,754
Accumulated Absences Account	-7,743	-8,048
Total Group Unusable Reserves (Group)	**-1,387,850**	**-1,399,577**

a) Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	**54,736**	**57,437**
Historic Adjustment	29	5
Upward revaluation of assets	8,471	6,227
Downward revaluation of assets and impairment losses not posted to the Surplus or Deficit on the Provision of Services.	-3,935	-3,367
(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**4,565**	**2,865**
Difference between fair value depreciation and historical cost depreciation	-1,849	-1,646
Accumulated gains on assets sold or scrapped	-15	-2,548
Amount written off to the Capital Adjustment Account	**-1,864**	**-4,194**
Balance at 31 March	**57,437**	**56,108**

b) Capital Adjustment Account

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

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

Note 10 gives details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	**47,499**	**43,765**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	-8,955	-11,132
Amortisation of intangible assets	-989	-788
Current Value versus Historic Cost Depreciation Adjustment	1,849	1,646
Revaluation Gains outstanding on disposal	15	2,549
Amounts of non-current assets written off on disposal or sale as part of the Gain / loss on disposal to the Comprehensive Income and Expenditure Statement	-142	-8,092
Net written out amount of the cost of non-current assets consumed in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	2,024	250
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	31	20
Statutory provision for the financing of capital investment charged against the Police Fund and HRA balances	1,074	1,558
Capital expenditure charged against the Police Fund	1,388	-
Historic Adjustment	-29	-
Balance at 31st March	**43,765**	**29,776**

c) Pensions Reserve

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

	2022/23 £'000	2023/24 £'000
Balance at 1 April (PCC)	**-3,793**	**-1,048**
Actuarial gains or losses on pensions assets and liabilities	3,282	585
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-806	-405
Employer's pensions contributions and direct payments to pensioners payable in the year	269	350
Balance at 31 March (PCC)	**-1,048**	**-518**
Balance at 1 April (Chief Constable)	**-2,248,491**	**-1,483,014**
Actuarial gains or losses on pensions assets and liabilities	850,572	45,952
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-134,338	-95,922
Employer's pensions contributions and direct payments to pensioners payable in the year	49,243	54,230
Balance at 31 March (Chief Constable)	**-1,483,014**	**-1,478,754**
Balance at 1 April (Group)	**2,252,284**	**-1,484,062**
Balance at 31 March (Group)	**-1,484,062**	**-1,479,272**

d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the Police Fund from the Collection Fund.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	**732**	**2,490**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,758	-894
Balance at 31 March	**2,490**	**1,596**

e) Accumulated Absences Account

Accounting Policy

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Group / PCC. 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 charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account which absorbs the differences that would otherwise arise on the Police Fund Balance, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. All transactions and balances relating to the above are disclosed within the accounts of the Chief Constable and the Group on the basis of materiality.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	**-7,241**	**-7,743**
Settlement or cancellation of accrual made at the end of the preceding year	7,241	7,743
Amounts accrued at the end of the current year	-7,743	-8,048
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-502	-305
Balance at 31 March	**-7,743**	**-8,048**

f) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the PCC does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement is made, paid amounts are transferred to the Capital Receipts Reserve.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	**260**	**263**
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	3	-
Balance at 31 March	**263**	**263**

Note 28 - Cash Flow Statement Notes

Adjustment to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements

The following adjustments were made to remove non-cash items from the surplus or deficit on the provision of services:

	2022/23 £'000	2023/24 £'000
Adjustment for non-cash movements (PCC):		
Depreciation of Non-Current Assets	TBC	7,796
Impairment and downward valuation of Non-Current Assets	TBC	3,331
Amortisation of Intangible Assets	TBC	788
Revenue Contribution to Capital Outlay	TBC	231
Carrying Amount of Sold Non-Current Assets	TBC	7,842
Deferred Capital Receipts	TBC	52
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	TBC	405
Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Police Pension Fund Account)	TBC	-350
Notional Interest	TBC	-
Transfer To/From the Collection Fund Adjustment Account	TBC	894
Additional Non-cash movement	TBC	-
Adjust for accruals (PCC):	TBC	
Increase (-)/Decrease in Revenue Debtors	TBC	-1,258
Increase/Decrease (-) in Revenue Creditors	TBC	-384
Increase/Decrease (-) in Intra-Entity Creditor/Debtor	TBC	-5,250
Total Non-Cash Movements (PCC)	**TBC**	**14,097**
Adjustment for non-cash movements (Chief Constable):		
Transfer To/From the Accumulated Absences Account	TBC	306
Chief Constable's Provision	TBC	3,023
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	TBC	95,922
Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Police Pension Fund Account)	TBC	-54,230
Adjust for accruals (Chief Constable):	TBC	
Increase (-)/Decrease in Revenue Debtors	TBC	-10,136

Increase/Decrease (-) in Revenue Creditors	TBC	1,862
Increase (-)/Decrease in Intra-Entity Debtor/Creditor	TBC	5,250
Total Non-Cash Movements (Group)	**TBC**	**56,094**

Adjustment for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities

Group	2022/23 £'000	2023/24 £'000
Sale Proceeds from disposal of non-current assets	TBC	-
Capital Grants	TBC	20
Total	TBC	**20**

Investing Activities

Group	2022/23 £'000	2023/24 £'000
Purchase of property, plant and equipment, and intangible assets	TBC	-20,088
Sale / (Purchase) of investments	TBC	-3,260
Disposal Proceeds Applied to Fund Capital	TBC	250
Disposal Proceeds Held to Fund Capital	TBC	-250
Capital Grants	TBC	-20
Net cash flows from investing activities	**TBC**	**-23,368**

Financing Activities

Group	2022/23 £'000	2023/24 £'000
Cash receipts of short and long-term borrowing	TBC	31,192
Repayments of short and long-term borrowing	TBC	-
Net cash flows from financing activities	**TBC**	**31,192**

Note 29 - Joint Arrangements

Accounting Policy

A joint arrangement is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. To be a joint operation, the arrangement must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control.

The Group in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all the parties. The joint operations do not involve the establishment of a separate entity. The Group accounts for only its share of the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Units

Bedfordshire Police, Cambridgeshire Constabulary and the Chief Constable operate a number of collaborative units. The units are jointly funded by the Forces in accordance with agreements approved by the Policing Bodies under Section 22 of the Police reform and Social Responsibility Act 2001. The collaborated units are jointly staffed and funded by the two or three forces as appropriate. The material benefits from working together include improved efficiency, effectiveness and resilience for each of the forces. The table below sets out the aggregate income and expenditure on all collaborative units. Each force's contribution reflects its share of the units and its contribution towards support and accommodation costs.

Beds 2022/23 £'000	Cambs 2022/23 £'000	Herts 2022/23 £'000	Total 2022/23 £'000		Beds 2023/24 £'000	Cambs 2023/24 £'000	Herts 2023/24 £'000	Total 2023/24 £'000
				Joint Protective Services				
3,368	3,007	3,554	9,929	Armed Policing Unit	3,812	3,412	4,038	**11,261**
869	1,066	1,443	3,377	Dogs	938	1,156	1,568	**3,662**
2,419	2,884	3,567	8,870	Major Crime Unit	2,609	3,122	3,868	**9,599**
313	395	563	1,271	Operational Planning & Public Order	309	392	560	**1,261**
400	504	718	1,621	Protective Services Command Team	453	575	820	**1,847**
102	128	183	413	Resilience	95	120	172	**386**
2,808	4,007	5,386	12,201	Roads Policing Unit	2,843	4,076	5,487	**12,406**
2,579	3,109	4,235	9,923	Scientific Services Unit	3,386	4,057	5,420	**12,863**
12,857	**15,100**	**19,648**	**47,604**	**Total Joint Protective Services**	**14,444**	**16,909**	**21,931**	**53,284**
				Operational Support				
-50	-62	-83	-195	Camera, Tickets, Collisions	55	69	92	**217**
278	170	500	948	Criminal Justice & Custody Management Team	319	196	575	**1,090**
518	654	931	2,103	Criminal Justice	461	585	1,003	**2,049**
149	289	235	673	Firearms & Explosives Licensing	170	329	268	**767**
4,238	5,346	7,611	17,195	ICT	6,925	8,699	12,481	**28,105**
377	476	678	1,531	Joint Strategy & Transformation*	337	428	612	**1,377**
5,511	**6,872**	**9,871**	**22,254**	**Total Operational Support Expenditure**	**8,267**	**10,306**	**15,031**	**33,605**
				Organisational Support				
-	-	-	-	Corporate Communications	62	78	112	**251**
4,572	5,768	8,212	18,552	HR / L&D	4,786	6,362	9,025	**20,174**
901	1,136	1,617	3,654	Information Management Department	980	1,244	1,775	**4,000**
1,546	1,580	2,313	5,440	Professional Standards Unit	1,946	2,118	2,910	**6,974**
71	90	128	288	Uniform Stores Team	77	98	140	**315**
7,090	**8,574**	**12,270**	**27,934**	**Total Organisational Support Expenditure**	**7,851**	**9,901**	**13,962**	**31,714**
25,458	**30,545**	**41,789**	**97,792**	**Total BCH Net Operating Costs**	**30,562**	**37,116**	**50,925**	**118,603**

Beds 2022/23 £'000	Cambs 2022/23 £'000	Herts 2022/23 £'000	Total 2022/23 £'000		Beds 2023/24 £'000	Cambs 2023/24 £'000	Herts 2023/24 £'000	Total 2023/24 £'000
129	243	460	832	Regional Procurement	255	238	471	**963**
25,587	**30,789**	**42,249**	**98,624**	**Total Net Operating Costs**	**30,817**	**37,354**	**51,395**	**119,566**

* The Delivery Management Office was renamed to Joint Strategy and Transformation in 2023/24.

** ICT outturn in 2023/24 includes 'below the line' costs, which are costs directly attributable to individual forces rather than shared by Net Revenue Expenditure percentages. Only shared costs (known as 'above the line').

Eastern Region Special Operations Unit (ERSOU)

The Eastern Region Special Operations Unit (ERSOU) was established in 2010/11 and is a joint unit consisting of the seven eastern region police forces: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk. The unit provides a single serious and organised crime unit as well as Counter Terrorism capability across the region.

Bedfordshire Police have lead force responsibility for ERSOU. Police Officers from each member force are seconded to the unit broadly in line with funding shares. Legal title to all vehicles, equipment and premises owned and used by the unit transferred sit with Bedfordshire and the assets are recorded in its capital accounts and asset register.

All revenue costs and capital expenditure are shared between the six forces in accordance with the percentages defined in the Section 22 agreement. All capital expenditure is fully funded in the year of expenditure and there is therefore no capital financing charge to the six participating forces.

ERSOU is a joint operation with no separate entity and is therefore not able to hold reserves in respect of any cumulative surplus or deficit at year end. Each participating Local Policing Body shows its share of the carried forward surplus in its accounts. The ERSOU operating account is shown in the following table. The expenditure figures do not include depreciation charges.

The Home Office grants were paid to Bedfordshire as agent for the participating forces.

ERSOU Income and Expenditure Statement 2023/24

	2022/23 £'000	2023/24 £'000
Operating costs	29,739	33,078
Specific HO grant	-8,864	-8,547
Net expenditure	**20,876**	**24,531**
Contributions		
Bedfordshire	-2,357	-2,581
Cambridgeshire	-2,974	-3,276
Essex	-2,808	-3,501
Hertfordshire	-4,233	-4,676
Kent	-3,268	-3,961
Norfolk	-3,355	-3,685
Suffolk	-2,590	-2,850
Total Contributions	**-21,585**	**-24,531**
(Surplus) / Deficit for the year	**-709**	**0**

The capital assets for ERSOU at 31st March are analysed as follows:

	2022/23 £'000	2023/24 £'000
Net book value brought forward 1st April	**1,800**	**3,734**
Expenditure for the year:		
- Vehicles	624	818
- Land and Buildings	611	-
- Equipment	1,035	73
Depreciation for the year	-336	-681
Net book value carried forward 31st March	**3,734**	**3,943**

Hertfordshire's share of the total Net Book Value of ERSOU capital assets as at 31st March 2024 was £0.852m (£0.819m as at 31st March 2023). Two additional properties are jointly owned by the 7 forces and are held on individual forces' balance sheets. Hertfordshire share of these properties as at 31st March 2024 was £1.646m.

The capital expenditure for 2023/24 was funded in accordance with the formulae agreed by the forces. Details are shown in the following table:

	2022/23 £'000	2023/24 £'000
Bedfordshire	-71	-98
Cambridgeshire	-90	-124
Essex	-91	-80
Hertfordshire	-128	-177
Kent	-96	-85
Norfolk	-101	-139
Suffolk	-78	-108
Grant Funding	-1,615	-80
Total	**-2,271**	**-890**

Note 30 - Cash & Cash Equivalents

Accounting Policy

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 highly liquid investments that mature in periods of three months or less from the date of acquisition that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC's cash management.

PCC & Group	31 March 2023 £'000	31 March 2024 £'000
Cash in Hand	29	22
Cash in Bank	2,304	117
Cash Equivalents	2,265	1,000
Total cash and cash equivalents	**4,597**	**1,138**

Note 31 - Senior Officers' Remuneration

The remuneration paid to the PCC's senior police officers and employees is as follows:

2022/23 Post Holder Information (Job Title) For individuals changing roles, role titles used are those as at 31st March 2023. Final role title is used for individuals no longer employed.	Salary (inc. Fees, Allowances & Salary Sacrifice) £	Bonuses £	Benefits in Kind (3) £	Total Remuneration exc. pension contr. £	Pension Contributions (2) £	Total Remuneration inc. pension contr. £
Police and Crime Commissioner	78,242	-	-	**78,242**	13,927	**92,169**
Deputy PCC	34,285	-	-	**34,285**	6,103	**40,388**
Assistant PCC (5)	1,970	-	-	**1,970**	-	**1,970**
Chief Executive	108,184	-	-	**108,184**	18,690	**126,874**
Chief Finance Officer	101,428	-	-	**101,428**	17,487	**118,915**
Deputy Chief Executive – G Miles (4)	40,571	-	-	**40,571**	6,995	**47,566**
Deputy Chief Executive	99,866	-	-	**99,866**	16,321	**116,187**
Total (PCC)	**464,546**	**0**	**0**	**464,546**	**79,523**	**544,069**
Chief Constable - Mr C Hall	177,669	-	5,855	**183,524**	35,784	**219,308**
Deputy Chief Constable	133,374	-	25,269	**158,643**	-	**158,643**
Assistant Chief Constable (Op Support)	128,769	-	-	**128,769**	37,302	**166,071**
Assistant Chief Constable (Local Policing)	122,665	-	-	**122,665**	35,125	**157,790**
Director of Resources	120,354	-	5,502	**125,856**	22,386	**148,242**
Assistant Chief Officer	104,825	-	-	**104,825**	19,497	**124,322**
Total (Chief Constable) (1)	**787,656**	**0**	**36,626**	**824,282**	**150,094**	**974,376**
Total (Group)	**1,252,202**	**0**	**36,626**	**1,288,828**	**229,617**	**1,518,445**

2023/24 Post Holder Information (Job Title) For individuals changing roles, role titles used are those as at 31st March 2024. Final role title is used for individuals no longer employed.	Salary (inc. Fees, Allowances & Salary Sacrifice) £	Bonuses £	Benefits in Kind (3) £	Total Remuneration exc. pension contr. £	Pension Contributions (2) £	Total Remuneration inc. pension contr. £
Police and Crime Commissioner	78,400	-	-	**78,400**	16,229	**94,629**
Deputy PCC	34,230	-	-	**34,230**	7,086	**41,316**
Assistant PCC (5)	11,809	-	-	**11,809**	-	**11,809**
Chief Executive (8)	95,959	-	-	**95,959**	19,304	**115,263**
Chief Finance Officer	105,441	-	-	**105,441**	21,167	**126,608**
Deputy Chief Executive – G Miles (4)	42,176	-	-	**42,176**	8,467	**50,643**
Deputy Chief Executive – A Birkhamshaw	100,891	-	-	**100,891**	20,536	**121,427**
Total (PCC)	**468,906**	**0**	**0**	**468,906**	**92,789**	**561,695**
Chief Constable - Mr C Hall	185,664	-	5,855	**191,519**	24,111	**215,630**
Deputy Chief Constable	139,523	-	21,943	**161,466**	-	**161,466**
Assistant Chief Constable (Op Support) (7)	125,927	-	-	**125,927**	38,131	**164,058**
Assistant Chief Constable (Local Policing) - M Nicholls (6)	26,345	-	-	**26,345**	2,334	**28,679**
Assistant Chief Constable (Local Policing) – G Telfer	128,116	-	905	**129,021**	39,081	**168,102**
Director of Resources	135,309	-	5,502	**140,811**	23,679	**164,490**
Assistant Chief Officer	129,520	-	-	**129,520**	20,789	**150,309**
Total (Chief Constable) (1)	**870,404**	**0**	**34,205**	**904,609**	**148,125**	**1,052,734**
Total (Group)	**1,339,310**	**0**	**34,205**	**1,373,515**	**240,914**	**1,614,429**

In addition to the requirements of the Accounts and Audit Regulations 2015, the PCC has voluntarily disclosed details for all members of the Executive team.

1. The BCH role of Assistant Chief Constable (Joint Protective Services) is currently held by an officer within Cambridgeshire Constabulary and their remuneration is included as part of the Cambridgeshire Senior Officer Remuneration statement.

2. The Police Officer Employer pension contribution rate from 2023/24 was 31%, previously it was 21.3%. For the Director of Resources and Assistant Chief Officer roles, who are members of the Local Government Pension Scheme (LGPS), the contribution rate was 18.6%, whereas PCC staff's rate was 20.7%. In 2022/23, no employer contributions were made in respect of the Deputy Chief Constable role from September onwards as W Jephson ceased contributions to the Police Pension Scheme. Similarly, for all 2023/24. The Chief Constable opted out of the pension scheme on 30th November 2022, hence a reduction in Employer Pension Contributions.

3. The benefit in kind value reflects the use of a petrol or diesel car. The 2023/24 benefit in kind for the Deputy Chief Constable includes a payment of £13.5k for re-location expenses.

4. The post of Deputy Chief Executive is not a full-time post (0.4 FTE). The annualised salary for this role on a full-time basis (including fees, allowances, and employers pension contribution) equates to £119kin 22/23 & £127k in 2023/24.

5. N Doust-Briant commenced the role of Assistant Police & Crime Commissioner, 27th January 2023. No employer contribution was made to the Local Government Pension Scheme. The role is not carried out on a full-time basis. The annualised salary on a full-time basis (including fees, allowances and employers pension contribution) equates to £59k.

6. M Nicholls retired April 2023 and G Telfer transferred from Assistant Chief Constable [Operational Support] to Assistant Chief Constable [Local Policing]

7. C Akehurst commenced the role of Assistant Chief Constable [Local Policing] in April 2023. The annualised salary on a full-time basis (including fees, allowances and employers pension contribution) equates to £157.1k.

8. The Chief Executive Officer became a part-time role (0.8FTE) with effect from 1st March 2024

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Note 32 - Officers' Emoluments

The Accounts and Audit Regulations 2015, as amended by regulations, require the Group to disclose the numbers of senior police officers and police staff whose remuneration, excluding pension contributions was £50,000 or more in the relevant financial year. The Group has extended this disclosure to include all police officers whose remuneration was greater than £50,000. Individuals whose remuneration is disclosed separately in note 31 above are not included within the table.

Remuneration Band	2022/23		2023/24	
	CC	PCC	CC	PCC
£135,000 - £139.999	1**			
£130,000 - £134,999				
£110,000 - £114,999			3**	
£105,000 - £109,999			3	
£100,000 - £104,999	2		5*	
£95,000 - £99,999	4		7	
£90,000 - £94,999	6		4	
£85,000 - £89,999	8		7	
£80,000 - £84,999	6		10	
£75,000 - £79,999	10		11	1
£70,000 - £74,999	10	1	42	1
£65,000 - £69,999	61	1	98	1***
£60,000 - £64,999	153		193	
£55,000 - £59,999	249		296	3
£50,000 - £54,999	439	3	480*	1
	949	**5**	**1,159**	**7**

*Includes a redundancy payment
**ACC seconded to National Body
*** includes a severance payment

Note 33 - External Audit Costs

In 2023/24 the PCC incurred the following fees, payable to the appointed external auditors KPMG LLP under the Local Audit and Accountability Act 2014, relating to external audit and inspection.

	2022/23 £'000	2023/24 £'000
PCC	24	TBC
Chief Constable	12	TBC
Total (Group)	**36**	**TBC**

Note 34 - Grant & Partner Income – Government and Non-Government Grants

Accounting Policy

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's Accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the PCC when there is reasonable assurance that:

- *the PCC will comply with the conditions attached to the payments, and*
- *the grants or contributions will be received.*

Amounts recognised as due to the PCC are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Police Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The PCC credited the following government grants, other grants, contributions, and donations representing the receipts on an accruals basis to the CIES in 2023/24:

	2022/23 £'000	2023/24 £'000
Credited to Cost of Service (PCC)		
Victim Grants	-2,160	-2,256
Domestic Abuse Perpetrator	-581	-574
Safer Streets	-	-429
Other Grants and Contributions	-40	-362
Credited to Other Operating Expenditure (PCC)		
Police Pension Top Up	-15,716	-18,872
Credited to Taxation and Non-Specific Grant Income (PCC)		
Government Settlement Grants	-141,770	-142,226
Total Grants Credited (PCC)	**-160,266**	**-164,718**
Credited to Cost of Service (CC)		
Police Community Support Officers Local Authorities	-500	-459
Police Uplift Programme	-2,065	-5,125
ERSOU Grants	-1,746	-1,640
Pay Award Grant	-1,068	-5,036
Other Grants and Contributions	-1,774	-3,096
Total Grants Credited (Group)	**-167,418**	**-180,074**

Note 35 - Related Parties

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

The Chief Constable of Hertfordshire Constabulary

The PCC sets the strategic direction of policing in Hertfordshire through the Police and Crime Plan and delegates funding to the Chief Constable. This relationship is set out more fully in the Explanatory Forward.

Central Government

The UK government has effective control over the general operations of the PCC – it is responsible for providing the statutory framework within which the PCC operates and provides the majority of its funding in the form of specific or non-specific grants.

Chief Officers of the Office of the PCC and Chief Constable's Executive Team (including their close family)

No transactions were disclosed by this group.

Other Public Bodies

Other public bodies are deemed to be a related party where they receive funding from Central Government, who have control over the general operations of the PCC. Transactions with the County Council, district and borough councils of Hertfordshire and other public bodies have been disclosed within the Income and Expenditure Account, Cash Flow Statement and notes to the accounts (grants are disclosed within note 34, joint arrangements are outlined in note 29).

Note 36 - Long-Term Contracts – Operating Leases

Accounting Policy

All leases are in the name of the PCC. However, where leases are specific to the provision of policing services by the Chief Constable, substance over form requires that they are recorded within the Chief Constable's accounts.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment to the lessee. All other leases are classified as operating leases. The PCC neither holds, nor has granted, any finance leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Group / PCC as Lessee

The PCC has no finance leases but has entered into several operating lease agreements for the occupancy of premises for policing purposes. The ownership of assets acquired under operating leases does not pass to the PCC and they are not included in the PCC's asset valuations on the balance sheet.

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

The future minimum payments due under these leases are shown in the following table and are analysed between the time periods in which the lease payments become due for payment. There are no future minimum sub-lease payments receivable by the PCC.

	31 March 2023 £'000	31 March 2024 £'000
Not later than one year	1,202	1,014
Later than one year and not later than five years	2,352	2,159
Later than five years	10,008	10,008
Total Future Minimum Payments	**13,562**	**13,180**

The amount charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement was £1.133m (2022/23 £0.684m).

The Group/PCC as Lessor

The PCC has not entered into any finance lease or operating lease arrangements as a lessor.

IFRIC 12

The PCC's contractual arrangements with third parties are kept under continuous review and there are no service concessions under IFRIC 12**.**

Lease Terms

None of the PCC's lease agreements have terms and conditions in respect of contingent rents, purchase options or escalation clauses. It is considered that there are no restrictions other than those that are standard conditions in operating lease agreements such as the occupier's responsibilities and changes of use.

The property lease agreements include clauses in respect of the renewal of leases at specified points in the future. The PCC will wish to discuss renewal terms with lessors at such future dates.

Note 37 - Capital Expenditure and Capital Financing

Accounting policy

Expenditure is charged to capital where it meets the definition of capital as set out in the Code of Practice on Local Authority Accounting in the United Kingdom and is greater than the PCC's de minimis level of £5k. This includes internal staffing costs where they are directly attributable to a capital project.

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed by charges to revenue as assets are used by the PCC, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the PCC that has yet to be financed. The CFR is analysed in the following table:

	2022/23 £'000	2023/24 £'000
Opening CFR	**40,115**	**46,330**
Capital Investment		
- Property, Plant and Equipment	10,417	19,639
- Intangible Assets	315	449
Sources of Finance		
- Capital Receipts	-2,024	-250
- Government Grants & Contributions	-31	-20
Sums set aside from revenue		
- Direct revenue Contributions	-1,388	-
- Minimum Revenue Provision	-1,074	-1,558
Closing CFR	**46,330**	**64,590**
Explanation of Movement in The Year		
Increase / (Decrease) in the Underlying Need to Borrow	6,215	18,260
Increase / (Decrease) in CFR	**6,221**	**18,260**

Note 38 - Defined Benefit Pension Schemes

Accounting Policy

Post-Employment Benefits

The Group / PCC participates in four pension schemes. Each scheme provides members with defined benefits related to pay and service. The costs of providing pensions for employees are charged to the Police Fund in accordance with the statutory requirements governing each scheme. The schemes are as follows:

Police Officer Schemes

There are three schemes for police officers; - The 1986 Police Pension scheme which closed to new members on the 31st March 2006, the 2006 Police Pension scheme which closed to new members on the 31st March 2015 and the 2015 Police Pension Scheme which was

introduced from 1st April 2015. These are unfunded defined benefit final salary schemes, charged to the Police Fund based upon an equivalent employer's contribution rate of 31.0% of pensionable pay.

Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The direct expenditure and income in respect of these schemes is accounted for in the Police Pension Fund Account. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the Group / PCC must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by central government pension top up grant shown in the OPCC's Accounts under Other Operating Expenditure. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group and the amount repaid to central government.

Police Staff

All transactions and balances relating to the accounting for Post-Employment Benefits of Police Staff, other than the cost of employee contributions for staff employed by the PCC, are disclosed within the accounts of the Chief Constable on the basis of materiality.

All police staff are eligible to join the Local Government Pension Scheme (LGPS), managed by Hertfordshire County Council. The total pension cost that is charged to the Police Fund equals the contribution paid to the funded pension scheme for these employees.

The LGPS Scheme is accounted for as a defined benefits scheme as follows:

a) *The liabilities of the fund attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method. This is 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 projected earnings for current employees.*

b) *Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.*

c) *The assets of the fund attributable to the Group 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*

d) *The change in the net pensions' liability is analysed into seven components:*

i. *Current Service Cost - The increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.*

ii. *Past Service Cost - The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.*

iii. *Interest Cost - The expected increase in the present value of liabilities during the year as they move one year closer to being paid is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

iv. *Expected Return on assets - The annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

v. *Gains or Losses on settlements and curtailments - The result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees is debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.*

vi. *Re-measurements of the net defined liability. This includes actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability.*

vii. *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 Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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.

Discretionary Benefits

The Group / PCC also has restricted powers to make discretionary awards of retirement benefits to Police Officers in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year the award was made and accounted for using the same policies as are applied to the Local Government Pension Scheme or Police Pension Schemes. There are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Participation in Pension Schemes

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

The Chief Constable and PCC participate in four pension schemes:

- The Local Government Pension Scheme for police staff. Administrated by Hertfordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Chief Constable, PCC and their employees, pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets. On the basis of materiality transactions and balances for the PCC arising from the LGPS are shown combined with those of the Chief Constable.

- The Police Pension Scheme 1987, the Police Pension Scheme 2006 and the Police Pension Scheme 2015 for police officers - these are unfunded defined benefit final salary schemes administrated by the Chief Constable. Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the PCC must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by central government pension top up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Chief Constable and must be repaid to central government.

Transactions Relating to Post-employment Benefits

The Chief Constable and PCC recognise the cost of retirement benefits for their staff and officers in the reported cost of services in their respective Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Chief Constable is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the Police Fund within the accounts via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

	LGPS						Police Pension Scheme	
	Chief Constable		PCC		Total (Group)		Total (Group)	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Cost of Service included in CIES Service								
Current Service Cost.	25,147	11,904	696	355	**25,843**	**12,259**	49,150	14,250
Past Service Cost / Settlements and Curtailments	4	147	-	-	**4**	**147**	-	-
Financing and Investing Income & Expenditure								
Net interest expense	3,167	-1,319	110	50	**3,277**	**-1,269**	56,870	70,940
Total Group Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Service	**28,318**	**10,732**	**806**	**405**	29,124	11,137	**106,020**	**85,190**
Re-measurement of the net defined benefit liability:								
Return on plan assets (excluding amount included in net interest expense)	36,113	-17,599	498	-257	**36,611**	**-17,856**	-	-
Actuarial gains and Losses								
- Demographic Assumptions	-2,768	-2,155	-48	-39	**-2,816**	**-2,194**	-40,590	-
- Financial Assumptions	-216,605	-23,958	-4,275	-497	**-220,880**	**-24,455**	-777,140	-32,620
- Other (Liabilities)	28,628	10,850	543	208	**29,171**	**11,058**	121,790	19,530
- Other (Assets)	-	-	-	-	**-**	**-**	-	-
Total Group Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**-126,314**	**-22,130**	**-2,476**	**-180**	**-128,790**	**-22,310**	**-589,920**	**72,100**

	LGPS						Police Pension Scheme	
	Chief Constable		PCC		Total (Group)		Total (Group)	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Movement in Reserves Statement:								
Reversal of the net charges made to the (Surplus) or Deficit for the provision of services for post-employment benefits in accordance with the code	-28,318	-10,732	-806	-405	**-29,124**	**-11,137**	-106,020	-85,190
Actual Amount Charged Against the General Fund Balance for Pensions During the Year:								
Employer's Contributions Payable to the Schemes	10,073	10,360	269	350	**10,342**	**10,710**	39,170	43,870

CLAIMS ARISING FROM THE TRANSITIONAL PROVISIONS IN THE POLICE PENSION REGULATIONS 2015

The Police and Crime Commissioner of Hertfordshire, 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. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 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 in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

Impact on pension liability

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.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be formally measured through the pension valuation process, which determines employer and employee contribution rates, although an estimated impact has been included in the IAS19 valuations for 2023/24 and was included in the LGPS valuation carried out as at 31st March 2023. The next Police Pension valuation is due to be reported in 2024/25, 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 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.

Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. A provision for these cases has been included in the 2023/24 accounts.

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2022/23 £'000	2023/24 £'000
Present Value of Defined Benefit Obligations		
LGPS Chief Constable	-332,947	-340,856
LGPS PCC	-6,155	-6,567
Police Pension Scheme	-1,511,610	-1,539,840
Total Group Liabilities	**-1,850,712**	**-1,887,263**
Fair value of plan assets		
LGPS Chief Constable	361,553	401,952
LGPS PCC	5,107	6,049
Total Group Assets	**366,660**	**408,001**
Net liability arising from defined benefit obligation:		
LGPS Chief Constable	28,606	61,096
LGPS PCC	-1,048	-518
Police Pension Scheme	-1,511,620	-1,539,850
Total Group Net Liability	**-1,484,062**	**-1,479,272**

The net liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £1.479bn (£1.484bn in 2022/23) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.381bn as at 31st March 2024 (£1.363bn as at 31st March 2023).

However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. Following the introduction on the 1st April 2006 of the new scheme of finance for police officer pensions, the Chief Constable's liability is in general limited to an equivalent contribution rate currently set at 31.0% of pensionable pay with the government meeting additional costs above this level.

The contribution expected to be made to the Local Government Scheme by the Group in 2023/24 is £9.776m. The expected contribution to the police pension schemes in 2023/24 is £27.211m.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

LGPS	Chief Constable		PCC		Total Group	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Opening fair value of scheme assets (Group)	**380,274**	**361,553**	**5,113**	**5,107**	**385,387**	**366,660**
Interest Income	10,544	17,303	145	253	**10,689**	**17,556**
Re-measurement gain(loss)						
Return of plan assets excluding amount included in net interest expense.	-36,113	17,599	-498	257	**-36,611**	**17,856**
Re-measurement gain(loss) - other	-	-	-	-	**-**	**-**
Employer Contributions	10,073	10,360	269	350	**10,342**	**10,710**
Contribution by employees in the scheme	3,650	3,933	125	135	**3,775**	**4,068**
Benefits paid	-6,875	-8,796	-47	-53	**-6,922**	**-8,849**
Settlements and Curtailments	-	-	-	-	**-**	**-**
Closing fair value of scheme assets (Group)	**361,553**	**401,952**	**5,107**	**6,049**	**366,660**	**408,001**

Reconciliation of Present Value of the Scheme Liabilities' (Defined Benefit Obligation)

	LGPS				Police Pension Scheme	
	Chief Constable		PCC		Chief Constable	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Opening Balance at 1 April	**-488,055**	**-332,947**	**-8,906**	**-6,155**	**-2,140,700**	**-1,511,610**
Current service cost	-25,147	-11,904	-696	-355	-49,150	-14,250
Interest cost	-13,711	-15,984	-255	-303	-56,870	-70,940
Contribution from scheme participants	-3,650	-3,933	-125	-135	-11,060	-11,330
Re-measurement of the net defined benefit liability comprising:						
- Actuarial gains / (loss) Demographic Assumptions	2,768	2,155	48	39	40,590	-
- Actuarial gains / (loss) Financial Assumptions	216,605	23,958	4,275	497	777,140	32,620
- Actuarial gains / (loss) Other	-28,628	-10,850	-543	-208	-121,790	-19,530
Past Service Cost / Settlements & Curtailments	-4	-147	-	-	-	-
Benefits paid / Transfers	6,875	8,796	47	53	50,230	55,200
Liability at 31st March	**-332,947**	**-340,856**	**-6,155**	**-6,567**	**-1,511,610**	**-1,539,840**

Fair Value of Employers Assets – LGPS Only

The Police Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Period Ended 31 March 2023				Period Ended 31 March 2024			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Equity Securities:								
Consumer	4,834	-	4,834	1.3%	5,177	-	5,177	1.3%
Manufacturing	2,133	-	2,133	0.6%	6,377	-	6,377	1.6%
Energy and Utilities	-	-	-	0.0%	-	-	-	0.0%
Financial Institutions	1,835	-	1,835	0.5%	4,770	-	4,770	1.2%
Health and Care	2,873	-	2,873	0.8%	3,575	-	3,575	0.9%
Information Technology	6,412	-	6,412	1.8%	5,226	-	5,226	1.3%
Other	-	-	-	0.0%	-	-	-	0.0%
Debt Securities:								
Corporate Bonds (investment grade)	-	-	-	0.0%	-	-	-	0.0%
Corporate Bonds (non-investment grade)	-	-	-	0.0%	-	-	-	0.0%
UK Government	26,849	-	26,849	7.3%	18,117	-	18,117	4.4%
Other	-	10,692	10,692	2.9%	-	10,313	10,313	2.5%
Private Equity:								
All	-	34,598	34,598	9.5%	-	35,854	35,854	8.8%

	Period Ended 31 March 2023				Period Ended 31 March 2024			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Real Estate:								
UK Property	-	30,855	30,855	8.5%	-	26,968	26,968	6.6%
Overseas Property	-	24,427	24,427	6.7%	-	18,961	18,961	4.6%
Investment Funds and Unit Trusts:								
Equities	123,538	-	123,538	33.8%	161,223	-	161,223	39.5%
Bonds	47,978	-	47,978	13.1%	56,753	-	56,753	13.9%
Hedge Funds	-	-	-	0.0%	-	-	-	0.0%
Commodities	-	-	-	0.0%	-	-	-	0.0%
Infrastructure	-	380	380	0.1%	-	662	662	0.2%
Other	3,413	24,715	28,128	7.7%	3,136	23,922	27,058	6.6%
Derivatives:								
Inflation	-	-	-	0.0%	-	-	-	0.0%
Interest Rate	-	-	-	0.0%	-	-	-	0.0%
Foreign Exchange	-	-1,100	-1,100	-0.3%	-	-246	-246	-0.1%
Other	-	-	-	0.0%	-	-	-	0.0%
Cash and Cash Equivalents:								
All	20,676	-	20,676	5.7%	27,214	-	27,214	6.7%
Totals	**240,542**	**124,569**	**365,110**	**100%**	**291,567**	**116,434**	**408,001**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis. For both Schemes the projected unit credit method has been used to estimate the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

For the Police Pension Schemes a full actuarial valuation is required every four years under the Public Service Pensions Act 2013. The Police Scheme has been assessed by the Government Actuary's Department. The most recent valuation was undertaken as at 31 March 2016, and the next scheduled valuation is as at 31 March 2020, which is currently being undertaken with any changes to employer contribution rates expected in April 2024. The appointed actuaries produce pension disclosures by rolling forward data for years between full valuations.

For the Local Government Scheme, a full actuarial review is undertaken every three years, with the latest valuation being as at 31st March 2022. The Local Government Pension Scheme Fund is assessed by Hymans Robertson, an independent firm of actuaries.

The value of scheme assets and liabilities are dependent upon financial market conditions as at 31st March. Both GAD and Hymans Robertson have confirmed the use of data as at 31st March rather than estimated figures and as such, the effect of COVID-19 on market conditions and discount rates have been reflected in these valuations.

The principal assumptions used by the actuaries have been:

	LGPS		Police Pension Schemes	
	2022/23	2023/24	2022/23	2023/24
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Men	21.3	21.1 - 21.3	21.9	21.9
Women	24.3	24.1 - 24.3	23.5	23.6
Longevity at 45 for future pensioners:				
Men	22.4	22.2 - 22.4	23.5	23.6
Women	25.9	25.6 - 25.9	25	25.1
Rate of increase in salaries (%)	3.45	3.25	3.85	3.85
Rate of increase in pensions (%)	2.95	2.75	2.6	2.6
Rate for discounting scheme liabilities (%)	4.75	4.85	4.65	4.75

Sensitivity of the defined benefit obligation in the significant actuarial assumptions

	Approximate % increase to Employer Liability	Approximate monetary amount (£'m)
LGPS		
0.5% decrease in real discount rate	10%	38.725
1-year increase in member life expectancy	4%	13.897
0.5% increase in the Salary Increase Rate	<1%	1.485
0.5% increase in the Pension Increase Rate	10%	37.96
Police Pension Schemes		
0.5% decrease in real discount rate	8%	129
1-year increase in member life expectancy	2.5%	38
0.5% increase in the Salary Increase Rate	1%	17
0.5% increase in the Pension Increase Rate	8%	126

Note 39 - Contingent Liabilities

Accounting Policy

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. 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 are not recognised in the Balance Sheet but disclosed in a note to the accounts

As at 31st March 2024, the Chief Constable and the Police and Crime Commissioner did not have any contingent liabilities.

Note 40 - Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Group's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC.
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the PCC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The Group's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the PCC to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the PCC to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice within our Treasury Management Practices.
- by approving annually in advance prudential indicators for the following three years limiting.
  - The PCC's overall borrowing.
  - Its maximum and minimum exposures to fixed and variable rates.
  - Its maximum and minimum exposures to the maturity structure of its debt.
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the PCC's annual Council Tax setting budget meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented on behalf of the PCC by Hertfordshire County Council's central treasury team. The PCC maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Strategy.

The Group's maximum exposure to credit risk cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

The following analysis summarises the Group's potential maximum exposure to credit risk. The risk of default by banks and financial institutions is based on historical experience of default data taken from Moody's, a credit rating organisation used by the PCC. The risk of default by trade debtors is based on the amount of impairment provision as a percentage of total debt outstanding as at 31 March 2024.

	Amount at 31 March 2024 £'000	Historical experience of default %	Estimated maximum exposure at 31 March 2024 £'000
A+ Rated Counter Parties	125	-	-
Fixed Loan < 1 year	3,260	-	-
Fixed Loan > 1 year	2,500	-	-
Other Counter Parties	1,000	-	-
Long Term Debtors	424	-	-
Trade debtors	3,517	-2.35%	**-83**
Other receivables and advances	19,082	-	-
Total	**29,908**		**-83**

No credit limits were exceeded during the reporting period and no losses are expected from non-performance of any of the counterparties in relation to the PCC's deposits.

The PCC does not generally allow credit for its trade debtors, such that £1.684m of the £3.517m balance at 31st March is past its due date for payment. The past due amount can be analysed by age as follows:

	2022/23 £'000	2023/24 £'000
Less than three months	166	1,298
Three to six months	96	74
Six months to one year	57	82
More than one year	251	230
Balance as at 31st March	**570**	**1,684**

During the reporting period the PCC held no collateral as security.

Liquidity Risk

The PCC has a comprehensive cash flow management process that seeks to ensure that cash is available as necessary. If unexpected movements happen, the PCC has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the PCC may be bound to replenish a significant amount of its borrowings at a time of unfavourable interest rates. The PCC sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows:

	2022/23 £'000	2023/24 £'000
Less than one year	-24,134	-33,085
Between two and seven years	-	-23,428
More than fifteen years	-25,698	-25,698
Balance as at 31st March	**-49,832**	**-82,211**

Market risk

Interest rate risk - The Group is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex effect on the Group.

For instance, a rise in interest rates could have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and effect the Police Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected on Other Comprehensive Income and Expenditure.

The PCC has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the PCC's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Hertfordshire County Council's central treasury team monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

During 2023/24 the Group had no variable rate investments or liabilities and so was not exposed to interest rate risk.

If interest rates had been 1% higher during 2023/24 with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowing	154
Increase in interest receivable on variable rate investments	-44
Decrease in fair value of investments held at Fair Value through Profit and Loss	1
Impact on Other Comprehensive Income and Expenditure	**111**

	£'000
Decrease in fair value of loans and investments at amortised cost*	1
Decrease in fair value of fixed rate borrowing*	-4,351

*No impact on Comprehensive Income and Expenditure.

Price risk - The Group, excluding the pension fund, has no investments in equity shares and so is not subject to any form of price risk currently.

Foreign exchange risk - The Group has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 41 - Termination Benefits

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Group / PCC to terminate a member of police staff's employment before the normal retirement date or a member of police staff's decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Group / PCC is demonstrably committed to the termination of the employment.

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 / PCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The Group terminated the contracts of a number of employees in 2023/24 incurring liabilities of £0.059m (£0.049m in 2023/24). See note 42 for the number of exit packages and total costs per band. There were no payments to Directors or equivalent in the form of compensation for loss of office or for enhanced pension benefits and all costs relate to police staff who were made redundant in a number of cost centres as part of the Group's savings plan and financial strategy.

Note 42 - Exit Packages

All redundancies in 2022/23 and 2023/24 were compulsory redundancies. The numbers of exit packages and total costs of the compulsory redundancies including pension strain costs paid to the Local Government Pension Scheme are set out in the table below.

Exit package cost band including special payments	Total number of exit packages		Herts Share of cost of exit packages		Total cost of exit packages	
	2022/23	2023/24	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
£0 - £20,000	7	1	49	12	67	12
£20,001 - £40,000	-	2	-	25	-	56
£40,001 - £60,000	-	1	-	22	-	50
£60,001 - £80,000	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
Total	**7**	**4**	**49**	**59**	**67**	**118**

Where an exit package was paid as part of the implementation of a BCH change programme, costs were pooled and shared between the three forces. As a result, the total costs of exit packages set out in the above table include all staff which Hertfordshire have contributed towards irrespective of the employing force. In total 4 exit packages (7 in 2022/23) were paid to Hertfordshire employed staff during 2023/24 at a cost of £0.059m (£0.049m in 2022/23).

FUND ACCOUNT

	Note	Police Pension Scheme 1987		Police Pension Scheme 2006		Police Pension Scheme 2015		Total All Schemes	
		2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Contributions receivable									
From employer									
- normal 21.3%; 31.0%	P3	7	-	-	-	-25,538	-28,638	**-25,531**	**-28,638**
- early retirements	P3	-254	-	-	-	-	-94	**-254**	**-94**
From members	P3	3	-	1	-	-10,972	-12,378	**-10,968**	**-12,378**
Transfers in									
- individual transfers in from other schemes	P4	-	-	-	-	-109	-32	**-109**	**-32**
Benefits payable									
- pensions		42,999	47,171	127	449	329	380	**43,455**	**48,000**
- commutations and lump sum retirement benefits		6,126	6,145	99	41	363	327	**6,588**	**6,513**
- lump sum death benefits		305	141	-	-	123	268	**428**	**409**
Payments to and on account of leavers									
- refunds of contributions		-	-	-	-	77	62	**77**	**62**
- individual transfers out to other schemes	P4	-	-	-	-	5	9	**5**	**9**
Net amount receivable for the year before top-up grant		49,186	53,457	227	490	-35,722	-40,096	**13,691**	**13,851**
Transfer received from the Policing Body	P5	-49,186	-53,457	-227	-490	35,722	40,096	**-13,691**	**-13,851**
Balance as at 31 March		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

NET ASSETS STATEMENT

	31 March 2023 £'000	31 March 2024 £'000
April pension paid in advance in March	3,858	4,197
Total Assets	**3,858**	**4,197**
Commutation Payments Owing	-590	-188
Taxation Owing	-207	-
Amount Owing to Police Fund	-3,061	-4,009
Total Liabilities	**-3,858**	**-4,197**
Net Assets	**0**	**0**

Note P1 - Summary of the Police Pension Scheme Fund Operations

Employee contributions and employer's contributions are paid into the Police Pension Scheme Fund from which pension payments are made. The fund has no investments and is topped up by the PCC if the contributions are insufficient to meet the cost of pension payments. The PCC is then reimbursed by the Home Office. Any surplus in the fund is recouped by the PCC and paid to the Home Office. The underlying principle is that employer and employee contributions together will meet the full costs of pension liabilities being accrued in respect of currently serving employees while the Home Office will meet the costs of retirement pensions in payment, net of employee and the new employer contributions.

The financing of pension payments was taken out of the Formula Grant from April 2006 which instead takes into account the funding needed to support the cost of the employer contributions and lump sum payments, in respect of ill-health retirements.

Note P2 - Accounting Policies

The accounts have been prepared in accordance with the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the CIPFA.

The accounts summarise the transactions and net assets of the Police Pension Scheme Fund. They do not, however, take account of liabilities to pay pensions and other benefits after 31 March 2024.

All amounts have been prepared on an accruals basis except pension transfers to and from the scheme.

Note P3 - Contributions Receivable

Employer and Employee Contributions

The purpose of the employee and employer contribution rates under the new arrangements is to meet the accruing pension liabilities of currently serving police officers. This means the PCC meets all the costs of employing police officers, including the cost of future pension

liabilities, at the time of employing them. From 1 April 2019, the employer's contribution rate was increased to 31.0% (from 21.3%) following the latest scheme valuation.

Separate contribution rates, a percentage of pensionable pay as shown below, apply to the three Police Pension Schemes.

	Employer Defined %	Employee %
Police Pension Scheme 1987	31.0	14.25 - 15.05
Police Pension Scheme 2005	31.0	11.00 - 12.75
Police Pension Scheme 2015	31.0	12.44 - 13.78

Early Retirements

Early retirements due to ill-health from 1 April 2006 require the PCC to make a lump sum payment into the pension fund of twice the average pensionable pay in respect of all ill-health retirements.

Note P4 - Transfers to or from other schemes

Where a police officer transfers to or from another police force there is no need for a cash transfer. A police officer who transfers out of the Police Pension Scheme to another pension scheme is entitled to ask for a cash equivalent transfer value to be paid across, equivalent to the value of their pension rights on leaving the scheme. This is paid from the Police Pension Fund. Similarly, an inward Transfer Value should be paid into the fund.

Note P5 - Top-up Grant

Where employer and employee contributions paid into the Police Pension Scheme Fund are not sufficient to meet pension payments for that year, the deficit will be met by the PCC who is in turn reimbursed by a central government top-up grant paid by the Home Office. Any surplus in the fund would be paid back to the PCC who would then reimburse the Home Office as the party that brings the account into balance.

Note P6 - Liabilities after year end

The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after 31 March 2024. The details in respect of the PCC's long-term police pension obligations are set out in the pensions-related disclosure note 38 that follows the main financial statements.

Note P7 - Claims Arising from the Transitional Provisions in the Police Pension Regulations 2015

The Chief Constable of Hertfordshire, along with other Chief Constables and the Home Office, currently has 50 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019,

the Supreme Court refused leave to appeal on the McCloud / Sargeant cases. In response to this, the Treasury published a consultation on 16 July 2020 outlining the remedy for all Public Sector pension schemes, which includes the Police Pension Scheme.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The results of the latest police pension valuation were implemented in 2024/25 and saw an increase in the employer's contribution rate from 31.0% to the 35.3%.

POLICE AND CRIME COMMISSIONER FOR HERTFORDSHIRE

ANNUAL GOVERNANCE STATEMENT 2023/24

Annual Governance Statement to Follow

Glossary of Terms

The definitions within this glossary are designed to give the user an understanding of the technical terminology contained within the Statement of Accounts

Accounting Policies
Those principles, bases, conventions, rules and practices applied by the PCC, that specify how the effects of transactions and other events are to be reflected in its financial statements through: i) recognising, ii) selecting measurement bases for, and iii) presenting assets, liabilities, gains, losses and changes to reserves.

Accrual
The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

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

Budget
A statement of the PCC's financial plans for a specified period of time, usually one year.

Capital Programme
A statement of proposed capital projects for current and future years.

Capital Financing Requirement
The Capital Financing Requirement (CFR) represents the level of capital investment not financed by grant, capital receipts or revenue contribution and which therefore needs to be financed either by external borrowing or internal borrowing through the use of cash balances. The CFR attracts a statutory annual revenue charge known as Minimum Revenue Provision (MRP)

Capital Receipts
Proceeds of not less than £10,000 from the sale of fixed assets. They may be used to finance new capital expenditure or repay debt. They cannot be used to finance normal day to day revenue spending.

Carry-forwards
These are underspends at the year-end which are carried forward into the next financial year to support that year's expenditure plans.

Creditors
Amounts owed by the PCC at the 31st March for goods received or services rendered but not yet paid for.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

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

Debtors
Amounts owed to the PCC which are collectable or outstanding at 31st March.

Defined Benefit Scheme
A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded as in the case of the LGPS or unfunded as in the case of the Police Pension Scheme.

Depreciation
The measure of the cost or re-valued amount of the benefits of the fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence, through either changes in technology or demand for the goods and services produced by the asset.

Emoluments
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pensions 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.

Fair Value
The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

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 a PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

Impairment
A reduction in the value of a fixed asset, reflecting a general fall in prices or losses due to physical damage or deterioration in an asset.

Intangible Fixed Assets
Non-financial fixed assets that do not have physical substance but are identified and controlled by the PCC through custody and legal rights.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investments
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the PCC. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Liquid Resources
Current asset investments that are readily disposable by the PCC without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision (MRP)
The aim of the MRP charge is to set cash aside in order to ensure the PCC has the funds to repay outstanding principal or replenish internal cash balances. Each year the PCC is required to set a policy as to the approach it will take in making MRP.

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

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt
The PCC's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value
The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributed Costs
These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease
A lease other than a finance lease.

Police Grant
A specific grant paid by the Home Office to support the PCC's revenue expenditure. It is a fixed sum calculated by the government on an assumed needs basis.

Precept
A levy which the PCC makes through the council tax to pay for services.

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 arising in the current period as a

result of the introduction of, or improvement to, retirement benefits.

Prior Period Adjustments
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Reserves
Amounts set aside to cover general expenditure needs in the future.

Revenue Contributions to Capital Outlay (RCCO)
Contributions from revenue to finance capital expenditure and thus reduce the requirement to borrow.

Revenue Expenditure
Spending on day to day items, including salaries, premises costs and supplies and services.

Revenue Support Grant
A grant paid by central government towards the costs of the service.

Specific Reserves
Amounts set aside for a specific purpose to meet future commitments or liabilities.

Sponsorship
The voluntary provision of non-public funds, services or equipment which enables the police to enhance or extend the normal services provided