



NORTHUMBRIA  
**POLICE & CRIME  
COMMISSIONER**

violence  
reduction  
unit

*Improving lives to prevent crime*

# Police and Crime Commissioner for Northumbria

## Statements of Account 2023/24



**NORTHUMBRIA  
POLICE**  
*Proud to Protect*

**Contents**

**Preface**..... 2

**Narrative Statement**..... 3

**Statement of Responsibilities**..... 28

**Police and Crime Commissioner Single Entity Financial Statements**..... 29

    Movement in Reserves Statement – Police and Crime Commissioner Single Entity..... 30

    Comprehensive Income and Expenditure Statement – Police and Crime Commissioner Single Entity ..... 32

    Balance Sheet – Police and Crime Commissioner Single Entity..... 33

    Cash Flow Statement – Police and Crime Commissioner Single Entity..... 34

    Notes to the Core Financial Statements ..... 35

**Police and Crime Commissioner Group Financial Statements**..... 90

    Movement in Reserves - Group..... 91

    Comprehensive Income and Expenditure - Group..... 93

    Balance Sheet - Group ..... 94

    Cash Flow Statement - Group ..... 95

    Notes to the Group Financial Statements..... 96

**Supplementary Financial Statements** ..... 126

    Notes to the Supplementary Financial Statements ..... 128

**Annual Governance Statement** ..... 129

**Independent Auditors Report** ..... 141

**Glossary of Terms** ..... 146

**Index** ..... 151

**Contacts** ..... 153

# Preface

## **Susan Dungworth – Police & Crime Commissioner, Northumbria**

Northumbria Police is a Force committed to effective use of its resources as part of its mission of keeping the people of this region safe.

I am proud to have recently been elected the new Police and Crime Commissioner of Northumbria Police and it is clear from the information contained in this report that I inherit a Force that is well-managed, and mission driven.

As the new PCC, my role will be to hold the Chief Constable to account for continued delivery on behalf of the public and responsible financial management, areas in which the Force has a strong track-record.

I was elected on a commitment to strengthening frontline policing, ensuring the public see a greater police presence where appropriate and that neighbourhood policing and reducing anti-social behaviour remain at the forefront of our policing plans.

Over the coming months I will set out a new Police and Crime Plan for Northumbria Police which embeds those commitments into the Force's scrutiny and accountability mechanisms and provide a strategic focus for future use of resource.

It is clear from the accounts to date that while police officers work hard across the Northumbria area, they do so against a financially constrained background. Grants provided by central Government do not cover the full cost of keeping this region safe, and the shortfall has had to be filled by local taxpayers. In order to lessen this impact, Northumbria Police will have to identify further savings while maintaining a strong frontline presence. This is an unfair situation, and one I will be campaigning to change.

The next annual accounts will cover my first full year as PCC. At this stage I will be able to show how sound financial management is helping deliver on my five key promises to the public, which are:

1. Reducing serious and violent crime
2. Tackling anti-social behaviour
3. Strengthening neighbourhood policing
4. Communicating and listening to the public
5. Fighting for properly funded police and public services

Achieving change on this scale will come as a result of strong partnership work, and it is clear to me already that the Force I oversee is made up of a team working towards the same goal. These accounts set out the challenge ahead, but it is one we are prepared for.

Susan Dungworth  
Police and Crime Commissioner for Northumbria



# Narrative Statement

## Introduction

The Statements of Account present the Police and Crime Commissioner's (the Commissioner's) and Group (including the Chief Constable's) financial performance for the year-ended 31 March 2024. This includes the overall financial position at the end of that period, and the cost of services provided. When read in conjunction with the Police and Crime Plan and the Annual Report<sup>1</sup>, the statement provides an insight into the activities of the Commissioner and the Force during the year.

The narrative and financial summary that follows provides an overview of the accounting arrangements and a guide to the most significant matters in the financial statements.

## The Statements of Account

The primary statutory duty and electoral mandate of the Commissioner is to ensure an efficient and effective police Force in Northumbria, and to hold the Chief Constable to account on behalf of the public for the exercise of operational policing duties under the Police Act 1996.

The accounts are prepared in-line with the statutory arrangements introduced under the Police Reform and Social Responsibility Act 2011.

Under the provisions of the Act, the Commissioner and Chief Constable are created as two separate corporation soles. For financial reporting purposes, the Chief Constable is a subsidiary of the Commissioner by virtue of the powers the Commissioner has to govern the financial and operating policies of the Chief Constable.

All the financial transactions incurred during 2023/24 for policing in Northumbria have been recognised and recorded within the Statements of Account, which set out the overall financial position of the Commissioner and the Commissioner's Group (the Group) for the year-ended 31 March 2024. The Group position reflects the consolidated accounts of the Commissioner and her subsidiary, the Chief Constable. Separate statutory single entity accounts are prepared for the Chief Constable.

The Commissioner is responsible for the finances of the whole Group. She receives all income and funding, including all government grants and Council Tax Precept, into the Police Fund, and makes all payments for the Group from the Police Fund. In turn, the Chief Constable fulfils their function under the Act within an annual budget set by the Commissioner in consultation with the Chief Constable. A scheme of delegation<sup>2</sup> is in operation between the two bodies determining their respective responsibilities. The accounting arrangements between the Commissioner and Chief Constable are detailed in **Note 3** to the accounts.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) - Based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee (LASAAC)<sup>3</sup> Board and approved by Financial Reporting Advisory Board (FRAB<sup>4</sup>). The Code constitutes proper accounting practice.

---

<sup>1</sup> Available on the PCCs website

<sup>2</sup> Available on the PCCs website

<sup>3</sup> Chartered Institute of Public Finance & Accountancy's Local Authority (Scotland) Accounts Advisory Committee

<sup>4</sup> Financial Reporting Advisory Board, an independent board within HM Treasury

## Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities.

These roles and responsibilities can be summarised as follows:

### The Police and Crime Commissioner:

- Provides a link between the police and the community.
- Sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan.
- Prepares and publishes an annual report on progress in the delivery of the Police and Crime Plan.
- Sets out the Force's budget and community safety grants.
- Sets the policing and crime Precept.
- Oversees community safety, the reduction of crime and value for money in policing.
- Commissions victims' and witness services, including restorative justice.
- Appoints the Chief Constable (and dismissal when necessary).
- Holds the Chief Constable to account for the performance of the Force, including that of police officers and civilian staff under their direction and control.
- Receives all income from grants, Precept and charges.
- Has the responsibility for all borrowing.



### The Chief Constable:

- Responsible for maintaining the King's peace and for the direction and control of the Force.
- Accountable to the law for the exercise of police powers.
- Accountable to the Commissioner for the delivery of efficient and effective policing, and the management of resources and expenditure by the Police Force.
- Operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.
- May not borrow money.

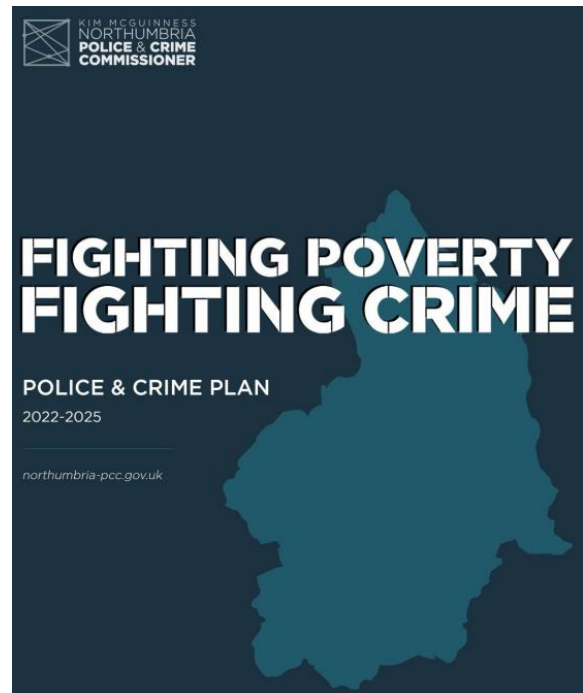
## Police and Crime Plan 2022-2025

The Police and Crime Commissioner determines the priorities for policing within the Police and Crime Plan, through comprehensive engagement and consultation across our communities to ensure that the priorities reflect the expectations of the public. The Chief Constable and Police and Crime Commissioner work closely together to ensure effective delivery of the Plan.

The Police and Crime Plan 2022 – 2025 covers the key areas of focus the Force are expected to deliver on, alongside other national policing requirements. It was put together after a region-wide consultation process by the former Commissioner in 2022, in which thousands of residents and organisations had their say on what those priorities should be.

The Police and Crime Plan forms the basis of how the Commissioner holds the Force to account on behalf of the public and as part of that process the Commissioner reports regularly on the Force’s performance towards the Police and Crime Plan priorities.

The current Police and Crime Plan can be found on the Commissioners website.



Susan Dungworth is the new Police and Crime Commissioner elected on 2 May 2024 and replacing the former Commissioner Kim McGuinness who had held the post for five years. Over the coming months the new Commissioner will set out a new Police and Crime Plan for Northumbria Police which will provide the strategic focus for future use of resources.

## Force Strategy

In February 2024 the Chief Constable launched the new **Force Strategy**.

The **PURPOSE** of the Force is unchanged, ‘Keep people safe and fight crime’.

The Force has simplified its **VISION**, ‘To be an outstanding police Force’.

New Force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics:

**‘Do the right things, in the right way, for the right reasons.’**



## Financial Performance 2023/24

### Key Highlights

For 2023/24 the Northumbria Police revenue budget was originally set at £355.584 million which included grant income of £277.738 million from central government, Council Tax Precept income of £69.790 million and the planned use of £8.056m earmarked reserves.

At Quarter 2 the revenue budget was reduced by £6.754 million to £348.830 million, and the planned use of reserves was reduced to £1.302 million. The mid-year realignment was as a result of 2023/24 revenue budget requirements having been reassessed as part of the budget planning for 2024/25 and reflected a number of significant changes that had occurred since the budget was agreed in February 2023.

As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of police officers by 20,000 nationally. The Uplift target for Northumbria was 615 additional police officers by March 2023 and Northumbria has fully delivered against this target.

In addition to the national Uplift target, the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

In 2023/24 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2024/25 the Government confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria, bringing the total Uplift allocation to 693 officers.

These accounts explain the detailed financial transactions that have taken place during the year which concludes that the year-end revenue outturn position is an underspend of £5.077 million.

During 2023/24 the capital programme delivered investment of £15.138 million in capital schemes delivering estates refurbishment, continued investment in vehicles and operational equipment, and in new digital policing systems and technologies.

### Financial Context 2023/24

Since 2010, Central Government's austerity drive saw unprecedented cuts to the funding provided to policing, with Northumbria being the hardest hit of any force in England and Wales. Central Government formula funding for policing in Northumbria was reduced by more than 31% in real terms between 2010/11 and 2018/19, as confirmed independently by the National Audit Office (NAO). As a result, police officer numbers in Northumbria reduced by more than 1,100 between March 2010 and March 2019. By March 2021 the Force had made £148.000 million of cuts and efficiencies to manage the reductions imposed by government. Further details can be found on the NAO website.

The structure of Police funding means those which have a lower Council Tax Precept will suffer the most, as any cut from government is to the larger proportion of their funding. Over the period of austerity covered by the Comprehensive Spending Review (CSR) 2010 and 2015, Northumbria has experienced the largest impact of cuts because it receives more in grant in proportion to its Council Tax; around 80% in 2023/24 was funded by Home Office grant. In addition, Northumbria has the lowest Precept of any PCC in England and Wales, and a low yield.

By March 2021 Northumbria Police had made £148.000m of cuts and efficiencies to manage the scale of reductions imposed by government since 2010. For Northumbria, employee pay accounts for the majority of the annual revenue budget and therefore those savings delivered were mainly realised through reductions to the workforce.

At the start of the 2019/20 financial year, police officer numbers had fallen by more than 1,100 since 2010 and staff by over 800, a reduction of 29% in the total workforce as shown in the following table:

Workforce Reductions	31 March 2010	31 March 2019	Reduction between 2010 and 2019		31 March 2024
	FTE	FTE	FTE	%	FTE
Police Officers	4,187	3,081	(1,106)	(26%)	3,845
Police Staff	2,534	1,717	(817)	(32%)	2,059
<b>Workforce</b>	<b>6,721</b>	<b>4,798</b>	<b>(1,923)</b>	<b>(29%)</b>	<b>5,904</b>

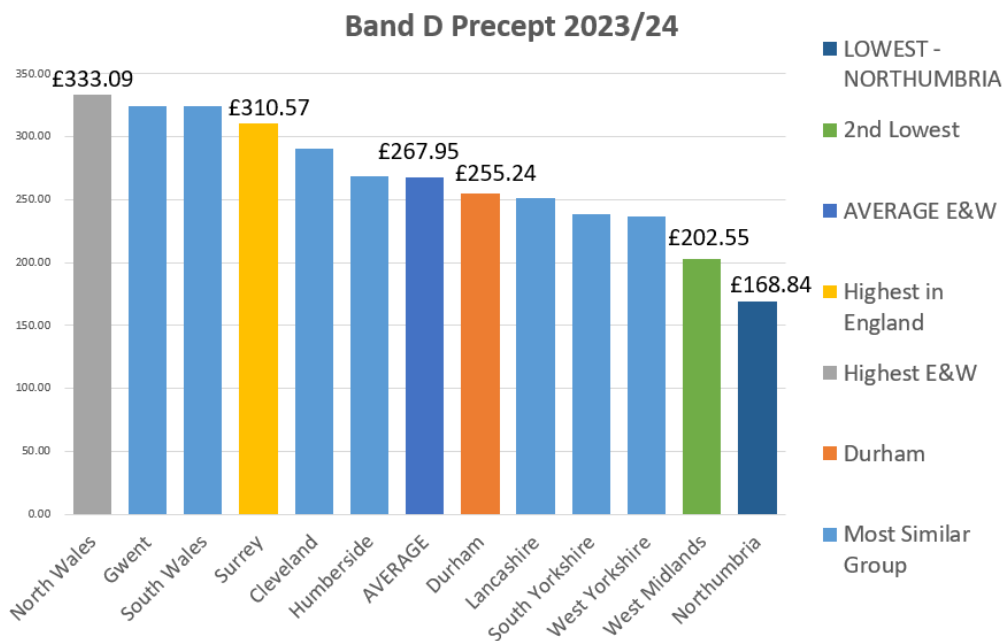
The increase in the precept for the financial years 2019/20 to 2023/24 has delivered vital new funding for Northumbria. This coupled with the Uplift target set for Northumbria has enabled the Force to start re-investing in officers and staff, although still some way from the numbers lost since 2010.

### General Reserves

Whilst the Commissioner has a reserves strategy which will maintain the general reserve at a minimum of 2% of the net revenue budget, for the purposes of good financial management we plan the budget and Medium-term Financial Strategy (MTFS) around a more prudent General Reserve level, set just under 3% of net revenue budget and equating to around £11.000 million over the medium-term.

### Council Tax

The Northumbria Council Tax Precept is by far the lowest of policing bodies in England and Wales at £168.84 per year (2023/24) for Band D properties. The following chart shows the highest and lowest PCC Precepts; Northumbria’s ‘Most Similar Group’; and the average PCC Precept for England and Wales during 2023/24:



When calculating the overall settlement for policing in 2023/24 the Government set a precept increase maximum of £15.00 for a Band D property precept rise.

Consideration of the Council Tax Precept has to be taken alongside both the overall funding made available to the Force and the impact on households of any increase. In setting the precept for 2023/24 the former Commissioner stated, ‘in considering the right precept proposal for 2023/24 I was mindful that Northumbria Police has the lowest precept in the country and is as a result very reliant upon central government funding, over which I have no control.’

The proposed increase to the Council Tax Precept for 2023/24 was supported by the results of a public consultation during January 2023.

Therefore, the former Commissioner approved an increase in the Council Tax Precept of £15.00 for a Band D property in 2023/24, resulting in a charge of £168.84 per year (£153.84 2022/23).

The additional income generated by the precept increase was £6.120 million and was used to:

- Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime; and
- Help protect the Force from the impact of significant budget pressures and spiraling inflation.

Total Council Tax income for 2023/24 was £69.790 million of which £68.885 million is attributed to the Council Tax Precept, and £0.905 million which related to a surplus on the previous year's collection fund.

### **Revenue Expenditure and Income Summary**

Revenue expenditure represents the day-to-day running costs of providing the Commissioner's services and the costs of policing. It includes expenses such as employee pay, vehicle and premises running costs, communications, insurances and the cost of borrowing.

The Group Revenue Budget for 2023/24 was approved by the Commissioner on 22 February 2023 at £355.584 million. At Quarter 2 the revenue budget was reduced to £348.830 million, a reduction of £6.754 million. The planned use of earmarked reserves was reduced by the same amount to £1.302 million.

The revised revenue budget of £348.830 million took into account additional income and grant funding allocated in-year, the re-phasing of new Digital Policing expenditure to 2024/25 and a reduction in capital financing budgets reflecting forecasts for increased investment returns and lower borrowing costs.

Throughout 2023/24 both the Commissioner's and Chief Constable's revenue budgets have been subject to monthly monitoring, with the consolidated position being considered on a quarterly basis. Each quarter, the Group budget monitoring reports are presented to the Commissioner and Chief Constable's joint Business Meeting and the position is published for wider scrutiny of financial performance by the public. These quarterly updates include a review of budgets and spending forecasts for both revenue and capital expenditure.

### **Revenue Outturn 2023/24**

The revised Group Revenue budget for 2023/24 was £348.830 million. Net revenue expenditure of £343.753 million for the year reflects an underspend of £5.077 million as set out in the following table:

<b>Revenue Outturn 2023/24 (Group Position)</b>					
	Budget 2023/24 £000	Expenditure 2023/24 £000	Income 2023/24 £000	Outturn 2023/24 £000	Variance 2023/24 £000
<b>Chief Constable</b>					
Chief Constable Revenue Budget	333,645	367,060	(37,626)	329,434	(4,211)
Operational Reserve Expenditure	-	261	-	261	261
National Policing Capabilities (Hosted Services)	-	467	(773)	(306)	(306)
External Funding Schemes	-	10,888	(10,481)	407	407
<b>Chief Constable Net Expenditure</b>	<b>333,645</b>	<b>378,676</b>	<b>(48,880)</b>	<b>329,796</b>	<b>(3,849)</b>
<b>Police and Crime Commissioner</b>					
Office of the Police and Crime Commissioner	1,823	1,771	(14)	1,757	(66)
OPCC Supporting Services	1,231	1,164	(160)	1,004	(227)
OPCC Reserve Expenditure	-	13	(62)	(49)	(49)
Capital Financing	12,131	13,357	(2,054)	11,303	(828)
<b>Total Expenditure</b>	<b>15,185</b>	<b>16,305</b>	<b>(2,290)</b>	<b>14,015</b>	<b>(1,170)</b>
<b>Specific Funds managed by the PCC:</b>					
Commissioning of Victims Services	-	3,370	(3,370)	-	-
Violence Reduction Unit	-	2,423	(2,423)	-	-
Other Funding	-	3,501	(3,559)	(58)	(58)
<b>Total Expenditure</b>	<b>-</b>	<b>9,294</b>	<b>(9,352)</b>	<b>(58)</b>	<b>(58)</b>
<b>Total Net Expenditure</b>	<b>348,830</b>	<b>404,275</b>	<b>(60,522)</b>	<b>343,753</b>	<b>(5,077)</b>

### Chief Constable

The Chief Constable has delivered policing services in Northumbria for 2023/24 within the budget allocated by the Commissioner for the financial year.

The underspend of £3.849 million includes expenditure of £0.261 million against the Operational Reserve and income and expenditure relating to funded schemes.

The underspend relates primarily to additional income received in year for football policing, digital policing costs and contracts, vehicle recovery, Operation Safeguard, and underspends on expenditure areas such as digital policing, external training, and the Northumbria contribution to the North East Regional Organised Crime Unit (NEROCU).

In addition to the core revenue budget, the Chief Constable manages expenditure against funded hosted services such as the National Rural Crime Unit and other external funding schemes which include specific grants such as Counter Terrorism and other grants and contributions from the Home Office, Local Authorities, and external bodies. The majority of income received has been fully utilised in 2023/24 and the outturn position reflects a net transfer of £0.407 million from the external funding reserve and a transfer of £0.306 million to the National Policing Capabilities (hosted services) reserve to be used in 2024/25.

Details of performance are set out later in this Narrative Statement.

## Police and Crime Commissioner

An approved budget of £1.823 million was provided to meet the running costs of the Commissioner and her office, covering all administration and governance arrangements. The underspend of £0.066 million was transferred to the OPCC Innovation Reserve at the year-end.

The OPCC Supporting Services budget of £1.231 million includes the specific budget for the Commissioners Community Fund and in addition, the Northumbria Sexual Assault Referral Centre (SARC). The Community Fund is used to make valuable contributions to local charity, voluntary, social enterprises, local authorities and community groups in Northumberland and Tyne and Wear, supporting Police and Crime Plan objectives. The outturn position reflects an underspend of £0.227 million which was transferred to the General Reserve at the year-end.

The outturn position also includes expenditure of £0.013 million funded from the OPCC Innovation Reserve which supports innovative work with partner agencies through the Office of the Police and Crime Commissioner. In addition, £0.062 million of income was received in-year which will be carried forward in the reserve to be used in 2024/25.

The Capital Financing budget for 2023/24 was £12.131 million, comprising interest on borrowing and investments, and the minimum revenue provision for repayment of borrowing. The outturn position is £11.303 million reflecting an underspend of £0.828 million which is primarily attributable to:

- Investment income was £0.533 million higher than budgeted reflecting additional cash and reserve balances available for investment and the accelerated increase in Bank Rate over the year. Whilst the budget assumed Bank Rate would increase to 4.50% by September 2023 before falling back to 4.00% by the year-end, the Bank of England actually increased Bank Rate to reach 5.25% by August 2023 then maintained it at that level for the remainder of the year.
- Borrowing costs were £0.299 million less than the original budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.

The underspend on the Capital Financing budget has been transferred to the Investment Reserve at the year-end and will be used to support investment in policing services over the medium-term.

## Specific Funds managed by the PCC

In addition to the OPCC revenue budget, the Commissioner manages a number of externally funded schemes such as the commissioning of victim services, Violence Reduction Unit (VRU) funding and other schemes such as Payback (using the proceeds of crime to support vital work in communities aimed at reducing crime) and schemes aimed at keeping communities and those most vulnerable safe. Whilst the majority of funding received has been utilised in-year there is a small underspend of £0.058 million which will be carried forward in reserves and used to continue that work in 2023/24.

## Use of Reserves

The reserve movements as a result of the revenue outturn for 2023/24 are set out in the following table:

Police and Crime Commissioner Group - Use of Reserves					
	Budget 2023/24 £000	Transfer to reserves £000	Transfer (from) reserves £000	Net Movement 2023/24 £000	Variance 2023/24 £000
<b>Use of reserves to support the revenue budget</b>					
<b>General Reserve</b>	-	227		227	227
<b>Transfers To / (From) earmarked reserves</b>					
Operational Reserve	-		(261)	(261)	(261)
Investment Reserve	(1,302)	3,737		3,737	5,039
External Funding Reserve	-	367	(1,336)	(969)	(969)
National Policing Capabilities (Hosted Services)	-	1,210	(284)	926	926
<b>OPCC Innovation Reserve</b>	-	115	-	115	115
<b>Transfers To / (From) earmarked reserves</b>	<b>(1,302)</b>	<b>5,429</b>	<b>(1,881)</b>	<b>3,548</b>	<b>4,850</b>

## Reserve Movements

- The underspend of **£0.227 million** against the OPCC Supporting Services budget was transferred to the General Reserve.
- The Chief Constable incurred expenditure of **£0.261 million** against the Operational Reserve in 2023/24.
- The underspend against the Chief Constable's core revenue budget of £4.211 million and the underspend of £0.828 million against the Capital Financing budget were both transferred to the Investment Reserve to support investment in policing services over the medium-term. The net transfer of **£3.737 million** includes the planned use of **£1.302 million** reserves to support the Group Revenue budget.
- The net transfer of **£0.969 million** from the External Funding Reserve comprises the outturn position movement of £0.407 million against the Chief Constable's funded schemes, a transfer out to the National Policing Capabilities Reserve of £0.620 million reflecting hosted services and a transfer to reserves of £0.058 million in relation to the Commissioner's funded schemes.
- The net transfer of **£0.926 million** to the National Policing Capabilities Reserve comprises the outturn position movement of £0.306 million and the transfer of £0.620 million from the External Funding Reserve.
- The net transfer of **£0.115 million** to the OPCC Innovation Reserve comprises the underspend on the Commissioner's revenue budget (£0.066 million) and the income and expenditure (net £0.049 million) reported against the OPCC Reserve line in the Group Revenue Outturn position.

### Earmarked Reserves

The total movement in earmarked reserves is an increase of £3.575 million as set out in the following table:

<b>Police and Crime Commissioner Group - Transfers To / (From) Earmarked Reserves</b>			
	Budget 2023/24 £000	Outturn 2023/24 £000	Variance 2023/24 £000
Transfers To / (From) Earmarked Reserves	(1,302)	3,548	4,850
Transfer To / (From) NE ROCU Reserve	(87)	27	114
	<b>(1,389)</b>	<b>3,575</b>	<b>4,964</b>

The transfer to the North East Regional Organised Crime Unit (NE ROCU) reserve of £0.027 million is explained later in the Narrative Statement and shown in further detail in **Note 14** to the Single Entity Accounts.

### Financial Accounting

For the purposes of financial accounting there is a requirement to produce a Comprehensive Income and Expenditure Statement (CIES) which sets out the income and expenditure for the single-entity and Group in a different way. For technical reporting of performance for the 2023/24 year the net cost of services in the Group CIES is £320.268 million and the deficit on provision of services is £125.932 million.

However, these figures on their own are not the best measure of financial performance because the financial statements follow accounting standards rather than local government legislation. The financial statements include adjustments to account for pension liabilities, Council Tax, depreciation of assets and other capital charges which do not impact on the usable reserves of the Group. A better measure is the movement on the general and earmarked reserves which can be established by removing those accounting adjustments (Adjustment between accounting basis and funding basis under regulations\*) and is shown within the Movement in Reserves Statement.

This is demonstrated in the following table which reconciles the CIES accounting position to the financial position at the year-end, showing the net transfer of £3.575 million to earmarked reserves and the increase in the general reserve of £0.227 million for 2023/24:

<b>Summary of 2023/24 Financial Position (Group)</b>	
	Financial Position 2023/24 £000
<b>Net Cost of Services</b>	<b>320,268</b>
Other operating expenditure	1,930
Financing and investment income and expenditure	148,872
Taxation and non-specific grant income	(345,138)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>125,932</b>
Adjustment between accounting basis and funding basis under regulations*	(129,734)
<b>Net (Increase) / Decrease before transfer to / from earmarked reserves</b>	<b>(3,802)</b>
Transfers To / (From) earmarked reserves	3,575
<b>(Increase) / Decrease on General Reserve</b>	<b>(227)</b>

### Capital Expenditure

In addition to spending on day-to-day activities, the Commissioner incurs expenditure on the acquisition of non-current assets that will be used in providing services beyond the current accounting period, or expenditure that adds value to an existing non-current asset, such as buildings, technology and communications and other major items of plant and equipment.

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £15.138 million in 2023/24, are shown in the financial statements of the Commissioner.

The Chief Constable's Comprehensive Income and Expenditure Statement (CIES) receives a charge for the use of operational assets based on capital charges. For the 2023/24 financial year this charge was £13.221 million (£12.379 million 2022/23)

The Commissioner approved a capital programme of £33.376 million in March 2023. This was revised by the Commissioner at Quarter 1 to £26.446 million to take into account the re-phasing of the capital programme for specific projects from 2022/23 and rephasing of a number of schemes into 2024/25.

The final capital outturn for the year is £15.138 million. The underspend against the revised estimate is mainly attributed to projects which have progressed at a slower pace or have been re-profiled to the next financial year due to both operational requirements and the impact of shortages caused by high demand, and delays in supply chains globally.

The capital outturn position is set out in the following table:

<b>Capital Outturn 2023/24</b>				
	2023/24 Estimate £000	2023/24 Revised Estimate £000	2023/24 Outturn £000	2023/24 Variance £000
<b>Capital Investment</b>				
Building Works	9,583	6,921	3,975	(2,946)
Digital Policing & Digital Transformation	13,863	11,710	5,312	(6,398)
Vehicles & Equipment	9,707	7,374	5,488	(1,886)
Northumbria Contributions to NEROCU	223	441	363	(78)
<b>Total Capital Programme</b>	<b>33,376</b>	<b>26,446</b>	<b>15,138</b>	<b>(11,308)</b>

### Capital Financing

The following table sets out how the capital programme for 2023/24 was financed:

<b>Capital Financing</b>	
	2023/24 £000
Capital Grants and Other Contributions	359
Capital Receipts	5,507
Use of Reserves	-
Prudential Borrowing	9,272
<b>Total Capital Financing</b>	<b>15,138</b>

### Governance

Governance arrangements are set out in the Annual Governance Statement (AGS) published with the Statements of Account.

### Value for Money

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and Commissioner's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2023/24.

The financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four-year Medium-Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the Office of the Police and Crime Commissioner (OPCC) and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2023/24. The police settlement issued by the government for 2023/24 assumed that each PCC would increase the precept by the maximum of £15.00 per year for a Band D property. The Commissioner approved an increase of £15.00 per year for a Band D property, but for the majority of residents in Northumbria, those in a Band A property, the actual increase was only £10.00 per year.
- The additional income generated by the precept increase for 2023/24 was £6.120m and was used to:
  - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
  - Help protect the Force from the impact of significant budget pressures and spiraling inflation.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

## Reviews and Complaints

Policing and crime reduction relies upon all sections of the community having trust and confidence in the police service and those who they elect to oversee it. The Commissioner for Northumbria is committed to delivering high standards of professionalism and behaviour at all times and ensuring that the OPCC for Northumbria is an organisation that:

- Complies with the statutory requirements to oversee complaints against the police and deal appropriately with complaints against the Chief Constable.
- Works with the Independent Office for Police Conduct (IOPC) and Police and Crime Panel (PCP) in Northumbria, where required, to ensure an efficient and effective response to complaints, to ensure the public receive the highest standard of public service.

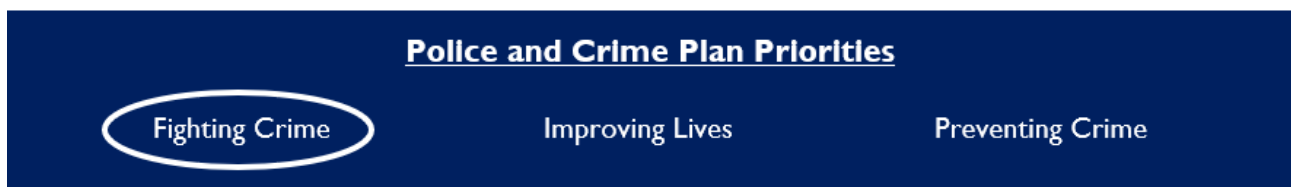
The Policing Protocol Order 202311 sets out respective roles of the PCC and of the Chief Constable, highlighting the PCC's responsibility for the totality of policing in the local area and a mandate to hold the Chief Constable to account.

The PCC is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office for Police Conduct (IOPC).

The Policing and Crime Act 2017 and supporting regulations made significant changes to the police complaints and disciplinary systems. Where a person is dissatisfied with the outcome of a complaint these reviews are dealt with by the Office of the Police and Crime Commissioner to determine if the outcome by Professional Standards Department has been reasonable and proportionate. As part of her scrutiny role, the PCC challenges Northumbria Police to assure her that learning is being achieved from all complaints and reviews. The Commissioner publishes all review outcomes on her website.

More information can be found on the Commissioners website.

## Performance Information – Police and Crime Plan 2023/24



## Contact Management

- For the 12 months to March 2024, the number of 999 calls increased by 1% compared to the previous 12 months, from 300,906 to 303,182 whilst the number of 101 non-emergency calls increased by 5% over the same period, from 448,138 to 469,374. Changes in call volumes reflect national trends.
- The percentage of 999 calls answered within call handling standards for the 12 months to March 2024 was 91%, with an average answer time of 6 seconds. This compares to 82% and an average answer time of 15 seconds for the previous 12 months.
- The percentage of non-emergency 101 calls answered within call handling standards for the 12 months to March 2024 was 52%, with an average answer time of 4 minutes 01 seconds. This compares to 44% and an average answer time of 5 minutes 52 seconds for the previous 12 months.
- Right Care Right Person (RCRP) was launched in 2023/24 and involves the police working with partner agencies to identify the most appropriate agency to give vulnerable people the care and support they need. Whilst some mental health incidents do require police attendance, there are a significant number that involve no safety risk or crime. The new approach will mean police can focus

on attending health incidents where there's a significant safety risk or crime being committed and refer others to the appropriate partner agency.

- The communications leadership model is changing in order to support improved service delivery through enhanced training, support and focus at every leadership level. Providing teams with the knowledge and confidence required to deliver outstanding service safely and independently.
- A number of other changes have been made throughout the year to improve call handling performance including; the strategic design of a new Interactive Voice Response (IVR); introduction of new front-end technology; improved accessibility/availability of digital channels; focus on demand reduction/prevention to create capacity; improved quality reducing failure demand and the review of key time shift patterns (tailored around high abandonment periods).
- The satisfaction of volume crime victims with their initial contact with police remains high and stable over time.

## Response

- Grade 1 (emergency response) incident demand has reduced compared to the previous year. For the 12 months to March 2024, there were 4% fewer grade 1 incidents than the previous 12-month period.
- There has been an increase in the percentage of incidents attended on time for grade 1 incidents in the 12 months to March 2024. 79% of urban grade 1 incidents were attended within 15 minutes and 59% of rural grade 1 incidents were attended within 20 minutes for the 12 months to March 2024, compared to 76% and 50%, respectively for the previous period.
- Grade 2 (priority response) incident demand has also reduced on the previous year. For the 12 months to March 2024 there were 2% fewer grade 2 incidents compared to the previous 12-month period.
- There has been a small increase in the percentage of incidents attended on time for grade 2 incidents in the 12 months to March 2024. 51% of grade 2 incidents were attended within 60 minutes for the 12 months to March 2024, compared to 50% for the previous period.
- Satisfaction with response times have remained consistent with the previous period.
- Changes to our Force operating model were implemented on 4 March 2024, with a focus on delivering high quality public service. As part of the new Force operating model, the Force moved from three to six area commands, aligned to local authority boundaries. This will support the ambition to develop more collaborative relationships with partners. It will also support greater ownership, leadership, and accountability for performance at a local level.
- In addition, resources within Response Policing Teams (RPT) have been increased by transferring investigative capability from the Criminal Investigation Department (CID) into RPT. These changes provide greater resilience to meet peak incident demand, but also deliver improvements with investigations.
- A dedicated response appointment has been introduced providing a 24-hour service level agreement for victims. These scheduled appointments provide an improved service for victims whilst also providing greater opportunity to balance and meet demands, including response times.
- Overall, the new Force operating model will provide a number of benefits, including improving response to emergency and priority calls, opportunities for greater tasking and improving our resilience to deal with large scale events. It will also increase visibility in communities through a preventative focus on crime and anti-social behaviour, increase the quality of investigations and

improve satisfaction levels. The new model will allow for a better balance of investigative demand across RPT and CID, providing improved staff welfare.

## Anti-Social Behaviour (ASB)

- There has been a 1% (+505) increase in ASB related incidents in the 12 months to March 2024 compared to the previous 12-month period. 22% of ASB is youth-related in this 12-month period compared to 28% in the previous period.
- Multi-agency seasonal operations have successfully targeted hotspot locations, whilst enforcement and diversionary interventions have been effectively utilised to target key offenders.
- Motorbike ASB continues to be a key cause of concern identified by residents. Operation Capio is in place to target offenders and uses a problem-solving approach to hotspot locations. Bespoke motorbike teams are in locations where there are significant increases in incidents. The Force has invested in drone capability, a tactic which has been successfully utilised to track and seize stolen motorbikes used in ASB and wider criminality.
- ASB on the transport network and interchanges remain key issues and the focus for Home Office funded high visibility deployments. A Safer Transport Partnership group has been created to ensure improved intelligence sharing and offender management.
- The Force continues to identify repeat victims of ASB and seeks to utilise problem solving to tackle causality, with a view to increasing the percentage of victims who experience no further ASB incidents following positive activity.
- For the 12 months to March 2024, 71% of ASB victims feel satisfied with their overall experience of service. This has increased from 70% for the previous 12 months. Fewer victims are satisfied with the actions taken by police, although this reduction is not statistically significant.

## Recorded Crime

- Total recorded crime has increased by 2% for the 12 months to March 2024. Increases have been seen in a number of crime groups, most notably theft and handling and shoplifting. Serious violent crime has increased by 4% compared to the previous year.
- Over the same period reductions have been seen in criminal damage, vehicle crime, theft of a pedal cycle, other theft and handling crimes, other serious sexual offences, assault without injury, harassment, stalking, modern day slavery and public disorder.
- For the 12 months to March 2024, hate crime has increased by 5% compared to the previous year. The largest increases have been in race hate crimes and transphobic hate crimes. However, there has been a reduction in disability and faith hate. Race remains the largest proportion of hate crime, at 61%, followed by homophobic at 18%.
- A multi-agency joint action plan has been created with Crown Prosecution Service, Violence Reduction Unit and partners focussing on hate crime performance, prevention and problem solving, whilst seeking better outcomes and service to hate crime victims.
- The satisfaction of hate crime victims with their whole experience of service remains stable compared to the same period last year.

## Police and Crime Plan Priorities

Fighting Crime


 Improving Lives

Preventing Crime

### Domestic Abuse (DA)

- There has been a 6% increase in the number of domestic abuse incidents in the rolling 12 months to March 2024 compared to the previous year.
- The Force has secured a contract with Safe Lives and has rolled out DA Matters training, designed to help practitioners with the early identification of the signs of domestic abuse and to transform the response to domestic abuse, ensuring the voice of the victim is placed at the centre, and controlling and coercive behaviour is better understood.
- To reduce the risk and impact of stalking on victims, a Northumbria Stalking Intervention Programme (NSIP) has been introduced. This is a joint project involving Northumbria Police, the Probation Service, Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust (CNTW), the Northumbria OPCC, and the Alice Ruggles Trust.
- Domestic abuse victims continue to report high levels of satisfaction with the service with 86% of victims feeling satisfied with their overall service.
- 82% of domestic abuse victims feel satisfied with the actions taken by police in response to their report. Satisfaction with treatment remains consistently high over time.

### Positive Outcome Rate

- For the 12 months to March 2024, the positive outcome rate is 11.2% compared to 9.1% for the previous 12 months. There has been a continuing improving trend since September 2023. The Force remains below the national average; however, the Force's positive outcome rate compares well for several neighbourhood crime types, such as burglary (7<sup>th</sup>) and vehicle crime (15<sup>th</sup>), whilst some of the other volume crime offences, for example criminal damage (39<sup>th</sup>) and public order offences (32<sup>nd</sup>) have a lower positive outcome rate compared to other forces in England and Wales (national ranking in brackets).
- The Force has introduced a Positive Outcome Improvement Plan to improve the number of positive outcomes and maintain a deliberate focus on those investigations more serious in nature and involve more vulnerable adults and children. The plan follows five key areas:
  - Raising Investigative standards
  - Maximising Investigative approach
  - Reducing Victim attrition
  - Greater use of OOCR
  - Performance focus on positive outcomes
- The focus remains on improving the engagement and retention of victims and witnesses at the outset of the investigation. There is now increased visibility of the TREAD (Transformational Resolutions and Education Adult Diversion) team members within custody suites to ensure a greater focus on out of court resolutions (OOCRs).
- The plan includes objectives to reduce open crime levels, reduce case files requiring advice from the Crown Prosecution Service (CPS) and maintain an improvement in positive outcome rates.

## Victims' Code of Practice (VCOP)

- There are several elements of VCOP where compliance has improved compared to the previous 12 months; informing victims following a change in the status of the crime (i.e. suspect arrested, charged or bailed). The percentage of needs assessments completed within 48 hours is slightly above the same period last year.
- Follow-up performance remains an area for improvement; 61% of victims who wanted updates felt satisfied with the way they were kept informed.
- A Victim Satisfaction Working Group was established in June 2023 to address reductions in victim satisfaction. Various activities have been undertaken to improve victim satisfaction as a result of the working group such as: further consultation with victims; the development of a survey data product to support supervisors with performance management; a review of training packages and providing key messages to officers/staff on performance standards. An internal culture plan has also been developed which will have a key focus on the expected standards and behaviours of officers/staff in relation to victim satisfaction and the standard of service they provide.
- The Force has reviewed the service provision for victims and witnesses. The service includes a new referral method to improve access to cope and recovery support. A new engagement and support plan has also been introduced for all victims and witnesses whose case goes to trial, as well as a single point of contact for victims to contact Northumbria Police for further information/updates regarding the investigation.

## Public Perception

- Results from the Safer Community Survey (SCS) show that most residents feel confident that Northumbria Police could effectively deal with an emergency, although there has been a reduction in the percentage of residents that feel confident that police could effectively deal with a non-emergency incident. Analysis of the survey comments showed that residents often associated non-emergency incidents as less of a priority for police.
- Data for the 12 months to December 2023 from the Crime Survey for England and Wales (CSEW) shows most Northumbria public confidence/perception results have decreased compared to the same period last year, with the exception of the 'Police can be relied on when you need them', (+4%) and 'Police treat with respect', (remains stable) measures.
- Confidence/perception measures are similar to the national average, with exception of 'Police can be relied on when needed', (+6%), 'Police treat fairly', (+3%) and most notably the 'Police/council deal with ASB/Crime issues', (-9%) measures.

### Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

## Preventing Crime

- For the 12 months to March 2024 serious violent crime has increased by 4% compared to the previous year. Knife crime has increased by 11%.
- The Force is above the national and MSG rate per 1,000 population.
- There has been an increase in total recorded crime across all 6 local authority areas for the 12 months to March 2024 compared to the previous 12-month period. Five local authority areas are

below the levels of total recorded crime in the 12 months to December 2019, with the exception of Northumberland, where there has been a slight increase.

- There have been increases in serious violent crime across all local authorities with the largest percentage increase in Sunderland and South Tyneside (+6%) when compared to the previous 12-month period.
- To support a focused approach to tackling and reducing serious violence, the Force launched a new Prevention Department in October 2023. The Prevention Department has tactical and strategic ownership of the delivery of the serious youth violence portfolio, including public spaces, knife crime and corrosive substances.
- Serious Violence Disruption teams have been centralised within the Prevention Department. Through a new tasking process, they will be allocated to specific force areas based on the current level of risk and offending patterns.
- Grip visible hotspot patrols have continued throughout the year in identified hotspots to support the Neighbourhood Policing Team activity in tackling the root causes of serious violence.
- The Force is currently developing Serious Violence dashboard and predictive analysis tool. This project is part of the Grip programme for this year and will be used as both a performance and intelligence tool. At a tactical level it will be used to inform policing activity within the serious violence hotspot areas.

## Collaboration

During 2023/24 the Commissioner and Northumbria Police were parties to a number of collaboration agreements, details of which can be found on the Commissioners' website. The North East Regional Organised Crime Unit (NEROCU) is the principal collaboration arrangement between Northumbria, Durham and Cleveland and is accounted for as a Joint Arrangement in the financial statements. A summary of the financial performance is included below, and further detail is provided in **Note 14** to the financial statements.

### North East Regional Organised Crime Unit (NEROCU)

The North East Regional Organised Crime Unit (NEROCU) is one of 10 ROCUs across England and Wales. The unit works with embedded partners from His Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to make the region a place hostile to serious and organised crime.

NEROCU is categorised as a Joint Arrangement in line with the Accounting for Collaboration guidance issued by CIPFA. The NEROCU revenue outturn position for 2023/24 and the share attributable to Northumbria are set out in the following table:

NEROCU Outturn 2023/24		
	NEROCU £000	Northumbria £000
NEROCU Revenue Budget		
Expenditure	16,892	8,939
Income	(6,208)	(3,285)
<b>Net Expenditure</b>	<b>10,684</b>	<b>5,654</b>
Funded by:		
Force Contributions	10,736	5,681
Transfer to NEROCU Reserve	(52)	(27)
<b>Total</b>	<b>10,684</b>	<b>5,654</b>

Northumbria Police made a revenue contribution of £5.681 million to NEROCU for 2023/24. This contribution is included within the Chief Constable's revenue budget outturn. The net transfer to the

NEROCU reserve of £0.027 million reflects the use of prior year Force contributions and funding (£0.046 million) which were held in reserves to be used in 2023/24 and a transfer to the reserve (£0.073 million) to be used in 2024/25.

## **Provisions and Contingent Liabilities**

### **Provisions**

Provisions are made where a liability exists based on a past event which will probably be settled through a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount required to settle the obligation. Provisions are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

The Commissioner holds an insurance provision for known outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision account will be determined by the settlement of individual claims and is largely unknown. Therefore, the Insurance Provision is classified as a non-current liability.

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims and whilst the majority of cases have been settled as at the balance sheet date, there remain a small number which remain subject to legal process and expected to be finalised in 2023/24. The balance on the provision at 31 March 2024 reflects a prudent estimate to cover the expected costs.

### **Contingent Assets & Liabilities**

A contingent asset or liability is defined as a possible receipt (asset) or obligation to pay out (liability) based on a past event, but for which confirmation of the receipt / payment is uncertain as it depends on a future event. For example: pending legal claims. Unlike provisions, contingent liabilities do not result in an accounting entry as they are uncertain and cannot be reliably estimated, however a disclosure is made in the statements.

Disclosure has been made in the statements regarding a number of contingent liabilities.

During any financial year we will receive a number of legal and other claims in relation to employment, insurance and other issues. Many of these are subject to legal process and therefore the possibility of a future obligation is uncertain. The accounting rules classify such possible obligations as 'contingent liabilities'. They 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. No specific charges are made to the accounts.

A contingent liability has been disclosed to reflect the potential liability for additional claims from current and former officers in relation to past service under police regulations and employment issues relating to past years, over and above the amounts included within the provision described above.

A further contingent liability has been disclosed in relation to compensation claims for 'injury to feelings' in relation to the McCloud/Sargeant judgement (2015 Police Pension Scheme transitional arrangements), and for the Municipal Mutual Insurance (MMI) Levy for the Commissioner. Contingent liabilities are detailed in full at **Note 12** to the Group financial statements.

### **Accounting for Pensions**

Retirement benefits (pensions) are offered to officers and staff as part of the terms and conditions of employment. Employees can choose to opt out of the scheme at any time. Although benefits will not be payable until employees retire, the Group has a commitment to account for these at the time that employees earn their future entitlement.

Pensions are accounted for in accordance with International Accounting Standard 19 (IAS19).

This standard is based on a principle that an organisation should account for its retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future. The net overall impact of IAS19 accounting entries is neutral in the accounts. The pension liability, which is disclosed on the Balance Sheet, (balanced by the Pension Reserve) shows the underlying commitment that the Commissioner and Chief Constable have in the long run to pay retirement benefits. Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet of the Group.

The Police Pension Scheme (1987), the Police Pension Scheme (2006) and the Police Pension Scheme (2015), are collectively known as the Police Pension Scheme. This is a wholly unfunded scheme for which the Chief Constable is Scheme Manager<sup>5</sup>. The Chief Constable has a Police Pensions Board, established in 2015 under Section 5 of the Public Services Pension Act, which provides local administration and governance for the Scheme.

The Chief Constable makes contributions to the Pension Fund based on a percentage of officers' pensionable salaries and additional contributions for officers retiring due to ill health. The regulations<sup>6</sup> governing funding arrangements require that if the Pension Fund does not have sufficient funds to meet the cost of pensions in any year, the amount required to meet the deficit must be transferred from the Police Fund to the Pension Fund. 100% of this deficit is recouped by the Group in the form of a top-up grant paid by the Home Office. The top-up grant paid by the Home Office in 2023/24 is £65.906 million (£64.596 million in 2022/23).

Police staff and OPCC staff can be members of the Tyne and Wear Pension Fund (TWPF), a Local Government Pension Scheme administered by South Tyneside Council. The Commissioner and the Chief Constable make employer contributions on the basis of an agreed percentage of employees' pensionable salaries to the Tyne and Wear Pension Fund. Employer contributions are based on an independent actuarial valuation of the Fund which is carried out every three years. The Commissioner and the Chief Constable also have to meet the pension costs of employees who have left employment due to ill health or where early retirements have been agreed, and also make additional contributions to make good the shortfall in the pension fund, known as deficiency payments.

The Group is required to maintain a pensions reserve on the Balance Sheet for officers and staff. The reserve is termed 'unusable' as it is not cash backed but contains accounting entries to recognise the estimated liability/asset that the Group have committed to provide in the future, for service completed up to the Balance Sheet date. The pension liability/asset is valued using an actuarial valuation and can fluctuate dependent on external factors and changes in actuarial assumptions.

The net pension liability/asset on the Group Balance Sheet shows the underlying commitment that the Commissioner and Chief Constable have in the long run to pay post-retirement benefits. The net liability of £3.252 billion (£3.238 billion in 2022/23) has a substantial impact on the net worth of the Force as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

Pensions – Balance Sheet Net (Liability)/Asset	31 March 2023 Long-Term (Liability)/Asset £000	31 March 2024 Long-Term (Liability)/Asset £000
OPCC Staff	139	-
Police Staff	14,600	31,220
Police Officers	(3,252,990)	(3,282,810)
<b>Group Net Position (Liability)</b>	<b>(3,238,251)</b>	<b>(3,251,590)</b>

<sup>5</sup> Public Service Pension Act 2013 (section 4)

<sup>6</sup> Police Pension Fund Regulations 2007 (SI 2007/1932)

As at 31 March 2024 the net pension liability for the Group is £3.252 billion, however this is shown on the Balance Sheet as a Long-Term Asset of £0.031 billion relating to Police Staff (TWPF) and a Long-Term Liability of £3.283 billion for Police Officer Pension Schemes.

## Treasury Management

Treasury Management deals with the day-to-day and longer-term cash flow position of the Commissioner, investing surplus balances and managing the loans portfolio. Specialist treasury management advisers (Link Group) are retained to provide advice on borrowing and investment strategies and other treasury related matters.

Treasury Management services are delivered by Northumbria Police Finance Department. The Commissioner's Treasury Management Policy and Strategy Statement 2023/24 to 2026/27 can be found on The Commissioners website.

The borrowing strategy during 2023/24 was to:

- Consider the use of short-term borrowing as a bridge until receipts are received.
- Consider the use of market loans which are at least 20 basis points below the Public Works Loan Board (PWLB) target rate, where they become available.
- Consider the use of Public Works Loans Board (PWLB) loans where rates fall below Link Group trigger rates, where required, with preference given to terms which ensure a balanced profile of debt maturity.
- Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
- Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.

The total principal borrowing at 31 March 2024 was £76.969 million, which was within the operational borrowing limit of £155.000 million. This is a net reduction of £5.000 million from the opening figure of £81.969 million, representing repayment of PWLB borrowing. Short-term temporary borrowing of £20.000 million was taken during the year, with loan durations of 13 days and 64 days, all of which were repaid before the year-end.

Treasury Management activities are monitored daily to the approved indicator limits that are set in accordance with The Prudential Code for Capital Finance in Local Authorities. For 2023/24 neither the indicators of the Authorised Limit for External Debt of £175.000 million, nor the Operational Boundary for External Debt of £155.000 million were exceeded, there were no breaches of any counterparty limits and the profile of debt maturity was maintained within the agreed limits.

## Explanation of the Key Statements

The Statements of Account consists of four main statements and various disclosure notes as follows:

### Core Financial Statements – Commissioner's single-entity accounts:

**Movement in Reserves Statement (MiRS)** for the Police and Crime Commissioner (**Page 30**) - This statement shows the movement in year on the different reserves held by the Commissioner, analysed into 'usable reserves' (i.e. Those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing the Commissioner's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve before any discretionary transfers to or from earmarked reserves undertaken by the Commissioner.

**Comprehensive Income and Expenditure Statement** for the Police and Crime Commissioner (**Page 32**) - The purpose of this statement is to show the accounting cost in the year of the Commissioner providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It includes all income paid into the Police Fund, as well as the accounting costs directly controlled by the Commissioner in relation to her Office, commissioning of victim services (including restorative justice), third party payments from the Commissioners Fund and an intragroup charge from the Chief Constable for the cost of policing.

**Balance Sheet** for the Police and Crime Commissioner (**Page 33**) - This sets out the Commissioner's financial position and net liabilities at the financial year-end.

**Cash Flow Statement** for the Police and Crime Commissioner (**Page 34**) - This summarises the cash and cash-equivalent receipts and payments of the Commissioner arising from transactions with third parties for both capital and revenue purposes.

**Notes to the Single-entity Financial Statements (Page 355)** - The notes provide additional information to support the core statements above including a Statement of Accounting Policies.

### **Core Financial Statements - Group:**

**Movement in Reserves Statement** for the Police and Crime Commissioner Group (**Page 90**) - The Commissioner and the Chief Constable each hold reserves. The Chief Constable's reserve balances being unusable reserves associated with the Pension Liability and the Accumulated Absence Account. The Group accounts show the combined position of the movement on the Commissioner's and Chief Constable's reserves after removing any transactions between the two.

**Comprehensive Income and Expenditure Statement** for the Police and Crime Commissioner Group (**Page 92**) - The purpose of this statement is to show the accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Council Tax is raised by the Commissioner and Central Government grants are received each year to cover expenditure in accordance with regulations; this may differ from the accounting cost. The taxation position and the required use of cash reserves are shown in the Movement in Reserves Statement.

**Balance Sheet** for the Police and Crime Commissioner Group (**Page 93**) - This sets out the Group's financial position and net liabilities at the financial year-end; it summarises the non-current and current assets and liabilities, which are used in carrying out the Group's activities.

**Cash Flow Statement** for the Police and Crime Commissioner Group (**Page 94**) - This summarises the cash and cash-equivalent receipts and payments of the Group arising from transactions with third parties for both capital and revenue purposes. Cash is defined for the purpose of this statement as cash in hand; cash equivalents are deposits repayable on demand.

**Notes to the Group Financial Statements (Page 95)** - The notes for the Group accounts provide additional information where they differ from those disclosed for the Commissioner's single-entity accounts.

### **Documents supporting the Statements of Account:**

**Police Officer Pension Fund Statements (Page 125)** - This shows the Police Pension Fund Account for the year for which the Chief Constable is Scheme Manager<sup>7</sup>.

**Annual Governance Statement (Page 128)** - This statement, required by regulations<sup>8</sup> to accompany the Statements of Account, outlines the Commissioner's approach to corporate governance and internal control<sup>9</sup>.

---

<sup>7</sup> Public Service Pension Act 2013 (section 4)

<sup>8</sup> Regulation 10 of Accounts and Audit (England) Regulations 2015 (available online)

<sup>9</sup> In line with Regulation 6 of the Accounts and Audit (England) Regulations 2015

**Independent Auditor's Report to the Police and Crime Commissioner (Page 141)** - This report details the basis of the external auditor's opinion on the Statements of Account.

**Glossary of Terms (Page 139)** - This section includes a description of the key terms used in the Statements of Account, along with explanations of any technical terminology.

### Significant Changes since 2022/23

There have been no significant changes to the financial statements since 2022/23.

### Outlook for 2024/25 and Beyond

The former Commissioner has agreed a Medium-Term Financial Strategy (MTFS) which sets out the key financial issues over 2024/25 to 2027/28. Whilst the MTFS covers a period of four years, it is reviewed annually to reflect the dynamic nature of both policing and changes in anticipated funding. It describes the financial direction of the organisation and provides projections for the revenue budget and capital programme over the medium-term.



The MTFS 2024/25 to 2027/28 will continue to deliver and build upon the investment in policing for Northumbria residents approved by the Commissioner in 2023/24. The Strategy will assist the Force to become better prepared to meet future demand; maintain the much-needed increase in police officer numbers delivered through the national police officer Uplift programme; and allow Northumbria Police to invest in the right resources to protect the vulnerable, tackle crime and keep our communities safe.

The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, to support the Purpose, Vision and Objectives of the Northumbria Force Strategy and meet the requirements of the National Strategic Policing Requirement.

The Commissioners MTFS was established to make the best use of the financial settlement 2023/24, whilst making prudent assumptions on future funding levels and expected budget requirements, to ensure that resources remain available to meet operational demand, continue to deliver value for money and are sustainable across the period of the MTFS.

The Police Grant Report for 2024/25 confirmed an increase of £624.000 million in government grant income for PCCs nationally which includes:

- The additional £150.000 million announced at Spending Review 2021 to ensure the maintenance of officers for the Police Uplift Programme.
- £515.000 million of funding to support forces with the cost of the police officer pay award, of which £185.000 million is additional to the funding provided in-year during 2023/24.
- £259.000 million to cover the increased cost of police officer pension contributions.
- A one-off top-up funding amount of £26.800 million to be provided in recognition of the software development and administrator costs associated with the delays to the implementation of the McCloud remedy.

The Governments key priorities are outlined in the [Written Ministerial Statement](#) (WMS) on the Provisional Police Grant Report 2024/25, with the expectation that these are a focus for policing in 2024/25:

- Maintaining 20,000 additional officers (148,433 officers in total nationally) through to March 2025.

- Continuing to deliver on the opportunities presented by new technology and innovation to deliver improvements in productivity and drive forward efficiencies, therefore maximizing officer time and service to the public.
- Improving the visibility of police officers and focusing on providing a targeted approach to tackling crime and antisocial behaviour to make neighbourhoods safer, which should be a priority for all forces.

The actual settlement increase for Northumbria was £21.781 million which broadly represents the funding formula share (3.08%) of the total £624.000 million nationally. The increase is explained in further detail in the following table:

Northumbria Settlement	£m
<b>Core Grant</b> – formula funding share (3.08%) of £185.000 million to cover part of the 7% pay award (September 2023).	5.672
<b>Uplift Grant</b> – Increase in ring-fenced grant, formula funding share (3.08%) of £150.000 million.	4.621
<b>Uplift Grant</b> – additional recruitment top-up grant, to cover costs of 78 officers.	3.744
<b>Special Pension Grant</b> – covers additional cost of police officer pension contributions.	7.044
<b>Special Pension Grant</b> – One-off top-up funding, Systems/Administration (McCloud Pension Remedy).	0.700
<b>Total Increase in Funding</b>	<b>21,781</b>

Whilst the increase in government grant funding appears significant, it remains targeted to pay for maintenance of the national police officer Uplift and to offset specific additional costs of pay inflation and pension contributions.

Capital grant funding allocated by the Government for Northumbria is nil, as for 2023/24. The lack of Government support for the vital capital investment needed by policing remains a significant challenge for Northumbria and indeed all forces. Investment in sustainable technologies, vehicles, and estates as well as the digital transformation required to ensure the Force remains fit for the future, comes at a considerable cost. Capital investment required over the medium-term is estimated at more than £102.000 million for Northumbria. Without the necessary financial support from Government the essential cost of that investment will need to be met by efficiencies, budget reductions and places further pressure on the vital funding provided by local residents.

The former Commissioner approved an increase in the Council Tax Precept for 2024/25 of £13.00 per year for a Band D property. The additional income generated by the precept increase is £5.384 million and this will be used to:

- Allow Northumbria Police to introduce a Force-wide Motorbike ASB Unit.
- Allow the Force to safeguard and hire 30 new investigators, including digital forensic specialists.
- Potentially reopen new stations or introduce new public contact points following a review into increased openings.
- Avoid the need for further cuts to the frontline police budget.

The MTFs financial forecast sets out one scenario for what we think the overall funding might look like for Northumbria Police over the four years. However, there are many unknowns within the current economic and political environment and together with a continued lack of certainty around future funding from the Government it remains extremely difficult to predict an accurate financial picture with a high degree of confidence. The budget estimates for future years will require further consideration as the financial landscape becomes clearer and government funding support beyond the 2024/25 financial year is confirmed.

The Commissioner's MTFs for 2024/25 through to 2027/28 demonstrates a balanced sustainable financial position over the medium term. However, this is predicated on many key assumptions around resource requirements, future costs, and levels of total funding. Given that yet again, Northumbria are faced with a one-year settlement for 2024/25, with no information provided for future years, there remains a level of risk

throughout the period of the MTFS and therefore the financial context for Northumbria Police remains extremely challenging.

The MTFS can be found on the Commissioners website.

### **The National Uplift Programme**

As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of police officers by 20,000 nationally. The Uplift target for Northumbria was 615 additional police officers by March 2023 and Northumbria fully delivered against this target.

In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

In 2023/24 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2024/25 the Government have confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria bringing the total Uplift allocation to 693 officers.

At the start of the 2024/25 financial year the Force were also successful in securing temporary funding from government to recruit an additional 31 officers during the year.

It is important to acknowledge that the targeted central government funding to deliver the Police Uplift Programme will not return police officer numbers to the levels of 2010 or undo the overall funding reductions Northumbria Police have had to adjust to. The national Uplift target delivered over the past 4 years does not fully replace the 1,100 officers that Northumbria lost during that earlier period of austerity.

Significantly, a large proportion of government grant funding provided for Uplift has not yet been baselined into core grant and remains allocated as Special Grant, confirmed on a year-by-year basis which presents a risk to the longer term sustainability of those additional officer numbers.

### **Events after the reporting period**

#### **New Police and Crime Commissioner Susan Dungworth**

On Thursday 2 May 2024 Susan Dungworth was elected as Police and Crime Commissioner for Northumbria in the 2024 local election. Susan replaces Kim McGuinness who has held the post for five years, after being elected in the Northumbria Force by-election in July 2019.

As the Commissioner throughout the financial year 2023/24, any references to information verified or provided by the Commissioner, or activities undertaken, will refer to Kim McGuinness.

Further information can be found in **Note 14** to the Group financial statements.

### **Further Information**

This publication provides a review of the financial performance of the Group for 2023/24, a summary of which will be included in the Annual Report for 2023/24 available on the Commissioner's website.



Kevin Laing MSc (fin) CPFA

Date:

27/2/25

Treasurer

# Statement of Responsibilities

## The Commissioner's Responsibilities

The Commissioner is required to:

- Appoint a person (Treasurer) to be responsible for the proper administration of her financial affairs;
- Manage her affairs to secure economic, efficient and effective use of resources and safeguard her assets; and
- Approve the Statements of Account.



**Susan Dungworth**  
**Police and Crime Commissioner for Northumbria**

Date: 27. 02. 25

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Commissioner's Statements of Account in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statements of Account, the Treasurer has:

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

The Treasurer has also:

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

## Chief Finance Officer's Certificate

I hereby certify that the Statements of Account for the year-ended 31 March 2024, required by the Accounts and Audit Regulations, are set out in the following pages.

I further certify that the Statements of Account gives a true and fair view of the financial position of the Commissioner at 31 March 2024 and of her income and expenditure for the year-ended 31 March 2024.



**Kevin Laing MSc (fin) CPFA**  
**Treasurer**

Date:

27/2/25

# **Police and Crime Commissioner Single Entity Financial Statements**

Comprising:

- **Movement in Reserves Statements**
- **Comprehensive Income and Expenditure Statement**
- **Balance Sheet**
- **Cash Flow Statement**
- **Notes to the Single Entity Financial Statements**

## Movement in Reserves Statement 2023/24

	Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance as at 31 March 2023</b>		<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>
<b><u>Movement in reserves during 2023/24</u></b>									
<b>Total Comprehensive Income and Expenditure</b>		<b>(1,352)</b>	<b>-</b>	<b>(1,352)</b>	<b>-</b>	<b>-</b>	<b>(1,352)</b>	<b>(1,107)</b>	<b>(2,459)</b>
Adjustments between Accounting Basis & Funding Basis under regulations	8(a)	5,154	-	5,154	(5,355)	(123)	(324)	324	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>		<b>3,802</b>	<b>-</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>
Transfers (To) / From Earmarked Reserves	8(b)	(3,575)	3,575	-	-	-	-	-	-
<b>Increase or (Decrease) in Year</b>		<b>227</b>	<b>3,575</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>
<b>Balance as at 31 March 2024</b>		<b>11,031</b>	<b>34,209</b>	<b>45,240</b>	<b>11,925</b>	<b>361</b>	<b>57,526</b>	<b>(7,078)</b>	<b>50,448</b>

## Movement in Reserves Statement 2022/23

	Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance as at 31 March 2022</b>		<b>10,398</b>	<b>27,094</b>	<b>37,492</b>	<b>22,173</b>	<b>1,004</b>	<b>60,669</b>	<b>(13,850)</b>	<b>46,819</b>
<b><u>Movement in reserves during 2022/23</u></b>									
<b>Total Comprehensive Income and Expenditure</b>		<b>2,471</b>	<b>-</b>	<b>2,471</b>	<b>-</b>	<b>-</b>	<b>2,471</b>	<b>3,617</b>	<b>6,088</b>
Adjustments between Accounting Basis & Funding Basis under regulations	8(a)	1,475	-	1,475	(4,893)	(520)	(3,938)	3,938	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>		<b>3,946</b>	<b>-</b>	<b>3,946</b>	<b>(4,893)</b>	<b>(520)</b>	<b>(1,467)</b>	<b>7,555</b>	<b>6,088</b>
Transfers (To) / From Earmarked Reserves	8(b)	(3,540)	3,540	-	-	-	-	-	-
<b>Increase or (Decrease) in Year</b>		<b>406</b>	<b>3,540</b>	<b>3,946</b>	<b>(4,893)</b>	<b>(520)</b>	<b>(1,467)</b>	<b>7,555</b>	<b>6,088</b>
<b>Balance as at 31 March 2023</b>		<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>

<b>Comprehensive Income and Expenditure Statement</b>						
<b>2022/23</b>				<b>2023/24</b>		
Gross Expenditure £000	Income £000	Net Expenditure £000	<b>Service Expenditure Analysis</b>	Gross Expenditure £000	Income £000	Net Expenditure £000
-	(38,518)	(38,518)	Police Services	-	(57,371)	(57,371)
-	(5,265)	(5,265)	Policing Funds (managed by the PCC)	-	(5,982)	(5,982)
1,966	-	1,966	Office of the Police and Crime Commissioner	1,649	(14)	1,635
1,105	(137)	968	OPCC Supporting Services	1,177	(222)	955
-	(123)	(123)	Capital Financing	-	(121)	(121)
2,315	(2,315)	-	PCC Commissioning of Victim Services	3,370	(3,370)	-
374,084	-	374,084	PCC Financing of Police Services	404,762	-	404,762
<b>379,470</b>	<b>(46,358)</b>	<b>333,112</b>	<b>Net Cost of Services</b>	<b>410,958</b>	<b>(67,080)</b>	<b>343,878</b>
		280	Other Operating Expenditure			1,930
		2,521	Financing and Investment Income and Expenditure			682
		(338,384)	Taxation and Non-Specific Grant Income and Expenditure			(345,138)
		<b>(2,471)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>1,352</b>
		(1,227)	(Surplus) / Deficit on revaluation of non-current assets			982
		(2,390)	Re-measurements of the net defined pension benefit Liability / Asset			125
		<b>(3,617)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>1,107</b>
		<b>(6,088)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>2,459</b>

Notes

9

<b>Balance Sheet</b>			
<b>31 March 2023</b>		<b>31 March 2024</b>	<b>Notes</b>
<b>£000</b>		<b>£000</b>	
98,872	Property, Plant & Equipment	98,088	} 16
1,775	Investment Property	1,775	
3,992	Intangible Assets	2,747	
139	Long-Term Assets (Pensions)	-	} 22
<b>104,778</b>	<b>Long-Term Assets</b>	<b>102,610</b>	
855	Inventories	889	
48,942	Short-Term Debtors	42,174	} 17
11,132	Cash and Cash Equivalents	16,194	} 18
<b>60,929</b>	<b>Current Assets</b>	<b>59,257</b>	
(1,718)	Bank Overdraft	(1,659)	} 21
(5,585)	Short-Term Borrowing	(5,532)	} 21
(26,831)	Short-Term Creditors	(30,336)	} 19
<b>(34,134)</b>	<b>Current Liabilities</b>	<b>(37,527)</b>	
(1,697)	Long-Term Provisions	(1,923)	} 20
(76,969)	Long-Term Borrowing	(71,969)	} 21
<b>(78,666)</b>	<b>Long-Term Liabilities</b>	<b>(73,892)</b>	
<b>52,907</b>	<b>Net Assets</b>	<b>50,448</b>	
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>57,526</b>	} 8
<b>(6,295)</b>	<b>Total Unusable Reserves</b>	<b>(7,078)</b>	
<b>52,907</b>	<b>Total Reserves</b>	<b>50,448</b>	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Commissioner at 31 March 2024.

These audited financial statements replace the unaudited statements which were signed by Kevin Laing, CFO on 31 May 2024.



Kevin Laing MSc (fin) CPFA

Chief Finance Officer

Date:

27/2/25

<b>Cash Flow Statement</b>		
2022/23 £000		2023/24 £000
(2,471)	<b>(Surplus) / Deficit on the provision of services</b>	1,352
	<b>Adjustments to (Surplus) / Deficit on the Provision of Service for Non-Cash Movements:</b>	
(9,357)	Depreciation of Non-Current Assets	(9,898)
(1,272)	Revaluation / Impairment of Non-Current Assets	(3,030)
(1,585)	Amortisation of Intangible Fixed Assets	(1,443)
(478)	Pension Fund Adjustments	(14)
10	(Increase) / Decrease in Provision for Bad Debts	-
(295)	Contributions To / (From) Provisions	(226)
(948)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold	(2,083)
155	Other Non-Cash Movement	(696)
<b>(13,770)</b>		<b>(17,390)</b>
	<b>Accruals Adjustments:</b>	
(86)	Increase / (Decrease) in Inventories	34
14,943	Increase / (Decrease) in Debtors	(6,477)
17	Increase / (Decrease) in Interest Debtors	25
861	(Increase) / Decrease in Creditors	(3,721)
78	(Increase) / Decrease in Interest Creditors	52
<b>15,813</b>		<b>(10,087)</b>
	<b>Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:</b>	
668	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets	153
1,495	Capital Grants Credited to Surplus or Deficit on the Provision of Services	1,106
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities	-
<b>2,163</b>		<b>1,259</b>
	<b>Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:</b>	
(1,851)	Reversal of amounts disclosed separately below	(695)
	<b>Cash Flows from Operating Activities includes the following items:</b>	
2,731	Interest Paid	2,628
(880)	Interest Received	(1,933)
<b>1,851</b>		<b>695</b>
<b>1,735</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(24,866)</b>
	<b>Net Cash Flows from Investing Activities:</b>	
16,965	Purchase of PP&E, Investment Property and Intangible Assets	15,406
156,253	Purchase of Short-Term and Long-Term Investments	341,018
790	Other Payments for Investing Activities	602
(668)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(153)
(178,253)	Proceeds from the Sale of Short-Term and Long-Term Investments	(341,018)
(1,436)	Capital Grants Received (Government)	(383)
(59)	Capital Grants Received (Non-Government)	(727)
<b>(6,408)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>14,745</b>
	<b>Net Cash Flows from Financing Activities:</b>	
-	Cash Receipts of Short-Term and Long-Term Borrowing	(20,000)
5,000	Repayments of Short-Term and Long-Term Borrowing	25,000
<b>5,000</b>	<b>Net Cash Flows from Financing Activities</b>	<b>5,000</b>
<b>327</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>(5,121)</b>
9,741	Cash and Cash Equivalents at the Beginning of the Period	9,414
9,414	Cash and Cash Equivalents at the End of the Period	14,535

## I. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Commissioner for the year has been used in providing services in comparison with those resources consumed by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between reportable segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net expenditure chargeable to the general fund shown for the financing of police services line of **£329.769 million** comprises the Chief Constables outturn position of **£329.796 million** plus the Northumbria share of the NEROCU outturn surplus of **£0.027 million**. The OPCC Supporting Services figure of **£0.955m** comprises both the OPCC Supporting Services outturn of **£1.004m** plus the OPCC Reserve Income and Expenditure outturn position (net income) of **£0.049m**.

Expenditure and Funding Analysis						
2022/23				2023/24		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
<b>Service Expenditure Analysis</b>						
-	(38,518)	(38,518)	Police Services	-	(57,371)	(57,371)
(71)	(5,194)	(5,265)	Policing Funds (managed by the PCC)	(58)	(5,924)	(5,982)
1,670	296	1,966	Office of the Police and Crime Commissioner	1,757	(122)	1,635
968	-	968	OPCC Supporting Services	955	-	955
11,541	(11,664)	(123)	Capital Financing	11,303	(11,424)	(121)
-	-	-	PCC Commissioning of Victim Services	-	-	-
321,278	52,806	374,084	PCC Financing of Police Services	329,769	74,993	404,762
<b>335,386</b>	<b>(2,274)</b>	<b>333,112</b>	<b>Net Cost of Services</b>	<b>343,726</b>	<b>152</b>	<b>343,878</b>
(339,332)	3,749	(335,583)	Other Income and Expenditure	(347,528)	5,002	(342,526)
<b>(3,946)</b>	<b>1,475</b>	<b>(2,471)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,802)</b>	<b>5,154</b>	<b>1,352</b>
<b>37,492</b>			<b>Opening General Fund Balance at 31 March</b>	<b>41,438</b>		
3,946			Surplus / (Deficit) on General Fund in Year	3,802		
<b>41,438</b>			<b>Closing General Fund as 31 March</b>	<b>45,240</b>		

**a) Note to the EFA – Adjustment between funding and accounting basis**

The following table sets out the total adjustments between the financial performance of the Chief Constable under the funding position and the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

<b>2023/24</b>					
<b>Adjustments between Funding and Accounting Basis</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net Change for the Pensions Adjustments £000</b>	<b>Council Tax £000</b>	<b>Adjustments between Service Lines £000</b>	<b>Total Adjustments £000</b>
Police Services	-	-	-	(57,371)	(57,371)
Policing Funds (managed by the PCC)	-	-	-	(5,924)	(5,924)
Office of the Police and Crime Commissioner	14,973	27	-	(15,122)	(122)
OPCC Supporting Services	-	-	-	-	-
Capital Financing	(10,729)	-	-	(695)	(11,424)
PCC Commissioning of Victim Services	-	-	-	-	-
PCC Financing of Police Services	-	-	-	74,993	74,993
<b>Net Cost of Services</b>	<b>4,244</b>	<b>27</b>	<b>-</b>	<b>(4,119)</b>	<b>152</b>
Other Income and Expenditure	824	(13)	72	4,119	5,002
<b>(Surplus) / Deficit on Provision of Services</b>	<b>5,068</b>	<b>14</b>	<b>72</b>	<b>-</b>	<b>5,154</b>

<b>2022/23</b>					
<b>Adjustments between Funding and Accounting Basis</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net Change for the Pensions Adjustments £000</b>	<b>Council Tax £000</b>	<b>Adjustments between Service Lines £000</b>	<b>Total Adjustments £000</b>
Police Services	-	-	-	(38,518)	(38,518)
Policing Funds (managed by the PCC)	-	-	-	(5,194)	(5,194)
Office of the Police and Crime Commissioner	12,379	434	-	(12,517)	296
OPCC Supporting Services	-	-	-	-	-
Capital Financing	(9,812)	-	-	(1,852)	(11,664)
PCC Commissioning of Victim Services	-	-	-	-	-
PCC Financing of Police Services	-	-	-	52,806	52,806
<b>Net Cost of Services</b>	<b>2,567</b>	<b>434</b>	<b>-</b>	<b>(5,275)</b>	<b>(2,274)</b>
Other Income and Expenditure	(590)	44	(980)	5,275	3,749
<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,977</b>	<b>478</b>	<b>(980)</b>	<b>-</b>	<b>1,475</b>

## 2. Expenditure and income Analysed by nature

The Code of Practice requires the Commissioner to disclose information on the nature of expenses. The Commissioner's expenditure and income for 2023/24 (and 2022/23 comparative) is analysed as follows:

<b>Expenditure and Income Analysed by Nature</b>		
<b>Expenditure / Income</b>	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Employee benefits expenses	1,593	1,257
Other employee expenses	2	5
Premises	295	292
Transport	3	7
Supplies and services	498	744
Third party payments	2,995	3,891
Depreciation, amortisation and impairment	11,589	14,371
Other capital charges	790	602
Less: amounts charged to Chief Constable for use of assets	(12,379)	(14,973)
Financing of Police Services	374,084	404,762
Loss on revaluation of investment property	725	-
Loss on disposal of property, plant and equipment	280	1,930
Interest payments	2,732	2,628
Police pension fund deficit - payment to pension fund	64,596	65,906
Interest on the net defined benefit pension liability	44	-
<b>Total Expenditure</b>	<b>447,847</b>	<b>481,422</b>
<b>Income</b>		
Fees, charges and other service income	(6,714)	(6,780)
Recharge receipts	(4,587)	(10,425)
Other operating Income	(1,821)	(1,539)
Revenue grants and contributions	(33,236)	(48,336)
Gain on disposal of property, plant and equipment	-	-
Gain on revaluation of Investment Property	(100)	-
Interest and investment income	(879)	(1,933)
Dividends receivable	-	-
Income from Council Tax	(63,496)	(69,718)
Police Grant income	(273,394)	(274,314)
Police pension fund deficit - grant income	(64,596)	(65,906)
Capital Grants and Contributions	(1,495)	(1,106)
Interest on the net defined benefit pension liability	-	(13)
<b>Total Income</b>	<b>(450,318)</b>	<b>(480,070)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(2,471)</b>	<b>1,352</b>

## 3. Statement of Accounting Policies

### Introduction

The purpose of this Statement of Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

Accounting policies are the principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

The accounts have been prepared on a going-concern basis using a historical cost convention modified by the revaluation of certain categories of non-current assets and financial instruments. Any departure from the relevant standards is stated in the notes.

### **Going Concern Basis of Accounting**

The provisions in the CIPFA Code of Practice on Local Authority Accounting in the UK (the Code), on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. The Police and Crime Commissioner prepares the financial statements as set out under the provisions of the Code.

Paragraph 3.4.2.23 of the Code confirms that: Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

These provisions confirm that such authorities have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading). As authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis.

The requirements to use the going concern basis of accounting means that relevant authorities therefore cannot apply paragraph 25 of IAS 1 mandating management to make an assessment of the authority's ability to continue as a going concern. The going concern assumption under the Code is therefore drawn up to assume that a local authority's services will continue to operate for the foreseeable future.

### **Basis of Preparation**

The financial statements are prepared on the assumption that the functions of the Police and Crime Commissioner for Northumbria will continue in operational existence for the foreseeable future. This is evidenced through the Commissioner's:

- Medium Term Financial Strategy (MTFS)
- Capital Strategy
- Reserves Strategy Statement
- Treasury Management Policy and Strategy

All of these documents are published annually and can be found at the Commissioner's website under 'Key Decisions'.

The Police and Crime Commissioner's reserves position as at 31 March 2024, as reported in these statements, show the General Reserve at £11.031m which reflects approximately 2.9% of the revenue budget for 2024/25. The Commissioner's strategy for General Reserves is that these will be maintained at a minimum of 2% of the net revenue budget, to cover any major unforeseen expenditure or loss of funding. The balance held at the year-end therefore exceeds the minimum requirements of the General Reserves strategy.

In addition, the Commissioner maintains Earmarked Reserves to address specific risks for Northumbria, and which are consistent with achieving the objectives set within the term of the Medium-Term Financial Strategy (MTFS) and Reserves Strategy Statement. Earmarked Reserves total £34.209m as at 31 March 2024 and are considered to be appropriate, of sufficient value and fit for their intended purpose.

A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. An

assessment is made of the likelihood and impact of each risk and the management controls in place to provide mitigation.

Prudential Indicators are approved annually and monitored throughout the year in respect of capital program expenditure, capital financing and Treasury Management activities.

The Commissioner has carried out an assessment of the impact of foreseeable changes on future income and expenditure, including a cash flow forecast up to March 2026, and is satisfied that there is no material uncertainty relating to the going concern basis.

The Commissioner thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Authority will be a going concern, 12 months from the date of the audit report.

Except where specified in the Code, estimation techniques that most closely reflect the economic reality of the transactions based on all known facts available have been used.

The Accounting concepts and policies which have a material impact on the accounts are as follows:

**a) Police Reform and Social Responsibility Act 2011**

The Police Reform and Social Responsibility Act 2011 (the Act) established both the Police and Crime Commissioner for Northumbria (the Commissioner) and the Chief Constable for Northumbria as two separate corporations sole, and the statutory accounting arrangements for both entities fully comply with this Act.

By virtue of the powers and responsibilities of the Commissioner as designated by the Act and the Home Office Financial Management Code of Practice, the Commissioner controls the Chief Constable for financial reporting purposes and as such is required to prepare consolidated financial statements for the Group (the Commissioner and the Chief Constable) as well as her own (Police and Crime Commissioner) single-entity accounts. The Chief Constable, who is treated as a subsidiary of the Commissioner, has prepared single-entity accounts which form a separate document.

All expenditure for the Group is paid for by the Commissioner from the Police Fund. All income and funding is paid into the Police Fund and recognised in the Commissioner's accounts. The Group financial statements consolidate all income, expenditure, assets, liabilities, reserves and cash flows of the Group.

The Chief Constable manages expenditure in relation to policing within the budget set by the Commissioner. These Statements of Account present expenditure on policing following appropriate accounting practice.

The following gives further context to the accounting recognition in each entity, at 31 March 2024, all assets, liabilities and reserves were the responsibility of the Commissioner. The Commissioner owns and controls all non-current assets, loans, investments and borrowing. All contracts are in the Commissioners name. The Commissioner controls the bank account, is responsible for all liabilities, and controls all usable reserves. The Commissioner is the recipient of all income including government grants, Precepts and other sources of income which is paid into the Police Fund, and all expenditure of the Chief Constable is funded by the Commissioner from the Police Fund. There are no cash transactions between the two bodies.

However, the recognition of expenditure in the single-entity accounts of the Chief Constable and the Police and Crime Commissioner is based on economic benefit and service potential derived by each. Under the provisions of the Act, the Chief Constable is responsible to the Commissioner for the day-to-day provision of the policing function. In so doing, the Chief Constable consumes the Commissioner's resources in fulfilling the statutory functions. Local governance arrangements, give day to day responsibility for financial management of the Force to the Chief Constable within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner. Consequently, expenditure in relation to policing is recognised in the financial statements of the Chief Constable funded by a credit from the Commissioner for resources consumed. Similarly, following the CIPFA guidance on best practice, the liabilities associated with

the employee costs disclosed in the Chief Constable's Accounts are also shown in the Chief Constable's Balance Sheet rather than that of the Commissioner.

All income, as well as expenditure directly controlled by the Commissioner, in relation to her Office and a number of Specific Grants and other funding streams, is recognised in the financial statements of the Commissioner.

In order to show the total economic cost of policing in the Chief Constable's accounts the following charges, under the control of the Commissioner, are included as a proxy in the Chief Constable's Comprehensive Income and Expenditure Statement:

- The use of non-current assets equivalent to the depreciation, impairment, amortisation and revaluation of the assets charged to the Commissioner - £13.221 million; and
- The cost of insurance and support services expended by the Commissioner but provided to support the Chief Constable in the provision of policing - £0.176 million.

There is a need to properly reflect the cost of the joint Chief Finance Officer between the two corporate bodies and therefore the following charge under the control of the Chief Constable is included in the Commissioner's Comprehensive Income and Expenditure Statement:

- The proportion of the Joint Chief Finance Officer (CFO) role attributed to the statutory functions provided under the OPCC - £0.027 million in 2023/24.

The following intra-group transactions are included in the single-entity accounts but eliminated from the Group accounts:

- A debit for the resources consumed by the Chief Constable is included in the Comprehensive Income and Expenditure Account of the Commissioner with a corresponding credit in the Comprehensive Income and Expenditure Statement of the Chief Constable; and
- The Chief Constable's Balance Sheet includes any creditors and debtors in relation to the cost of policing offset by a balancing net debtor of 'resources consumed by the Chief Constable but no cash payment made by the Commissioner, or payments made by the Commissioner in advance of services received by the Chief Constable at the Balance Sheet date' with a corresponding net creditor in the Commissioner's Balance Sheet.

## b) Accruals of expenditure and income

The financial statements, other than the cash flow, are prepared on an accruals basis. This means that 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 sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Commissioner;
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the Commissioner;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventory in the Balance Sheet;
- Interest payable on borrowings and receivables on investment income is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract; and

- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### c) **Assets held for sale**

When it becomes probable that the carrying amount of a non-current asset will be recovered through a sale transaction rather than continuing use, it is reclassified as an asset held for sale. In order to be classified as an asset held for sale the following conditions must be met:

- The asset is available for immediate sale in its current condition;
- The sale is highly probable, the Commissioner has committed to sell the asset and has initiated a programme to locate a buyer;
- The asset is actively marketed for a sale price that is reasonable in relation to its current fair value; and
- The sale is expected to be completed within one year of the date of classification.

The asset is revalued immediately before reclassification and carried at the lower of either the revalued amount or fair value less costs to sell. Where there is a subsequent decrease to fair value less cost to sell, the loss is posted to the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

The Commissioner currently has no assets in this category but if there were these assets would be disclosed separately in the Balance Sheet as current assets identified as assets held for sale and would be disclosed in Note 16 to the single-entity accounts.

### d) **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Due to the risk of lost income from reduced interest earned or the cost of penalties charged for early redemption of fixed term investments, the Commissioner does not consider fixed term investments to be highly liquid. Fixed term investments are shown on the Balance Sheet as either long-term or short-term investments depending on the remaining term to maturity of the investment.

### e) **Charges to revenue for non-current assets**

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

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

Depreciation, impairment losses or amortisation do not impact on the level of Council Tax Precept. However, there is a requirement to make an annual provision from revenue to contribute towards the reduction in the Commissioner's overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Commissioner in accordance with statutory guidance, or loans fund principal

charge). Depreciation, impairment losses and amortisation are therefore replaced by a revenue provision in the General 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.

#### f) Council Tax income

As a major Preceptor, the Commissioner receives a share of Council Tax income from each billing authority by way of a Precept. The amount credited to the General Fund under statute is the Commissioner's demand for the year plus her share of the surplus on the Collection Fund of collection authorities for the previous year (or less her share of the deficit). Council Tax Precept income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The Commissioner receives her proportionate share of each collection authority's accrued Council Tax income, which may be more or less than the Commissioner's demand for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. There will be a debtor / creditor position between the Commissioner and the collection authorities, since the net cash paid by each billing authority in the year will not be its share of cash collected from Council Taxpayers.

#### g) Employee benefits

##### Benefits payable during employment.

Short-term employee benefits, such as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render services to the Commissioner. An accrual is made for the cost of holiday entitlements and other short-term absences earned by employees but not taken before the year-end, and which employees can carry forward into the next financial year.

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner or Chief Constable to terminate a member of staff's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. The costs are charged on an accruals basis in the Comprehensive Income and Expenditure Statement when the relevant employer is demonstrably committed to terminating the employment of an employee or group of employees. When an offer to encourage voluntary redundancy is made to a group of employees, a provision or contingent liability will be included in the accounts.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Commissioner / Chief Constable 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 termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable but unpaid at the year-end.

##### Post-employment benefits (pensions)

As part of the terms and conditions of employment, the Group offers retirement benefits by participating in pension schemes. These are the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015 and the Tyne and Wear Pension Fund, all of which offer defined benefits related to pay and service:

**The Police Pension Schemes** are unfunded defined benefit schemes, for which contributions are paid into a Pension Fund and pensions paid from the Fund. The deficit each year on the Fund is balanced to nil at the end of each year by receipt of a pension top up grant from the Home Office. There are no investment assets

built up to meet the pension liabilities and cash has to be generated by the Home Office to meet actual pension payments as they eventually fall.

**The Tyne & Wear Pension Fund** is a Local Government Pension Scheme administered by South Tyneside Council. It is classified as a funded defined benefit scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

Although retirement benefits will not actually be payable until employees retire, the Group has a commitment to recognise liabilities at the point at which employees earn their future entitlement. The aim is to ensure that the true net asset / liability of a defined benefit pension scheme is recognised in the Balance Sheet, and the true costs of retirement benefits are reflected in the Comprehensive Income and Expenditure Statement.

Movements during the year in the net asset / liability of the pension scheme are reflected in the Comprehensive Income and Expenditure Account. Actuarial gains and losses on fund assets and liabilities are recognised in the Comprehensive Income and Expenditure Account.

As with capital charges, pension entries are reconciled back to cash amounts payable to ensure that there is no effect upon Council Tax Precept.

Further information relating to pension costs is included in the notes to the accounts.

#### **h) Events after the Balance Sheet date**

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 Statements of Account are 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 Statements of Account are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statements of Account are 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 events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Account.

#### **i) Prior period adjustments**

The majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions in the year in which they are identified. Changes in accounting estimates are accounted for prospectively, i.e. In the current and future years affected by the change and do not give rise to a prior period adjustment.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **j) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities

and includes both the most straightforward financial instruments (e.g. trade payables and receivables) and the most complex such as equity instruments.

Typical financial instruments are trade payables and trade receivables, borrowings, bank deposits and investments.

### **Financial Assets**

The PCCs financial assets are assets that have fixed or determinable payments but are not quoted in an active market. These assets are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For loans that the Commissioner has made, the amount presented in the Balance Sheet is the outstanding principal receivable. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the *Financing Investment Income and Expenditure* line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowing that the Commissioner has, the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Amortised cost is adjusted for any premiums, discounts, material transaction costs and accrued interest. Where financial liability interest rates are fixed until maturity, they are deemed not to require an effective interest rate calculation to be carried out.

The transaction costs of the financial liabilities held on the Balance Sheet are considered to be immaterial.

### **Fair Value**

For each class of financial asset and financial liability, the Commissioner is required to disclose the fair value (as defined in the Fair Value Measurement section at o. below) of that class of asset and liability in a way that permits it to be compared to its carrying amount. The Commissioner assesses the fair value by calculating the present value of the cash flows that take place over the remaining life of the instruments, using a number of assumptions which are further detailed in **Note 21** Financial Instruments.

Fair values have not been calculated for assets or liabilities where the carrying amount is a reasonable approximation of fair value, such as trade creditors and debtors.

### **Redemption of Debt**

There is a requirement by statute to set aside a Minimum Revenue Provision (MRP), for the repayment of debt. Provision is made for principal repayments by charging an MRP calculated in accordance with CIPFA's Prudential Code (which follows the provisions of the Local Government Act 2003).

### **External Interest**

Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

### **Borrowing costs**

Borrowing costs are recognised as a revenue expense in the period in which they are incurred. Borrowing costs are interest and other costs that the Commissioner incurs in connection with the borrowing of funds.

**k) Government grants and other contributions**

All Group funding is paid to the Commissioner. Whether paid on account, by instalments or in arrears, government grants and third-party contributions are recognised as due to the Commissioner when there is reasonable assurance that the Commissioner will comply with the conditions attached to the payments.

Unspent, non-conditional revenue grant income at year-end is appropriated into an earmarked reserve.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve 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.

**l) Intangible assets**

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Commissioner is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Commissioner.

Intangible assets are initially measured at cost and are amortised to revenue over their useful economic lives on a straight-line basis, usually five years. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising from the disposal or abandonment of an intangible asset is posted to the Other Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

**m) Investment property**

Investment properties are those that are held by the Commissioner solely to generate rental income and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.

Investment properties are measured initially at cost and subsequently at 'fair value' (as defined in the Fair Value section below). Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the *Financing and Investment Income and Expenditure* line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

Rental income received in relation to investment properties is credited to the *Financing and Investment Income and Expenditure* line in the Comprehensive Income and Expenditure Statement and results in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**n) Fair value measurement**

The Group measures some of its non-financial assets such as investment properties and surplus assets at fair value at each reporting date. The Group also discloses some of its financial instruments such as Public Works Loan Board (PWLB) loans and Market loans at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the value of a non-financial asset the Group takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 - Unobservable inputs for the asset or liability.

#### **o) Property, Plant and Equipment**

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.

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is possible that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. A de minimis level of £10,000 is set for the initial recognition of an asset on the Balance Sheet, although individual assets with a value less than this may be capitalised if they form part of a larger investment programme which exceeds the de minimis level (such as the acquisition of vehicles or ICT equipment).

All Property, Plant and Equipment will be recognised on the Balance Sheets of the Commissioner Single Entity and Group. None will be recognised on the Chief Constable's Balance Sheet.

Any expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. Repairs and maintenance) is charged as an expense when it is incurred.

#### **Measurement**

Assets are initially measured at cost comprising:

- The purchase price;
- All 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.

The Commissioner does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the *Taxation and Non-Specific Grant Income and Expenditure* line in the Comprehensive Income and Expenditure Statement. Where a donation is made conditionally the gain is first held in the Donated Assets Account until conditions are satisfied. Any gains credited to the Comprehensive Income

and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- a) Assets under construction - historic cost, net of depreciation, where appropriate;
- b) Investment properties - fair value, as a non-financial asset investment property is measured at highest and best use from a market participant's perspective;
- c) Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- d) Non-specialised operational properties - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV);
- e) Specialised operational properties - current value, but where no market exists due to the specialised nature of the asset, depreciated replacement cost (DRC) is used as an estimate of current value;
- f) Vehicles, plant and equipment - where assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value;
- g) Assets held for sale – valued at the lower of carrying value and fair value, estimated at highest and best use from a market participant's perspective.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every three years. Valuations of the Commissioners properties are carried out on a rolling programme basis, with approximately one third of assets valued each year with an effective date of 31 March in the reporting period just ended. This provides a full revaluation every three years, in line with statutory requirements. In addition, significant assets, investment properties and assets held for sale are valued annually.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the *Surplus or Deficit on Provision of Services* in the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified they are accounted for by:

- 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 is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 01 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Valuations were carried out internally for the Commissioner by Northumbria Police Asset Manager, Tim Rodgers BSc (Hons), MRICS Registered Valuer, supported by Northumbria Police Estates Surveyor, James Clare MRICS Registered Valuer.

## Impairment

Assets are assessed at each year-end as to whether there is an indication that an asset may be impaired. Where indications 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); or
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down in 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.

### **Disposal of Assets**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Any receipts from the disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of non-current assets is accounted for on an accruals basis and amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against the General Reserve, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve balance in the Movement in Reserve Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The useful life of an asset is determined either on acquisition or revaluation of that asset.

A full year's depreciation is charged on newly acquired assets in the year of acquisition, although assets in the course of construction are not depreciated until they are brought into use. Depreciation is calculated using the straight-line method.

Generally, assets are depreciated in accordance with the following estimate of useful lives:

- Police stations: Between 10 and 50 years depending on use, construction type and condition;
- Computers, IT and other equipment: 5 years; and
- Vehicles: 3 years.

An exception to the above policy is made for assets without a determinable finite life such as land, which is not depreciated.

Separate charges are made for the depreciation of major components of a single asset, where significant components of the asset have materially different useful economic lives. The Commissioner has split her assets into separate components where the following criteria are met:

- The total asset has a value greater than £1.000 million;
- The component has a value of greater than 20% of the total asset; and
- The component has a useful life which differs by 10 years or more from any other component of the asset.

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.

### **p) Provisions and contingent liabilities**

**Provisions**

Provisions are made where an event has taken place that gives the Commissioner a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential. A reliable estimate can be made of the amount of the obligation. Provisions that are charged to the Comprehensive Income and Expenditure Statement in the year that the Commissioner becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation. This takes into account relevant risks and uncertainties.

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

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

**Contingent liabilities**

A contingent liability arises where an event has taken place that gives the Commissioner 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 Commissioner. 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 **Note 20** to the single entity accounts and **Note 12** to the group accounts

**q) Reserves**

Amounts are set aside as reserves for future policy purposes and to cover contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the cost of service in the Comprehensive Income and Expenditure Statement and the reserve is appropriated back into the General Reserve balance in the Movement in Reserves Statement; this means there is no impact on the level of Council Tax Precept as a result of that expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits that do not represent usable resources for the Commissioner.

**r) Revenue expenditure funded from capital under statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of a non-current asset, has been charged as expenditure to the Comprehensive Income and Expenditure Statement in the year. Where the cost of this expenditure is to be met from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amount charged in the Movement in Reserves Statement so there is no impact on the level of Council Tax Precept as a result of this expenditure.

**s) Value Added Tax (VAT)**

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

**t) Joint Arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control.

Expenditure relating to the cost of Joint Arrangements is charged to the Comprehensive Income and Expenditure Statement (CIES) of the Chief Constable with any associated income being shown against the CIES for the Commissioner Single Entity. Any assets held jointly are accounted for on the Balance Sheet of the Commissioner Single Entity and Group as the percentage share of assets attributable to the Commissioner for Northumbria.

The Force currently has a Joint Arrangement with Durham and Cleveland, the North East Regional Organised Crime Unit (NE ROCU). Further detail of the arrangements in place and the outturn for 2023/24 is shown at **Note 14**.

#### **4. Critical Judgement in applying accounting policies**

In applying its accounting policies, certain judgements have been made about the complex transactions or those involving uncertainty about future events. The most significant areas where judgements have been necessary within the Commissioner's accounts are:

- Property valuations; and
- Accounting recognition of assets, liabilities, reserves, revenue and expenditure within the Group following introduction of the new governance arrangement under provisions of the Police Reform and Social Responsibility Act.

Where judgement has been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in the financial statements.

#### **5. Impact of changes in accounting policies**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Commissioner's financial position or financial performance. When a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There have been no significant changes in accounting policies in 2023/24.

#### **6. Accounting standards that have been issued but have not yet been adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by an amendment to an existing standard or a new standard that has been issued but not yet adopted.

##### **IFRS 16 Leases**

The IASB issued IFRS 16 Leases in January 2016. The standard has an effective date of 01 January 2019 and was due to be adopted in the Code for the 2019/20 financial year. Implementation has been delayed a number of times however CIPFA have now confirmed the mandatory introduction of IFRS 16 Leases from 1 April 2024 for the 2024/25 financial year.

The standard sets out conditions for when an entity holds a lease agreement that lasts, or is reasonably expected to last more than 12 months and satisfies materiality conditions for bringing this onto the entities balance sheet by means of a lease liability and a right of use asset.

The commissioner and group will be complying with this standard from 01 April 2024 and in preparation an impact assessment has been conducted to estimate the value that will be brought onto the balance sheet.

There have been 84 arrangements identified to be considered against the new IFRS 16 standard, of which, most have been considered outside the scope of the standard due to materiality or substance of the contract which has left a total of 29 which have been assessed for the impact on the balance sheet.

The estimated impact on the balance sheet of introducing this standard is an increase in non current assets of £1.283 million, lease liability of £0.985 million and accounting adjustments through reserves for the balance of assets that have peppercorn leases.

There will be nil impact to the bottom line of the balance sheet for the Commissioner and group however there will be annual interest payments which will impact on the revenue budget, which is anticipated to impact the Chief Constable revenue budget but will be accounted for through the CIES and have a neutral impact on the tax payer.

## 7. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Commissioner's Balance Sheet as at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

### Fixed Asset Valuations

Asset valuations are carried out on a rolling programme basis with one third of assets valued each year. In addition significant assets, investment properties and assets held for sale are valued each year. This provides a full revaluation every three years which is within statutory requirements. The 2023/24 valuations were carried out internally by Northumbria Police Asset Manager, Tim Rodgers BSc (Hons), MRICS Registered Valuer, supported by Northumbria Police Estates Surveyor, James Clare MRICS Registered Valuer.

Valuation bases are as set out in **Note 3** section o. Property Plant and Equipment. All valuations were carried out in accordance with the RICS Valuation - Global Standards 2020 and the UK National Supplement 2018.

The date of valuation of the Commissioners property assets is 31 March 2024.

The NBV of Land and Buildings held on the balance sheet of the Commissioner totals £87.160m. Of this amount, £68.477m is attributed to 3 properties which are valued as specialist properties on a depreciated replacement cost (DRC) basis.

The financial statements for 2023/24 are presented against a backdrop of significant economic uncertainty, worldwide supply chain shortages and extraordinary levels of inflation across fuel, energy, goods and services. As a result, there is an uncertainty due to the assumed build costs used in the valuation of those properties under the DRC method.

The weighted average movement in build costs per square foot, since the previous year, was around +3.0% across those properties (+4.2% in 2022/23 and +11.3% in 2021/22).

The build costs under the DRC calculations for those 3 properties (excluding professional fees and land valuations) are a total of £55.975m.

If the valuation of build costs moved up or down by 10% the impact on the NBV of Land and Buildings would be around +/- £5.597m.

## 8. Movement in Reserve Statement adjustments

The Movement in Reserves Statement details all movements in the Commissioner's usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and provides a summary of the movement in unusable reserves. The 'Surplus or deficit on the provision of services' line shows the true economic cost of providing the Commissioners services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve balance for Council Tax setting purposes. The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve balance before

any discretionary transfers to or from earmarked reserves undertaken by the Commissioner. The following tables provide further details of the amounts disclosed in the Movement in Reserves Statement.

**a) Adjustments between accounting basis and funding under regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Commissioner in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure. The adjustments for 2023/24 and 2022/23 are set out in the following tables;

<b>Adjustments between Accounting Basis &amp; Funding Basis under regulations 2023/24</b>				
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,928)	-	-	12,928
Amortisation of intangible assets	(1,443)	-	-	1,443
Revenue Expenditure Funded from Capital under Statute	(602)	-	-	602
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,106	-	123	(1,229)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(1,930)	(152)	-	2,082
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,507	-	(5,507)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(72)	-	-	72
Reversal of IAS 19 Pension Charges	(299)	-	-	299
Contributions due under the pension scheme regulations	285	-	-	(285)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Revenue provision for the repayment of debt	10,729	-	-	(10,729)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(5,154)</b>	<b>5,355</b>	<b>123</b>	<b>(324)</b>

**Adjustments between Accounting Basis & Funding Basis under regulations 2022/23**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(10,629)	-	-	10,629
Amortisation of intangible assets	(1,585)	-	-	1,585
Revenue Expenditure Funded from Capital under Statute	(790)	-	-	790
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,495	-	520	(2,015)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(280)	(668)	-	948
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,561	-	(5,561)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	980	-	-	(980)
Reversal of IAS 19 Pension Charges	(761)	-	-	761
Contributions due under the pension scheme regulations	283	-	-	(283)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Revenue provision for the repayment of debt	9,812	-	-	(9,812)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(1,475)</b>	<b>4,893</b>	<b>520</b>	<b>(3,938)</b>

**b) Analysis of transfers To / (From) reserves**

The Commissioner maintains a number of reserves, which are classified as either usable (backed by cash) or unusable (notional adjustment accounts not supported by cash). The Commissioner produces an Annual Reserves Strategy Statement in accordance with the requirements of the Home Office Financial Management Code of Practice (FMCP) which is published on the Commissioners website. The statement provides an explanation for each reserve held by the Commissioner, along with its value. Plus, a narrative explaining whether the current and projected level of reserves is appropriate, and are governance arrangements for reserves adequate and appropriate.

**Usable reserves:**

The **General Reserve** (Police Fund) is the main fund into which Council Tax Precept income, government grants and other income is paid and from which the day-to-day cost of providing services is met. The balance of the fund provides a reserve to manage unexpected expenditure and other budget pressures for the Commissioner. The Police Reform and Social Responsibility Act specifies that the Commissioner is the holder of the Police Fund and the recipient of all income. The Commissioner has an agreed strategy that the level of the General Reserve will be influenced by the balance of risks inherent in the budget, the robustness of budget monitoring, past experience of outturn spending, the extent of earmarked reserves and funding cuts over the medium term. The Commissioner has a reserves strategy which will maintain a general reserve of a minimum of 2% of the net revenue budget. For budgetary purposes the Medium Term Financial Strategy (MTFS) is based upon a prudent General Reserve level set at just below 3% of net revenue budget.

**Earmarked reserves:**

The **Insurance Reserve** is maintained for potential liabilities and costs which fall onto the Commissioner where it is more economical to keep a reserve than seek specific insurance. Potential liabilities include storm damage, business interruption and claims that would fall within the Commissioner's policy excess limits.

The **Police Pension Scheme Funding Reserve** was established because of the sudden shift in employer's pension costs for police officers from April 2019. Specific grant funding of £3.400m was provided by the Government for 2019/20 with no assurance given for future years, and therefore the Commissioner established an earmarked reserve to provide funding for one year should the government fail to address the significant cost implication in full. Special grant funding was subsequently confirmed at the same level for each year through to 2023/24 and increased in 2024/25 to compensate for a further increase in the employer contribution rate from 1 April 2024. The MTFS revenue projections assume that funding will continue to be provided in some form by Government over the medium term. At the end of the 2022/23 financial year the Commissioner decided that the risk was sufficiently mitigated, and the Police Pension Scheme Funding Reserve was no longer required. The full balance of £3.400m was therefore used to create the Operational Systems Reserve.

The **Operational Systems Reserve** was created at the end of the 2022/23 financial year through a transfer from the Police Pension Scheme Funding Reserve. The reserve will provide £3.400m of funding to ensure the swift delivery of major transformation schemes, including the replacement of operational police systems. It will also provide one-off funding for any costs associated with the Digital Policing strategy to migrate to Cloud based solutions.

The **Workforce Management Reserve** was established to manage costs associated with workforce change and has a balance of £1.320m. This reserve will be retained as a backstop to meet unexpected people related costs associated with any workforce change required over the medium-term, to ensure that such pressure does not impact on the sustainability of planned investment in the revenue budget.

The **Emergency Services Network (ESN) Reserve** – The PCC and Force do not believe that the Government will provide funding for implementation of the national Emergency Services Network (ESN) in Northumbria. To avoid the risk of the costs falling on the Force and to ensure no impact on operational policing the implementation will be funded through a mix of prudential borrowing and the use of the ESN reserve. The 2019/20 approved budget included a planned transfer to earmarked reserves to protect against specific risks for Northumbria, of which £2.600m was identified to establish the Emergency Services Network (ESN) Reserve. The total reserve balance will be used in full to manage the cost of ESN implementation expected for Northumbria. Due to slippage in the National timeline for ESN implementation the majority of the capital costs for ESN delivery in Northumbria are expected in 2027/28 and therefore the reserve balance is fully committed in that year.

The **Inflationary Risks Reserve** was created in 2021/22, from the underspend against the Chief Constable's revenue budget, to manage inflationary risks identified for 2022/23 and future years. The significant levels of inflation experienced in the economy over the past two years are expected to continue to impact on force

budgets over the medium-term. This reserve will be fully utilised over 2024/25 to 2026/27 to mitigate the impact of inflationary and cost pressures on the revenue budget, as appropriate efficiency programmes are implemented to meet the budgetary gap.

**Investment Reserve** - Significant investment in policing services for Northumbria residents was approved by the Commissioner in 2020/21 and part of the total funding allocated for that year (£8.200m) was identified to support the investment in future years, to ensure that it would remain sustainable over the medium-term. The previous MTFs included plans to utilise the reserve over 4 years 2023/24 to 2026/27. The use of the £8.200m has been reprofiled over 2026/27 and 2027/28 to manage the anticipated funding gap in those years. In addition, the outturn position for 2023/24 has allowed for a further increase of £3.737m which will provide further opportunity for investment in policing and mitigation against emerging cost pressures in 2024/25.

The **Operational Reserve** - An earmarked reserve of £3.100m was established in 2020/21 to meet the costs of Covid enforcement and operational policing in 2021/22. Expenditure against this reserve now relates solely to Operational policing and the reserve was renamed accordingly in 2022/23. The balance on the reserve is £1.146m and planned expenditure is phased over 2024/25 to 2026/27.

The **OPCC Innovation Reserve** represents funds identified for innovative work with partner agencies through the Office of the Police and Crime Commissioner (OPCC). The reserve ensures that income identified for this purpose remains available by carrying forward balances held for projects between financial years.

The **External Funding Reserve** represents receipts of income which are not time limited, and which are carried forward at the year-end to be used in future years, in-line with any terms and conditions. The reserve represents income received from external partners, which is to be used to fund specific activities and policing services.

The **National Policing Capabilities (Hosted Services) Reserve** was established in 2023/24 through a transfer from the external funding reserve. The reserve primarily holds balances for the National Rural Crime Unit which is a funded capability hosted by Northumbria Police.

The **NEROCU Reserve** represents Northumbria's share of the North East Regional Organised Crime Unit (NEROCU) reserve.

**Capital Receipts Reserve** represents capital receipts from the sale of assets held in order to finance future capital expenditure.

**Capital Grants Unapplied** represents capital grants or contributions recognised in the Comprehensive Income and Expenditure Statement but for which the expenditure to be financed from the grant or contribution has not been incurred. The reserve is available to finance future capital expenditure.

#### **Unusable Reserves:**

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

The account contains accumulated gains and losses on investment properties. The account also contains revaluation gains accumulated on property, plant and equipment before 01 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The **Deferred Capital Receipts Reserve** holds capital receipts due to the Commissioner in relation to the sale of assets, which will be received after the balance sheet date. The balance on the Deferred Capital Receipts Reserve at 31 March 2024 is nil.

The **Revaluation Reserve** contains gains made by the Commissioner arising from increases in non-current asset values. The balance is reduced when assets with accumulated gains are:

- a) Revalued downwards or impaired and the gains are lost;
- b) Used in the provision of services and the gains are consumed through depreciation; or
- c) Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 01 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.

The **Collection Fund Adjustment Account** manages the differences arising from the recognition of Council Tax Precept income in the Comprehensive Income and Expenditure Statement as it falls due, compared with the statutory arrangements for paying across amounts to the Commissioner from billing authorities.

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 Commissioner 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 to be financed as the Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which she is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the resources the Commissioner has set aside to meet the benefits earned by past and current employees.

The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Analysis of the transfers To / From reserves 2023/24</b>					
Balance as at 31 March 2023 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2024 £000
	<b>Usable Reserves</b>				
10,804	<b>General Reserve</b>	227	-	227	11,031
	Earmarked Reserves:				
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	-	-	5,634
8,200	Investment Reserve	3,737	-	3,737	11,937
1,407	Operational Reserve	-	(261)	(261)	1,146
2,053	Pay Inflation Reserve	-	-	-	2,053
690	OPCC Innovation Reserve	115	-	115	805
1,929	External Funding Reserve	367	(1,336)	(969)	960
-	National Policing Capabilities (Hosted Services)	1,210	(284)	926	926
401	NE ROCU Reserve	73	(46)	27	428
<b>30,634</b>	<b>Total Earmarked reserves</b>	<b>5,502</b>	<b>(1,927)</b>	<b>3,575</b>	<b>34,209</b>
17,280	<b>Capital Receipts Reserve</b>	152	(5,507)	(5,355)	11,925
484	<b>Capital Grants Unapplied</b>	1,106	(1,229)	(123)	361
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>6,987</b>	<b>(8,663)</b>	<b>(1,676)</b>	<b>57,526</b>
	<b>Unusable Reserves</b>				
30,188	Revaluation Reserve	(982)	(506)	(1,488)	28,700
(37,996)	Capital Adjustment Account	17,971	(17,055)	916	(37,080)
1,374	Collection Fund Adjustment Account	-	(72)	(72)	1,302
-	Deferred Capital Receipts	-	-	-	-
139	Pension Reserve	(125)	(14)	(139)	-
<b>(6,295)</b>	<b>Total Unusable Reserves</b>	<b>16,864</b>	<b>(17,647)</b>	<b>(783)</b>	<b>(7,078)</b>
<b>52,907</b>	<b>Total Reserves</b>	<b>23,851</b>	<b>(26,310)</b>	<b>(2,459)</b>	<b>50,448</b>

<b>Analysis of the transfers To / From reserves 2022/23</b>					
Balance as at 31 March 2022 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2023 £000
	<b>Usable Reserves</b>				
10,398	<b>General Reserve</b>	406	-	406	10,804
	Earmarked Reserves:				
3,000	Insurance Reserve	-	-	-	3,000
3,400	Police Pension Scheme Funding Reserve	-	(3,400)	(3,400)	-
-	Operational Systems Reserve	3,400	-	3,400	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
4,325	Inflationary Risks Reserve	1,309	-	1,309	5,634
8,200	Investment Reserve	-	-	-	8,200
1,970	Operational Reserve	-	(563)	(563)	1,407
-	Pay Inflation Reserve	2,053	-	2,053	2,053
784	OPCC Innovation Reserve	-	(94)	(94)	690
1,022	External Funding Reserve	1,689	(782)	907	1,929
473	NE ROCU Reserve	101	(173)	(72)	401
27,094	<b>Total Earmarked reserves</b>	8,552	(5,012)	3,540	30,634
22,173	<b>Capital Receipts Reserve</b>	668	(5,561)	(4,893)	17,280
1,004	<b>Capital Grants Unapplied</b>	1,495	(2,015)	(520)	484
<b>60,669</b>	<b>Total Usable Reserves</b>	<b>11,121</b>	<b>(12,588)</b>	<b>(1,467)</b>	<b>59,202</b>
	<b>Unusable Reserves</b>				
29,442	Revaluation Reserve	1,227	(481)	746	30,188
(41,913)	Capital Adjustment Account	17,869	(13,952)	3,917	(37,996)
394	Collection Fund Adjustment Account	980	-	980	1,374
-	Deferred Capital Receipts	-	-	-	-
(1,773)	Pension Reserve	2,390	(478)	1,912	139
<b>(13,850)</b>	<b>Total Unusable Reserves</b>	<b>22,466</b>	<b>(14,911)</b>	<b>7,555</b>	<b>(6,295)</b>
<b>46,819</b>	<b>Total Reserves</b>	<b>33,587</b>	<b>(27,499)</b>	<b>6,088</b>	<b>52,907</b>

## c) Transfers To / From Unusable Reserves

Unusable Reserves - Revaluation Reserve					
		Transfers To/(From) Reserves			
Balance as at 31 March 2023 £000		Upward revaluations of property, plant and equipment £000	Historic cost depreciation adjustment (HCDA) £000	Total £000	Balance as at 31 March 2024 £000
<b>30,188</b>	Revaluation Reserve	(982)	(506)	<b>(1,488)</b>	<b>28,700</b>

Unusable Reserves - Capital Adjustment Account					
		Transfers To/(From) Reserves			
		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Capital Adjustment Account £000
<b>Balance as at 31 March 2023</b>					<b>(37,996)</b>
Amortisation of Intangible Assets		-	(1,443)	(1,443)	
Depreciation		-	(9,898)	(9,898)	
Gain on Revaluation of Investment Property		-	(3,030)	(3,030)	
Revenue expenditure funded by capital under statute (REFCUS)		-	(602)	(602)	
Net Gain/Loss on Sale of NCA's		-	(2,082)	(2,082)	
MRP for financing of Capital Investment		10,729	-	10,729	
Capital Receipts applied to finance capital expenditure		5,507	-	5,507	
Historic cost depreciation adjustment (HCDA)		506	-	506	
Trf from CGU to CAA		1,229	-	1,229	
<b>Total Movement on Reserve</b>		<b>17,971</b>	<b>(17,055)</b>		<b>916</b>
<b>Balance as at 31 March 2024</b>					<b>(37,080)</b>

<b>Unusable Reserves - Pensions Reserve</b>					
<b>Transfers To/(From) Reserves</b>					
Balance as at 31 March 2023 £000		Re-measurements of the net defined benefit pension liability £000	Reverse the net impact of IAS19 charges on the General Fund £000	Total Movement £000	Balance as at 31 March 2024 £000
	<b>Pensions Reserve</b>				
139	Police and Crime Commissioner LGPS	(125)	(14)	<b>(139)</b>	-

## 9. Information to be presented either in the Comprehensive Income and Expenditure Statement or in the Notes

The Comprehensive Income and Expenditure 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. Commissioners raise 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.

An analysis of items included in the Comprehensive Income and Expenditure Statement below Cost of Services is detailed in the following table:

Other Operating Expenditure				
2022/23		2023/24		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	(Gains) / Losses on Disposal of Property			
280	Plant and Equipment	1,930	-	1,930
<b>280</b>	<b>Total Other Operating Expenditure</b>	<b>1,930</b>	<b>-</b>	<b>1,930</b>

Financing and Investment Income and Expenditure				
2022/23		2023/24		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,731	Interest on Borrowing	2,628	-	2,628
(879)	Interest Income	-	(1,933)	(1,933)
625	Loss / (Gain) on Revaluation of Investment Assets	-	-	-
44	Pensions Interest costs and expected return on assets	-	(13)	(13)
<b>2,521</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>2,628</b>	<b>(1,946)</b>	<b>682</b>

Taxation and Non Specific Grant Income and Expenditure				
2022/23		2023/24		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(135,645)	Home Office Grant		(136,115)	(136,115)
(129,581)	Ex - DCLG Formula Grant		(130,031)	(130,031)
(6,867)	Council Tax Support Grant		(6,867)	(6,867)
(912)	Council Tax Freeze Grant 2011/12		(912)	(912)
(389)	Council Tax Freeze Grant 2014/15		(389)	(389)
(63,495)	Proceeds of PCC Precepts		(69,718)	(69,718)
-	Receipts/payments to Police Pension Fund	65,906	(65,906)	-
(1,495)	Capital grants and contributions	-	(1,106)	(1,106)
<b>(338,384)</b>	<b>Total Taxation and Non Specific Grant Income</b>	<b>65,906</b>	<b>(411,044)</b>	<b>(345,138)</b>

### Segmental Analysis

There is a requirement within the Code to present income and expenditure in segments as reported for internal management purposes and provide reconciliation with the Comprehensive Income and Expenditure Statement (CIES). The Expenditure and Funding Analysis (EFA) and the notes to the EFA present the financial information on a funding basis for reportable segments and reconcile this position with the CIES.

## 10. External audit costs

The Commissioner has incurred the following costs in relation to work carried out by the Group's external auditors. The Commissioner commissions PSAA to tender for the external audit contract on a 5 year cycle. 2023/24 is the first year of the new contract which was awarded to Ernst & Young LLP. The 2022/23 Figures are in relation to work undertaken by Grant Thornton UK LLP, prior financial years are also subject to fee variations once the audit has concluded and therefore are included in the financial year in which they were incurred.

<b>External Audit Costs</b>		
2022/23 £000		2023/24 £000
33	External Audit Services	101
23	Additional fees relating to the previous year's audit	26
-	Contribution to Pension Fund Audit	1
<b>56</b>	<b>Net Cost</b>	<b>128</b>

## II. Government and non-government grants and contributions

<b>Government and Non-Government Grants</b>				
2022/23			2023/24	
Revenue £000	Capital £000		Revenue £000	Capital £000
<b>General Government Grant not attributable to Services</b>				
135,645	-	Home Office Grant	136,115	-
129,581	-	Ex - DCLG Formula Grant	130,031	-
6,867	-	Council Tax Support Grant	6,867	-
912	-	Council Tax Freeze Grant 2011/12	912	-
389	-	Council Tax Freeze Grant 2014/15	389	-
64,596	-	Pension Top-up Grant	65,906	-
<b>337,990</b>	<b>-</b>	<b>Total</b>	<b>340,220</b>	<b>-</b>
<b>Specific Government Grant attributable to Services</b>				
3,317	-	Counter Terrorism Grants (including Dedicated Security Posts & Prevent)	1,509	-
3,423	-	Police Special Pension Grant	3,423	-
5,958	-	Police Officer Uplift	11,981	-
968	-	Serious Violence Funding	1,079	-
2,942	-	Violence Reduction Unit Funding	2,361	-
123	-	Loan Charges Grant	121	-
3,178	-	Victim Services Grant	3,298	-
1,855	-	Other Specific Policing Funds Managed by the PCC	3,097	-
3,277	-	Apprenticeship Grant	2,739	-
1,284	1,436	Home Office NE ROCU Funding	1,575	532
-	-	National Rural Crime Unit	200	-
-	-	Software License Grant	616	-
555	-	Specific Operations	512	-
27	-	National Pension Remedy Grants	-	-
22	-	National Audit funding	21	-
2,156	-	Pay Award	10,165	-
-	-	Capital Grant Project Specific	-	-
<b>29,085</b>	<b>1,436</b>	<b>Total</b>	<b>42,697</b>	<b>532</b>
<b>Non-Government grant and contributions attributable to Services</b>				
4,151	59	Other contributions	5,639	574
<b>4,151</b>	<b>59</b>	<b>Total</b>	<b>5,639</b>	<b>574</b>
<b>371,226</b>	<b>1,495</b>	<b>Total Government and Non-Government contributions recognised in the Comprehensive Income &amp; Expenditure Statement</b>	<b>388,556</b>	<b>1,106</b>

As well as Government Grants and Contributions the Commissioner obtains part of her income through Precepts levied on the local billing authorities in the Northumbria police Force area. The income received through precept during the year (and the prior year comparator) is set out in the table below;

<b>Council Tax Precept</b>				
	Total 2022/23 £000	Precept (in accordance with regulation) 2023/24 £000	Share of Surplus / (Deficit) at 31 March 2024 £000	Total 2023/24 £000
Gateshead Council	8,089	9,008	85	9,093
Newcastle City Council	10,626	11,594	415	12,009
North Tyneside Council	9,464	10,585	108	10,693
Northumberland County Council	17,026	18,598	213	18,811
South Tyneside Council	6,087	6,669	44	6,713
Sunderland City Council	11,222	12,430	41	12,471
	<b>62,514</b>	<b>68,884</b>	<b>906</b>	<b>69,790</b>

## 12. Officer Remuneration

The following tables set out the remuneration for senior employees whose salary, including voluntary redundancy payments, is more than £50,000 per year in 2023/24 and the equivalent disclosure for 2022/23

<b>Numbers of Employees receiving over £50,000</b>		
<b>Remuneration Band</b>	<b>Number of Employees</b>	
	<b>2022/23</b>	<b>2023/24</b>
£50,000 - £54,999	1	2
£55,000 - £59,999	1	-
£60,000 - £64,999	2	1
£65,000 - £69,999	-	2
£70,000 - £74,999	1	-
£75,000 - £79,999	-	1

### Exit Packages

There were no exit packages for the Commissioners Single Entity employees during 2023/24 or 2022/23.

Remuneration of the senior employees is disclosed in the following tables

<b>Remuneration of Senior Employees 2023/24</b>								
<b>Post holder information</b>	Notes	Salary (Including fees & allowances) £	Benefits in Kind £	Relocation Expenses £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions £	Total Remuneration 2023/24 £
Police and Crime Commissioner		88,602	-	-	-	88,602	14,176	102,778
Chief of Staff and Monitoring Officer		79,710	-	-	-	79,710	12,754	92,464
<b>Total</b>		<b>168,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,312</b>	<b>26,930</b>	<b>195,242</b>

#### Chief Finance Officer

The Chief Finance Officer (CFO) for Northumbria Police is the Joint Chief Finance Officer for both the Chief Constable and Police and Crime Commissioner, 20% of the CFO remuneration is charged to the Commissioner in the single entity CIES. The senior officer remuneration in respect of the CFO role is disclosed in the Statements of Account for the Chief Constable and Police and Crime Commissioner Group financial statements – Remuneration of Senior Employees

<b>Remuneration of Senior Employees 2022/23</b>								
<b>Post holder information</b>	Notes	Salary (Including fees & allowances) £	Benefits in Kind £	Relocation Expenses £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions £	Total Remuneration 2022/23 £
Police and Crime Commissioner		88,444	-	-	-	88,444	14,859	103,303
Chief of Staff and Monitoring Officer		75,808	-	-	-	75,808	12,771	88,579
<b>Total</b>		<b>164,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,251</b>	<b>27,629</b>	<b>191,882</b>

### 13. Related Party Transactions

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

#### UK Central Government

Central Government has effective control over the general operations of the Commissioner: it is responsible for providing the statutory framework within which the Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Commissioner has with other parties. Details of grant income received from government departments are set out in **Note 11**. UK Government also exerts significant influence through legislation which impacts how the Commissioner and Group operate

#### The Chief Constable

Whilst the Chief Constable retains responsibility for the direction and control of the Force, the Commissioner is responsible for holding the Chief Constable to account for the full range of her responsibilities.

The Commissioner has an integrated scheme of corporate governance that sets out the operational policy framework within which the Commissioner and Chief Constable will operate. The Commissioner funds the expenditure on operational policing incurred by the Chief Constable, the total of which is disclosed in the Commissioner's Comprehensive Income and Expenditure Statement.

#### Senior Employees

The Commissioner, Chief of Staff and Monitoring Officer and, for the Group, the Force Executive of the Chief Constable are required to declare whether they or any member of their immediate family, have had any related party transactions with the Police and Crime Commissioner. There are no such transactions for 2023/24.

#### Other Public Bodies

##### Gateshead Council

During 2023/24 Gateshead Council provided Internal Audit services to the Commissioner and the Chief Constable. The necessary power for this exists within section 113 of the Local Government Act 1972. The cost of Internal Audit services to the Commissioner and Group amounted to £0.093 million in 2023/24 (£0.088 million in 2022/23).

The Commissioner also collects precepts through the 6 local authorities in the Force area, detail of precepts receivable can be found in **Note 11**.

### 14. Joint Arrangements

The Commissioner is involved with other Forces and entities to aid joint working between organisations. Any material assets or liabilities attributable to the Commissioner will be included in the Balance Sheet. Any income or expenditure attributable to the Commissioner is accounted for within the Comprehensive Income and Expenditure Statement. There is a requirement to disclose certain information within the accounts for the commissioner's material joint arrangements and on this basis the following disclosure is made for the NEROCU which is classified as a Joint Operation:

#### North East Regional Organised Crime Unit (NEROCU)

NE ROCU Governance and Area of Business

The North East Regional Organised Crime Unit (NEROCU) is a collaboration between the three Forces of Northumbria, Durham and Cleveland categorised as a Joint Operation in line with the *Accounting for Collaboration* guidance issued by CIPFA. The governance of the Joint Operation is managed through a Section 22A collaboration agreement from the Police Act 1996, between all three Chief Constables and Police and Crime Commissioners.

NEROCU comprises of a number of highly specialised teams of officers and staff from the three Forces which work with embedded partners from His Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to effectively tackle serious and organised crime across the region.

The unit creates additional specialist capacity through effective partnership working and collaboration to deliver an increased response to tackling serious and organised crime that transcends Force borders in the region.

In-line with the Home Office Serious and Organised Crime Strategy, NEROCU places emphasis on preventing, prosecuting and disrupting serious and organised crime ensuring a co-ordinated national approach across Government, law enforcement, security and intelligence agencies.

### Financing and Reserves

NEROCU is financed through a combination of Home Office Grants and Force contributions under a fully immersed budget model. The net revenue requirement after the application of all available grant funding, is met by the three Forces with contributions being determined on the basis of Net Revenue Expenditure (NRE) after the use of reserves. NRE is equivalent to total funding from Home Office grants plus Council Tax income. The contribution proportions made for 2023/24 are set out in the table below:

Force	Contribution
Northumbria	52.92%
Durham	22.91%
Cleveland	24.17%

The final outturn position for NEROCU was £10.682 million with Northumbria's share of the net cost being £5.654 million as set out in the following table:

	NE ROCU Outturn		Northumbria	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Employee Pay and Pensions	12,339	14,761	6,528	7,812
Premises Costs	478	556	253	294
Vehicles and Fuel	256	284	136	150
Travel and Accommodation	141	209	75	111
Communications and Computing	618	484	327	256
Training and Conference Fees	172	211	91	112
Supplies and Services	364	269	192	142
Other Expenses	89	117	47	62
<b>Total Expenditure</b>	<b>14,457</b>	<b>16,891</b>	<b>7,649</b>	<b>8,939</b>
Home Office Grant	(2,256)	(2,976)	(1,194)	(1,575)
Other Income	(2,594)	(3,233)	(1,372)	(1,710)
<b>Total Income</b>	<b>(4,850)</b>	<b>(6,209)</b>	<b>(2,566)</b>	<b>(3,285)</b>
<b>Net Expenditure</b>	<b>9,607</b>	<b>10,682</b>	<b>5,083</b>	<b>5,654</b>

The accounting treatment for NEROCU is that expenditure is shown as £8.939 million (£7.649 million 2022/23) in the Chief Constable's accounts with income of £3.285 million (£2.566 million 2022/23) being accounted for in the Commissioners Single Entity accounts. The net cost to the Commissioner and Group is therefore £5.654 million (£5.083 million 2022/23).

All three Forces have equal representation and rights to control under the Section 22A collaboration agreement. Under this Agreement assets purchased by a Force and provided for the use of NEROCU are held on the Balance Sheet of that Force. In addition, assets funded through Home Office grants and other contributions are purchased by Northumbria and held for the exclusive benefit of NEROCU. The share of NEROCU assets attributable to Northumbria are held as Property, Plant and equipment (PPE) on the Balance Sheet of the Police and Crime Commissioner Single Entity and Group accounts in line with the relevant Northumbria contribution rate.

The three Forces jointly own the NEROCU premises, the North East Regional Crime Prevention Centre (NERCPC). The property asset is held under a Trust Agreement with the following ownership split:

Northumbria	37.5%
Durham	37.5%
Cleveland	25.0%

Reserves attributable to NEROCU are also held on the Balance Sheet of the Police and Crime Commissioner with the share of overall reserves for Northumbria being determined on the basis of revenue contributions equating to £0.428 million as at 31 March 2024.

## 15. Capital Expenditure and Contributions

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

<b>Capital Expenditure and Capital Financing</b>		
2022/23 £000		2023/24 £000
<b>112,084</b>	<b>Opening Capital Financing Requirement</b>	<b>112,450</b>
	<b>Capital investment</b>	
14,236	Property, Plant and Equipment	14,211
2,729	Intangible Assets	1,196
790	Revenue Funded from Capital Under Statute	601
	<b>Sources of finance</b>	
(5,561)	Capital receipts	(5,507)
(2,016)	Government grants and other contributions	(1,229)
(9,812)	Minimum Revenue Provision	(10,729)
<b>112,450</b>	<b>Closing Capital Financing Requirement</b>	<b>110,993</b>
	<b>Explanation of movements in year</b>	
(635)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(1,457)

### Capital Commitments

At 31 March 2024, the Commissioner has capital commitments of approximately £5.000 million relating primarily to Building Works and Digital Policing contracts.

**16. Non-Current Assets**

<b>Non-current assets movements</b>								
<b>Cost or Valuation</b>	Land & Buildings £000	Vehicles, Plant & Equipment £000	Operational & Non Surplus £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Investment Property £000	Intangible Assets £000	<b>Total Non-Current Asset £000</b>
<b>Balance at 31 March 2022</b>	<b>83,317</b>	<b>55,198</b>	-	-	<b>138,515</b>	<b>2,400</b>	<b>8,829</b>	<b>149,744</b>
Reclassifications	-	-	-	-	-	-	-	-
Additions	1,912	11,107	-	1,217	14,236	-	2,729	<b>16,965</b>
Disposals	-	(7,049)	-	-	(7,049)	-	(2,091)	<b>(9,140)</b>
<b>Revaluation Increase / (Decrease) to:</b>								
Revaluation Reserve	(119)	-	-	-	(119)	-	-	<b>(119)</b>
Comprehensive I&E	(834)	-	-	-	(834)	(625)	-	<b>(1,459)</b>
<b>Balance at 31 March 2023</b>	<b>84,276</b>	<b>59,256</b>	-	<b>1,217</b>	<b>144,749</b>	<b>1,775</b>	<b>9,467</b>	<b>155,991</b>
Reclassifications	1,217	-	-	(1,217)	-	-	-	-
Additions	3,954	10,257	-	-	14,211	-	1,196	<b>15,407</b>
Disposals	-	(13,765)	-	-	(13,765)	-	(2,351)	<b>(16,116)</b>
<b>Revaluation Increase / (Decrease) to:</b>								
Revaluation Reserve	(2,511)	-	-	-	(2,511)	-	-	<b>(2,511)</b>
Comprehensive I&E	(3,439)	-	-	-	(3,439)	-	-	<b>(3,439)</b>
<b>Balance at 31 March 2024</b>	<b>83,497</b>	<b>55,748</b>	-	-	<b>139,245</b>	<b>1,775</b>	<b>8,312</b>	<b>149,332</b>

<b>Non-current assets movements (continued)</b>								
<b>Accumulated depreciation and impairment</b>	Land & Buildings £000	Vehicles, Plant & Equipment £000	Non Operational & Surplus £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Investment Property £000	Intangible Assets £000	<b>Total Non-Current Asset £000</b>
<b>Balance at 31 March 2022</b>	<b>(451)</b>	<b>(43,981)</b>	-	-	<b>(44,432)</b>	-	<b>(5,703)</b>	<b>(50,135)</b>
Reclassifications	-	-	-	-	-	-	-	-
Eliminated on disposals of assets	-	6,379	-	-	6,379	-	1,813	8,192
<b>Eliminated on revaluation:</b>								
Depreciation and Amortisation written out to Revaluation Reserve	1,346	-	-	-	1,346	-	-	1,346
Depreciation and Amortisation written out to Comprehensive I&E	187	-	-	-	187	-	-	187
Depreciation and Amortisation	(1,588)	(7,769)	-	-	(9,357)	-	(1,585)	(10,942)
<b>Balance at 31 March 2023</b>	<b>(506)</b>	<b>(45,371)</b>	-	-	<b>(45,877)</b>	-	<b>(5,475)</b>	<b>(51,352)</b>
Reclassifications	-	-	-	-	-	-	-	-
Eliminated on disposals of assets	-	12,680	-	-	12,680	-	1,353	14,033
<b>Eliminated on revaluation:</b>								
Depreciation and Amortisation written out to Revaluation Reserve	1,529	-	-	-	1,529	-	-	1,529
Depreciation and Amortisation written out to Comprehensive I&E	409	-	-	-	409	-	-	409
Depreciation and Amortisation	(1,696)	(8,202)	-	-	(9,898)	-	(1,443)	(11,341)
<b>Balance at 31 March 2024</b>	<b>(264)</b>	<b>(40,893)</b>	-	-	<b>(41,157)</b>	-	<b>(5,565)</b>	<b>(46,722)</b>

**Non-current assets movements - Net Book Value**

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Non Operational & Surplus £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Investment Property £000	Intangible Assets £000	Total Non-Current Asset £000
Net Book Value at 31/03/2023	83,770	13,885	-	1,217	98,872	1,775	3,992	104,639
Net Book Value at 31/03/2024	83,233	14,855	-	-	98,088	1,775	2,747	102,610

**Valuations**

Valuations are carried out on a three year rolling programme basis, with approximately one third of assets valued each year. This provides a full revaluation every three years, which is within statutory requirements. In addition those categorised as significant assets, investment assets and assets held for sale are valued annually.

Investment properties are valued using the IFRS13 Fair Value market approach which uses prices and other relevant information (inputs) generated by market transactions involving identical or comparable (similar) properties and applies the valuer's professional judgement in accordance with the RICS Valuation - Global Standards 2020 and the UK National Supplement 2018 published by the Royal Institute of Chartered Surveyors (RICS).

IFRS13 on Fair Value includes a fair value hierarchy that categorises the inputs used in valuation techniques into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 - Unobservable inputs for the asset or liability.

The valuations of the Commissioners investment properties are categorised under Level 2 inputs in the fair value hierarchy.

The valuations completed for the 2023/24 financial year and those completed each year as part of the last three year rolling programme are set out in the following table

<b>Valuations</b>						<b>Total Non-Current Assets £000</b>
	Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets under construction £000	Investment Property £000	Intangible Assets £000	
Carried at Historical Cost	2,251	14,855	-	-	2,747	19,853
Valued in 2023/24	75,228	-	-	1,775	-	77,003
Valued in 2022/23	4,840	-	-	-	-	4,840
Valued in 2021/22	4,841	-	-	-	-	4,841
<b>Total Gross Book Value at 31 March 2024</b>	<b>87,160</b>	<b>14,855</b>	<b>-</b>	<b>1,775</b>	<b>2,747</b>	<b>106,537</b>

### Assets Held for Sale

Assets held for sale are shown as current assets on the Balance Sheet.

Assets held for sale are valued using the IFRS13 Fair Value market approach, which uses prices and other relevant information (inputs) generated by market transactions involving identical or comparable (similar) properties and applies the valuer's professional judgement in accordance with the RICS Valuation – Global Standards 2020 published by the Royal Institute of Chartered Surveyors.

As at 31 March 2024 there were no assets held for sale.

## 17. Debtors

These amounts represent sums due from a number of sources, such as other local authorities and government departments. These may also include payments in advance, such as invoices spanning financial periods. A material debtor included in the balance is the Police Pension Fund top-up payment due from Central Government which is £8.314 million in 2023/24 (£17.726 million in 2022/23).

The bad debt provision includes £5.382 million (£4.768 million in 2022/23) in relation to the Commissioner's share of the local collection authorities' Council Tax provisions for bad debts.

At the end of the financial year the Commissioner had no long-term debtors meaning all amounts are due within the next 12 months

<b>Short-Term Debtors</b>		
31 March 2023		31 March 2024
£000		£000
30,309	Central government bodies	23,231
220	NHS bodies	325
20,452	Other local authorities	19,842
-	Public corporations and trading funds	6
2,739	Bodies external to general government	4,163
(4,778)	- Less bad debt provision	(5,393)
<b>48,942</b>		<b>42,174</b>

## 18. Cash and Cash Equivalents

The balance of cash and cash equivalents held on the balance sheet is made up of the following elements, as the Commissioners main bank account includes trust funds this is recognised on the face of the balance sheet within liabilities – Bank Overdraft and therefore not included in the below table:

<b>Cash and Cash Equivalents</b>		
31 March 2023		31 March 2024
£000		£000
95	Cash held by the Commissioner	25
12	Service Specific Current Accounts	-
11,025	Short Term Deposits	16,169
<b>11,132</b>		<b>16,194</b>

## 19. Creditors

These amounts represent sums owed to a number of sources, such as other local authorities and government departments, which are due to be paid within 12 months. These amounts are in addition to the short-term borrowing which is disclosed separately in the balance sheet.

<b>Short-Term Creditors</b>	
31 March 2023	31 March 2024
£000	£000
(151) Central government bodies	(310)
(159) NHS bodies	(31)
(6,504) Other local authorities	(7,500)
(5,561) Bodies external to general government	(7,807)
<b>(12,375)</b>	<b>(15,648)</b>
(14,456) Chief Constable	(14,688)
<b>(26,831)</b>	<b>(30,336)</b>

Under IAS19 Employee Benefits, the Commissioner has a long-term liability in relation to future pension commitments. More details are provided in **Note 22**.

## 20. Provisions and Contingent Liabilities

### Provisions

<b>Provisions</b>				
31 March 2023 £000	Additional Provisions Made £000	Provisions Used £000	Reversals £000	31 March 2024 £000
<b>Long-term provisions</b>				
(1,697) Insurance	(734)	508	-	(1,923)
<b>(1,697) Total</b>	<b>(734)</b>	<b>508</b>	<b>-</b>	<b>(1,923)</b>

The **Insurance Provision** is made for known outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision will be determined by the settlement of claims and is therefore unknown at present. The increase in the provision reflects the estimate of outstanding claims at 31 March 2024.

### Contingent Liabilities

At 31 March 2024, the Police and Crime Commissioner has identified the following contingent liability:

- **Municipal Mutual Insurance** – (MMI) was a mutual insurance provider that supplied some 90 to 95 per cent of local government insurance policies. MMI had long catered for the insurance needs of local authorities. However, it became technically insolvent in 1992 when it did not have the resources to cover its anticipated liabilities.

To protect the insurance liabilities of the local authorities that MMI had originally contracted with, a scheme of arrangement was agreed with its creditors. This would allow for a managed and solvent run-off and enable MMI to continue to settle insurance claims.

The Scheme of Administration was approved and was legally binding on the creditors, most of whom were local authorities. The former Police Authority was also a creditor. The liabilities of the former

Authority, including the contractual provisions in respect of the MMI Scheme of Arrangement, passed to the Commissioner.

MMI had underwritten and paid £2.528 million of the former Police Authority's insurance claims.

To date the Commissioner has paid a total levy of £0.620 million equivalent to 25% of the claims settled by MMI; £0.372 million in May 2015 and a further £0.248 million in June 2016.

The levy calculated in respect of the last payment (June 2016) represented the scheme administrator's best estimate of the sums required to cover MMI's liabilities. We therefore do not expect any further levy or need to make provision within our accounts at this time. Whilst a future levy is possible it is not probable and is therefore noted as a Contingent Liability in the 2023/24 Statements of Account.

## 21. Financial Instruments

### Financial Instrument Balances

The Commissioner has various types of financial instruments, which are held on the balance sheet at amortised cost according to their nature. The following table shows all financial instruments held by the Commissioner and which section of the balance sheet they are held in.

Financial Instruments Balances				
	Long Term		Current	
	As at 31 March 2023 £000	As at 31 March 2024 £000	As at 31 March 2023 £000	As at 31 March 2024 £000
Financial Assets (at amortised cost);				
Fixed Term Investments	-	-	-	-
Instant Access Investments	-	-	11,025	16,169
Service Specific Current Accounts	-	-	12	-
Cash	-	-	95	25
Trade Debtors	-	-	20,043	23,495
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>31,175</b>	<b>39,689</b>
Financial Liabilities (at amortised cost);				
Borrowing	(76,969)	(71,969)	(5,585)	(5,532)
Bank Overdraft	-	-	(1,719)	(1,659)
Trade Creditors	-	-	(6,048)	(9,537)
<b>Total Financial Liabilities</b>	<b>(76,969)</b>	<b>(71,969)</b>	<b>(13,352)</b>	<b>(16,728)</b>

### Analysis of Financial Instruments at Amortised Cost

Financial Instruments can be part of a wider asset or liability class on the face of the balance sheet, the following tables show where on the balance sheet the Commissioners financial instruments sit;

<b>Analysis of Financial Assets</b>			
	Total Outstanding at 31 March 2023 £000	Total Outstanding at 31 March 2024 £000	
<b>Short Term Investments</b>			
Fixed Term	-	-	
<b>Cash and Cash Equivalents</b>			
Instant Access Investments	11,025	16,169	
Service Specific Current Accounts	12	-	
Cash	95	25	
<b>Short Term Debtors</b>			
Trade Debtors	20,043	23,495	
<b>Total Financial Assets</b>	<b>31,175</b>	<b>39,689</b>	

There are no long-term financial assets held by the Commissioner or Group therefore only Current Asset classes are represented in the above table. The Trade Debtors figure shown here is the Short Term debtors balance adjusted to remove any elements relating to other public sector bodies in relation to council tax, VAT and Pension Grant. The Group also contains the trade debtors held on the Chief Constable balance sheet of which for 2023/24 is £0.182 million (£0.129 million in 2022/23).

Financial liabilities have been analysed further to show the duration and sources of borrowing to demonstrate how much of the Commissioners debt profile is classed as short-term and therefore due for repayment within 12 months and how much is longer term.

<b>Analysis of Financial Liabilities</b>				
	Range of Interest rates payable %	Total Outstanding at 31 March 2023 £000	Total Outstanding at 31 March 2024 £000	
<b>Source of Borrowing</b>				
Public Works Loan Board	1.17 - 7.125	(77,539)	(72,487)	
Other Loan Instruments	3.52	(5,015)	(5,014)	
<b>Long Term Borrowing</b>				
Maturing in more than 10 years		(51,469)	(51,469)	
Maturing within 5 - 10 years		(15,500)	(5,000)	
Maturing within 2 - 5 years		(5,000)	(15,500)	
Maturing within 1 - 2 years		(5,000)	-	
		(76,969)	(71,969)	
<b>Short Term Financial Liabilities</b>				
Short Term Borrowing		(5,585)	(5,532)	
Bank Overdraft		(1,719)	(1,659)	
Short Term Creditors - Trade Creditors		(6,048)	(9,537)	
<b>Total Financial Liabilities</b>		<b>(90,321)</b>	<b>(88,697)</b>	

The trade creditor, similar to that of the trade debtors is the short-term creditors balance adjusted for balances in relation to other local authorities for council tax as well as the intra group adjustment. The Group balance sheet also contains the short-term creditors as disclosed in the Chief Constable accounts of £7.002 million for 2023/24 (£8.693 million for 2022/23).

### Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments at amortised cost are as follows;

<b>Financial Instruments Gains and Losses</b>		
	2022/23	2023/24
	£000	£000
Interest and Investment Income	(879)	(1,933)
Interest Payable and Similar Charges	2,731	2,628
<b>Total</b>	<b>1,853</b>	<b>695</b>

### Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which can be viewed as a proxy for transfer value);
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised; and
- 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 carrying amount or the billed amount.

The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the Balance Sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

<b>Fair Value of Assets and Liabilities</b>				
	As at March 2023		As at March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Service Specific Current Accounts	12	12	-	-
Cash	95	95	25	25
<b>Total Financial Asset</b>	<b>107</b>	<b>107</b>	<b>25</b>	<b>25</b>
PWLB Debt	77,827	67,680	72,487	58,826
Non PWLB Debt	5,015	4,308	5,015	4,131
Main Current Account (Overdraft)	1,719	1,719	1,659	1,659
<b>Total Financial Liability</b>	<b>84,561</b>	<b>73,707</b>	<b>79,161</b>	<b>64,616</b>

The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates. The fair values at 31 March 2024 are lower than last year due to the repayment of a £5.000 million PWLB loan and the higher interest rate environment this year which impacts the prevailing market rates used in calculating fair value.

### **Nature and Extent of Risk Arising from Financial Instruments**

#### **Key Risks**

The Commissioner's borrowing and investment activities expose her to a variety of financial risks, the key risks being:

- a) Credit risk: the possibility that other parties might fail to pay amounts due to the Commissioner;
- b) Liquidity risk: the possibility that the Commissioner might not have the funds available to meet her commitments to make payments;
- c) Re-financing risk: the possibility that the Commissioner might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- d) Market risk: the possibility that the Commissioner may suffer financial loss as a result of changes in such measures as interest rates.

#### **Procedures for Managing Risk arising from Financial Instruments**

The Commissioner's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Commissioner 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 Commissioner to manage risk in the following ways:

- a) Formally adopting the requirements of the CIPFA Treasury Management Code of practice;
- b) The adoption of a Treasury Policy Statement;

- c) Approving an investment strategy for the forthcoming year setting out her criteria for both investing and selecting investments counterparties in compliance with government guidance; and
- d) Approving annually in advance prudential indicators for the following year, setting limits and boundaries for the Commissioner's:
  - o Overall borrowing;
  - o Maximum and minimum exposures within the maturity structure of debt; and
  - o Maximum annual exposures to investments maturing beyond a year.

The prudential indicators are reported and approved as part of the Budget and Precept setting process each financial year. These items are then included within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Commissioner's financial instruments exposure. Actual performance is monitored throughout the year and reported twice-yearly to the Commissioner in the treasury management mid-year and annual reports.

Treasury Management services are provided by Northumbria Police Finance Department. They discharge these duties in accordance with the Commissioners Treasury Policy Statement & Treasury Strategy that includes principles for overall risk management, interest rate risk, credit risk, credit rating standards and the control of investment of surplus cash through Treasury Management Practices (TMPs). The Commissioner also receives advice, information and credit ratings from external Treasury Management advisors Link Asset Services (LAS). The Joint Independent Audit Committee reviews the Annual Treasury Management Performance mid-year report, annual report and the four-year Treasury Policy Statement & Treasury Strategy and recommends them for approval by the Commissioner.

### **Credit Risk**

Credit risk arises from deposits with banks, building societies, other local authorities and the Debt Management Office, as well as credit exposures to the Commissioner's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not placed with financial institutions that fail to meet the agreed minimum credit criteria. The Commissioner uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Annual Investment Strategy also stipulates the maximum amount and time limits in respect of each financial institution.

As at 31 March 2024, none of the Commissioner's bank deposits were held with a financial institution domiciled outside of the UK. However the Commissioner held a number of Money Market Funds which were domiciled outside of the UK (Instant Access Investments). These funds are AAA rated and used throughout the year to manage liquidity whilst achieving investment returns in-line with the Commissioner's Treasury Management Strategy.

The only financial instrument subject to impairment are trade debtors, trade debtors is adjusted for impairment but only on the amounts outstanding with customers that are not in the public sector, the Commissioner and Group predominantly deal with other local authorities and central government which are underwritten and cannot default therefore analysis is done to ensure expected credit loss impairment is calculated after omitting these values, of the £23.677 million only £0.360 million was considered to carry credit risk and therefore has been provided for to the value of £0.008 million on the Commissioners balance sheet (£0.010 million for financial year 2022/23).

Deposits with financial institutions are not subject to impairment as the Commissioner only deals with institutes that have credit ratings A or above, the Commissioner receives credit rating advice from Link Asset Services, and focuses on the long-term investment grade rating issued to each financial institution by Fitch. The highest possible rating is AAA and the lowest rating is BBB, the below table shows how the Commissioners deposits are split across the different ratings;

<b>Analysis of Credit Risk</b>			
<b>Rating</b>	<b>2022/23</b>		<b>2023/24</b>
	<b>£000</b>		<b>£000</b>
AAA	9,901		16,105
AA	-		-
AA-	1,085		-
A+	323		200
A	-		-
<b>Total</b>	<b>11,309</b>		<b>16,305</b>

### Liquidity Risk

The Commissioner's liquidity position is managed through the risk management procedures above (the setting and approval of prudential and treasury indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the CIPFA Code of practice. This seeks to ensure that cash is available when needed.

The Commissioner has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loans Board (PWLB) and money markets for access to longer term funds. The Commissioner is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Commissioner will be unable to raise finance to meet her commitments under financial instruments.

At 31 March 2024, all of the Commissioner's £16,305 million deposits were due to mature within 364 days.

### Refinancing and Maturity Risk

The Commissioner maintained a debt portfolio of £71.969 million and investment portfolio of £16.305 million at 31 March 2024. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Commissioner relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Commissioner's approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt;

Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Commissioner's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity profile of the Commissioner's financial liabilities is shown below:

<b>Maturity Profile of Financial Liabilities</b>					
<b>Maturity Period</b>	As at 31 March 2023		As at 31 March 2024		
	Approved Limits %	%	Approved Limits %	%	
< 1 Year	60.00	6.10	60.00	6.50	
1 - 2 Years	40.00	6.10	40.00	0.00	
2 - 5 Years	40.00	6.10	40.00	20.10	
5 - 10 Years	40.00	18.91	40.00	6.50	
>10 Years	80.00	62.79	80.00	66.90	

### Market Risk

**Interest rate risk** – The Commissioner is exposed to interest rate movements on her borrowings and investments. Movements in interest rates have a complex impact on the Commissioner, depending on how variable and fixed interest rates move across differing financial instrument periods.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowing will not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowing and investments will affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Commissioner is required to carry out a risk assessment on the impact of a change in interest rates on the surplus or deficit for the year. The assessment has been carried out assuming a 1% increase in interest rates (with all other variables such as principal, maturity period etc. being held constant). The increase in interest rates will only affect the rate applied to variable rate borrowing and investments. However, as the Commissioner had no variable rate borrowing as at 31 March 2024, there was only exposure to interest rate sensitivity on variable rate investments. The results of this assessment are shown in the following table:

<b>Analysis of 1% increase in Interest Rates</b>	
	£000
Increase in interest payable on variable rate borrowing	-
Increase in interest receivable on variable rate investments	(217)
<b>Impact on the (Surplus) / Deficit</b>	<b>(217)</b>
Decrease in the fair value of fixed rate investments	-
Decrease in the fair value of fixed rate borrowing	6,547

The Commissioner has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Commissioner's prudential indicators and her 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. The treasury team will monitor 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, similarly the drawing of longer term fixed rate borrowing would be postponed.

**Price Risk** – The Commissioner does not invest in equity shares, so has no exposure to loss arising from movements in equity shares.

**Foreign Exchange Risk** – The Commissioner has no financial assets or liabilities denominated in foreign currencies so has no exposure to loss arising from movements in exchange rates.

## 22. Employee Benefits

### Post-employment benefits (pensions)

Post-employment benefits are pensions offered as part of the terms and conditions of police officers and police staff. They are accounted for in accordance with IAS19 in which pension liabilities are recognised at the point at which employees earn their future entitlement. The pension liability is recognised in the Commissioner's Balance Sheet and the in-year movement in the liability recognised in her Comprehensive Income and Expenditure Statement.

### Defined Benefit Plan: Tyne and Wear Pension Fund

The Tyne and Wear Pension Fund (the "Fund") is a Local Government Pension Scheme (LGPS) administered by South Tyneside Council. This is a funded scheme, meaning that the Commissioner and employees pay contributions into the Fund calculated at a level estimated to balance the pension liabilities with investment assets.

In 2023/24, the Commissioner paid £0.285 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £0.283 million in 2022/23 (16.8% of pensionable pay).

The scheme is classified as a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 01 April 2014 are based on a Career Average Revalued Earnings scheme (CARE). Scheme benefits are accrued in accordance with the requirements of International Accounting Standard 19 Employee Benefits (IAS 19). IAS 19 accounts for retirement benefits when they are committed to be given, even if the actual payment is many years into the future. IAS 19 also includes the Commissioners share of the fund's assets and liabilities.

The last actuarial valuation was at 31 March 2022 which determined the contributions to be paid from 01 April 2023 to 31 March 2026. The results from that valuation are set out in the Fund's Rates and Adjustment Certificate. The employer's standard contribution rate for 01 April 2023 to 31 March 2026 reduced from 16.8% to 16.0% as a result of the 2022 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2025 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2026. The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

### Assets

The assets allocated to the Commissioner in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole can be seen in the Analysis of Scheme Assets table in the disclosures below. Further information on the Tyne and Wear Pension Fund can be found in their Annual Report. All annual reports are available from South Tyneside Council's website.

### Transactions relating to retirement benefits

The Commissioner recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefit is paid as pensions. However, the charge which is made against the Police Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement as an appropriation.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

**Charges to Comprehensive Income and Expenditure Statement**

	Funded Liabilities as at	
	31 March 2023 £m	31 March 2024 £m
<b>Within Cost of Service</b>		
Current Service Cost	0.717	0.312
Past service cost (incl. curtailments)	-	-
<b>Financing, Investment Income &amp; Expenditure</b>		
Interest on net defined benefit Liability / (Asset)	0.044	(0.013)
<b>Pension expense recognised in CIES</b>	<b>0.761</b>	<b>0.299</b>
<b>Remeasurements in OCI</b>		
Return on plan assets (in excess of) / below that recognised in net interest	0.159	(0.084)
Actuarial (Gains) / Losses due to change in financial assumptions	(2.871)	(0.105)
Actuarial (Gains) / Losses due to change in demographic assumptions	-	(0.060)
Actuarial (Gains) / Losses due to liability experience	0.322	0.062
Adjustment loss (gain) due to restriction of surplus	-	0.312
<b>Total Amount recognised in OCI</b>	<b>(2.390)</b>	<b>0.125</b>
<b>Total Amount charged to CIES</b>	<b>(1.629)</b>	<b>0.424</b>

**Assets and Liabilities in Relation to Post-Employment Benefits****Changes to the present value of the defined benefit obligation**

	Funded Liabilities as at	
	31 March 2023 £m	31 March 2024 £m
<b>Opening defined benefit obligation</b>	<b>5.504</b>	<b>3.926</b>
Current service cost	0.717	0.312
Interest expense on defined benefit obligation	0.150	0.183
Contributions by participants	0.123	0.123
Actuarial (Gains) / Losses on liabilities - financial assumptions	(2.871)	(0.105)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	-	(0.060)
Actuarial (Gains) / Losses on liabilities - experience	0.322	0.062
Net benefits paid out	(0.019)	(0.020)
Past service cost (incl. curtailments)	-	-
<b>Closing defined benefit obligation</b>	<b>3.926</b>	<b>4.421</b>

**Changes to the fair value of assets during the period**

	Funded Liabilities as at	
	31 March 2024 £m	31 March 2024 £m
<b>Opening fair value of assets</b>	<b>3.731</b>	<b>4.065</b>
Interest income on assets	0.106	0.196
Remeasurement Gains / (Losses) on assets	(0.159)	0.084
Contributions by the employer	0.283	0.285
Contributions by participants	0.123	0.123
Net benefits paid out	(0.019)	(0.020)
<b>Closing fair value of assets</b>	<b>4.065</b>	<b>4.733</b>

**Reconciliation of the present value of the defined benefit obligation and the fair value of fund assets to the assets and liabilities recognised in the balance sheet**

	31 March 2023 £m	31 March 2024 £m
Fair Value of Assets (funded)	3.731	4.733
Present value of defined benefit obligation (funded)	(5.504)	(4.421)
Unrecognised asset	-	(0.312)
<b>Asset / (Liability) recognised on the balance sheet</b>	<b>(1.773)</b>	<b>(0.000)</b>

The above table has been updated to be compliant with the requirements of IAS 19 for the disclosure of any unrecognised assets when detailing the position held on the balance sheet in relation to the pension fund.

The Commissioner and Group account for pensions under International Accounting Standard 19, this standard stipulates that when an entity has a surplus in a defined benefit plan that it should measure the net defined benefit asset as the lower of the surplus in the defined benefit plan and the asset ceiling.

The definition given of an asset ceiling is the future economic benefits available to the entity in the form of reduced future contributions or a cash refund.

Prior to the financial year 2022/23 the fund has never been in a surplus position and actuaries have applied FRS 102 for recognition of the defined benefit obligation on an entities balance sheet, within FRS 102 the following is noted for dealing with a surplus;

*If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.*

The impact of this approach for the 2022/23 accounts was that a defined benefit asset was recognised on the balance sheet in full as there was no guidance on 'reduced future contributions' or 'refunds' for which an asset ceiling could be calculated. The assumption had been that the employer could cease contributions into the scheme at the accounting date and gain economic benefit equal to the value of prospective service costs.

This assumption has been reconsidered and AON, in line with increasing industry wide practice, have moved to applying the principles of IFRIC 14 which requires an allowance be made for a minimum funding requirement. This limits the amount of economic benefit from reduced contributions to the excess of the value of the prospective current service costs above the funding requirement.

The impact of this change for the Commissioner is that the Asset that was recognised on the balance sheet last year has been restricted and is now shown as nil after applying the asset ceiling.

### Scheme Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rate of return experienced on the respective markets. The actual return on scheme assets in the year was a gain of £0.280 million (£0.053 million loss in 2022/23)

<b>Analysis of Scheme Assets</b>				
<b>Asset</b>	Asset split at 31 March 2023 (%)	Quoted At 31 March 2024 (%)	Unquoted At 31 March 2024 (%)	Asset split at 31 March 2024 (%)
Equities	51.2	39.5	11.1	50.6
Property	10.5	0.0	10.4	10.4
Government bonds	1.3	1.3	0.0	1.3
Corporate bonds	19.5	19.5	0.0	19.5
Cash	1.8	0.7	0.0	0.7
Other*	15.7	4.6	12.9	17.5
	<b>100.0</b>	<b>65.6</b>	<b>34.4</b>	<b>100.0</b>

\* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows

<b>Members</b>	<b>%</b>
Actives	94
Deferred Pensioners	0
Pensioners	6

### Actuarial Assumptions

Liabilities have been assessed on an actuarial basis to provide an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and discount rates. AON Solutions UK Limited, an independent firm of actuaries, has valued the Tyne and Wear Pension Fund's assets and liabilities in accordance with IAS 19 by using the latest actuarial valuation of the Fund as at 31 March 2022.

A building block approach is employed in determining the rate of return on fund assets. Historic markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in the (analysis of scheme assets) table on the previous page. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2024.

The principal financial and actuarial assumptions are set out in the following table:

<b>Principal financial and actuarial assumptions</b>		
	<b>Funded Liabilities</b>	
	<b>2022/23</b>	<b>2023/24</b>
<b>Financial assumptions (% per annum)</b>		
Discount Rate	4.6	4.7
Rate of Inflation (CPI)	2.6	2.6
Rate of increase in salaries	4.1	4.1
Rate of increase to pensions in payment	2.6	2.6
Pension accounts revaluation rate	2.6	2.6
<b>Mortality assumptions</b>		
Future lifetime from age 65 (Member aged 65 at accounting date)		
Men	21.6	21.0
Women	24.6	24.2
Future lifetime from age 65 (Member aged 45 at accounting date)		
Men	22.9	22.3
Women	26.1	25.6

<b>Commutations</b>	
Year end 31 March 2023	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.
Year end 31 March 2024	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

The mortality assumptions are based on the actual mortality experience of members in the fund as identified in the actuary's disclosure report.

**Sensitivity to main assumptions (Funded Liabilities)**

Discount rate assumption			
	Adjustment to Rate		
	+0.1% p.a.	Base Figure	-0.1% p.a.
Adjustment to discount rate			
Present value of total obligation (£M)	4.315	4.421	4.527
Change in present value of total obligation	-2.4%		2.4%
Projected service cost (£M)	0.290	0.305	0.320
Approximate change in projected service cost	-4.8%		5.0%
Rate of general increase in salaries			
	Adjustment to Rate		
	+0.1% p.a.	Base Figure	-0.1% p.a.
Adjustment to salary increase rate			
Present value of total obligation (£M)	4.439	4.421	4.403
Change in present value of total obligation	0.4%		-0.4%
Projected service cost (£M)	0.305	0.305	0.305
Approximate change in projected service cost	0.0%		0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption			
	Adjustment to Rate		
	+0.1% p.a.	Base Figure	-0.1% p.a.
Adjustment to pension increase rate			
Present value of total obligation (£M)	4.509	4.421	4.333
Change in present value of total obligation	2.0%		-2.0%
Projected service cost (£M)	0.305	0.305	0.290
Approximate change in projected service cost	5.0%		-4.8%
Post retirement mortality assumption			
	Adjustment to Rate		
	- 1 year	Base Figure	+ 1 year
Adjustment to mortality age rating assumption*			
Present value of total obligation (£M)	4.536	4.421	4.306
Change in present value of total obligation	2.6%		-2.6%
Projected service cost (£M)	0.316	0.305	0.294
Approximate change in projected service cost	3.7%		-3.7%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

**Expected Future Contributions**

The expected contributions to be made to the Tyne and Wear Pension Fund by the Commissioner for the accounting period to 31 March 2025 are estimated to be £0.297 million.

The duration of the employer's liabilities is the average period between the calculation date and the date at which benefit payments fall due. The duration of the scheme liabilities is estimated at 23.9 years for the funded benefits.

**23. Trust Funds**

These funds represent cash held by the Commissioner which do not represent the assets of the Commissioner. These balances are therefore excluded from cash and cash equivalents as recorded in the Balance Sheet.

Trust Funds		
2022/23		2023/24
£000		£000
(32)	Northumbria Police Charities Fund	(34)
(1,936)	Proceeds of Crime Act 2002	(1,815)
<b>(1,968)</b>		<b>(1,849)</b>

## 24. Ministry of Justice Grant

In 2023/24 the Commissioner received a grant of £3.298 million from the Ministry of Justice (MOJ) (£3.178 million for 2022/23) to be used for local commissioning of Victims' Support Services.

The grant was fully utilised during the year to provide funding to organisations providing vital services to victims of crime in the Northumbria area.

The following tables set out all payments made from the MOJ grant during the 2023/24 financial year followed by the equivalent tables for 2022/23;

Organisation / Project	Grant	Organisation / Project	Grant
	2023/24		2023/24
	£000		£000
Acorns	43	Northumberland Pride	28
Action for Children	80	North East Law Centre	71
Advocacy After Fatal Domestic Abuse Ltd	6	Northumbria PCC Commissioning Staff	21
Apna Ghar	15	Northumbria Victim and Witness Service	955
Bright Futures	11	Oasis Aquilla Housing	97
Changing Lives	93	Paladin National Stalking Advocacy Service (NSAS)	8
Children North East	256	Rape Crisis Tyneside and Northumberland	347
Community Counselling Cooperative	98	Someone Cares	39
Connected Voice (Advocacy Centre North)	37	Streetwise	73
Cygnus Support	35	Sunderland Counselling	49
Harbour	157	SURT	22
Impact Family Service	81	The Angelou Centre	160
Limeculture Community Interests Company	22	Tyneside and Northumberland Mind	83
Lucy Faithful Foundation	5	Tyneside Women's Health	25
NUFC	8	Wearside Women in Need	280
North East Business Resilience Centre	3	Women's Health in South Tyneside (WHiST)	86
Northumberland Domestic Abuse Services (NDAS)	31	NHSE - Funding contribution	(71)
Newcastle Women's Aid	44		
<b>Total Grant Allocated</b>			<b>3,298</b>

<b>Organisation / Project</b>	<b>Grant 2022/23 £000</b>	<b>Organisation / Project</b>	<b>Grant 2022/23 £000</b>
Acorns	59	North East Law Centre	68
Action for Children	46	Northumbria PCC Commissioning Staff	43
Age UK Gateshead	6	Northumbria Victim and Witness Service	867
Apna Ghar	15	Oasis Aquilla Housing	45
Barnado's	11	Rape Crisis Tyneside and Northumberland	303
Bright Futures	2	Someone Cares	96
Changing Lives	116	Streetwise	28
Children North East	94	Sunderland Counselling	91
Community Counselling Cooperative	98	SURT	18
Connected Voice (Advocacy Centre North)	57	The Angelou Centre	178
Cygnus Support	88	The Children's Society North East	49
Harbour	102	Tyneside and Northumberland Mind	97
Impact Family Service	73	Tyneside Women's Health	3
NEPACS	3	Wearside Women in Need	252
Northumberland Domestic Abuse Services (NDAS)	75	West End Women and Girls	52
Newcastle Women's Aid	34	Women's Health in South Tyneside (WHiST)	79
Northumberland Pride	28		
<b>Total Grant Allocated</b>			<b>3,178</b>

## 25. Events after the reporting period

### New Police and Crime Commissioner Susan Dungworth

On Thursday 2 May 2024 Susan Dungworth was elected as Police and Crime Commissioner for Northumbria in the 2024 local election. Susan replaces Kim McGuinness who has held the post for five years, after being elected in the Northumbria Force by-election in July 2019.

The local authorities which take part in the Northumbria election area are: Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland.

As the Commissioner throughout the financial year 2023/24, any references to information verified or provided by the Commissioner, or activities undertaken, will refer to Kim McGuinness.

## 26. Authorisation of accounts for issue

The Commissioner's Statements of Account for the financial year ended 31 March 2024 were approved by the Commissioner and authorised for issue on 27 February 2025.

# **Police and Crime Commissioner Group Financial Statements**

Comprising:

- Movement in Reserves Statements
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Single Entity Financial Statements

**Movement in Reserves Statement 2023/24**

	Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000	PCC share of the usable reserves of the Chief Constable £000	PCC share of the unusable reserves of the Chief Constable £000	Total Group Reserves £000
<b>Balance as at 31 March 2023</b>		<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>	<b>-</b>	<b>(3,254,450)</b>	<b>(3,201,543)</b>
<b>Movement in reserves during 2023/24</b>												
<b>Total Comprehensive Income and Expenditure</b>		<b>403,410</b>	<b>-</b>	<b>403,410</b>	<b>-</b>	<b>-</b>	<b>403,410</b>	<b>(1,107)</b>	<b>402,303</b>	<b>(531,094)</b>	<b>111,150</b>	<b>(17,641)</b>
Adjustments between Group Accounts and PCC Single Entity Accounts		(404,762)	-	(404,762)	-	-	(404,762)	-	(404,762)	404,762	-	-
<b>Net Increase / (Decrease) before Transfers</b>		<b>(1,352)</b>	<b>-</b>	<b>(1,352)</b>	<b>-</b>	<b>-</b>	<b>(1,352)</b>	<b>(1,107)</b>	<b>(2,459)</b>	<b>(126,332)</b>	<b>111,150</b>	<b>(17,641)</b>
Adjustments between Accounting Basis & Funding Basis under regulations	6(a)	5,154	-	5,154	(5,355)	(123)	(324)	324	-	126,332	(126,332)	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>		<b>3,802</b>	<b>-</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>	<b>-</b>	<b>(15,182)</b>	<b>(17,641)</b>
Transfers (To) / From Earmarked Reserves	6(b)	(3,575)	3,575	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>		<b>227</b>	<b>3,575</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>	<b>-</b>	<b>(15,182)</b>	<b>(17,641)</b>
<b>Balance at 31 March 2024</b>		<b>11,031</b>	<b>34,209</b>	<b>45,240</b>	<b>11,925</b>	<b>361</b>	<b>57,526</b>	<b>(7,078)</b>	<b>50,448</b>	<b>-</b>	<b>(3,269,632)</b>	<b>(3,219,184)</b>

**Movement in Reserves Statement 2022/23**

Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000	PCC share of the usable reserves of the Chief Constable £000	PCC share of the unusable reserves of the Chief Constable £000	Total Group Reserves £000
<b>Balance as at 31 March 2022</b>	<b>10,398</b>	<b>27,094</b>	<b>37,492</b>	<b>22,173</b>	<b>1,004</b>	<b>60,669</b>	<b>(13,850)</b>	<b>46,819</b>	<b>-</b>	<b>(4,587,974)</b>	<b>(4,541,155)</b>
<b>Movement in reserves during 2022/23</b>											
<b>Total Comprehensive Income and Expenditure</b>	<b>376,555</b>	<b>-</b>	<b>376,555</b>	<b>-</b>	<b>-</b>	<b>376,555</b>	<b>3,617</b>	<b>380,172</b>	<b>(543,250)</b>	<b>1,502,690</b>	<b>1,339,612</b>
Adjustments between Group Accounts and PCC Single Entity Accounts	(374,084)	-	(374,084)	-	-	(374,084)	-	(374,084)	374,084	-	-
<b>Net Increase / (Decrease) before Transfers</b>	<b>2,471</b>	<b>-</b>	<b>2,471</b>	<b>-</b>	<b>-</b>	<b>2,471</b>	<b>3,617</b>	<b>6,088</b>	<b>(169,166)</b>	<b>1,502,690</b>	<b>1,339,612</b>
Adjustments between Accounting Basis & Funding Basis under regulations	6(a) 1,475	-	1,475	(4,893)	(520)	(3,938)	3,938	-	169,166	(169,166)	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>	<b>3,946</b>	<b>-</b>	<b>3,946</b>	<b>(4,893)</b>	<b>(520)</b>	<b>(1,467)</b>	<b>7,555</b>	<b>6,088</b>	<b>-</b>	<b>1,333,524</b>	<b>1,339,612</b>
Transfers (To) / From Earmarked Reserves	6(b) (3,540)	3,540	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>406</b>	<b>3,540</b>	<b>3,946</b>	<b>(4,893)</b>	<b>(520)</b>	<b>(1,467)</b>	<b>7,555</b>	<b>6,088</b>	<b>-</b>	<b>1,333,524</b>	<b>1,339,612</b>
<b>Balance at 31 March 2023</b>	<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>	<b>-</b>	<b>(3,254,450)</b>	<b>(3,201,543)</b>

## Comprehensive Income and Expenditure Statement

2022/23			2023/24			Notes
Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	
			<b>Service Expenditure Analysis</b>			
417,356	(38,518)	378,838	376,980	(57,371)	319,609	
5,194	(5,265)	(71)	5,924	(5,982)	(58)	
1,966	-	1,966	1,649	(14)	1,635	
1,105	(137)	968	1,177	(222)	955	
-	(123)	(123)	-	(121)	(121)	
2,315	(2,315)	-	3,370	(3,370)	-	
<b>427,936</b>	<b>(46,358)</b>	<b>381,578</b>	<b>389,100</b>	<b>(67,080)</b>	<b>322,020</b>	
		280			1,930	} 7
		123,221			148,872	
		(338,384)			(345,138)	
		<b>166,695</b>			<b>127,684</b>	
		(1,227)			982	
		(1,505,080)			(111,025)	
		<b>(1,506,307)</b>			<b>(110,043)</b>	
		<b>(1,339,612)</b>			<b>17,641</b>	

## Balance Sheet

31 March 2023 £000		31 March 2024 £000	Notes
98,872	Property, Plant & Equipment	98,088	
1,775	Investment Property	1,775	
3,992	Intangible Assets	2,747	
14,739	Other Long-Term Assets (Pensions)	31,220	
<b>119,378</b>	<b>Long-Term Assets</b>	<b>133,830</b>	
855	Inventories	889	
49,116	Short-Term Debtors	42,401	10
11,132	Cash and Cash Equivalents	16,194	
<b>61,103</b>	<b>Current Assets</b>	<b>59,484</b>	
(1,718)	Bank Overdraft	(1,659)	
(5,585)	Short-Term Borrowing	(5,532)	
(372)	Short-Term Provision	(326)	12
(42,693)	Short-Term Creditors	(48,279)	11
<b>(50,368)</b>	<b>Current Liabilities</b>	<b>(55,796)</b>	
(1,697)	Long-Term Provisions	(1,923)	12
(76,969)	Long-Term Borrowing	(71,969)	
(3,252,990)	Other Long-Term Liabilities (Pensions)	(3,282,810)	13
<b>(3,331,656)</b>	<b>Long-Term Liabilities</b>	<b>(3,356,702)</b>	
<b>(3,201,543)</b>	<b>Net Assets</b>	<b>(3,219,184)</b>	
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>57,526</b>	} 6(b)
<b>(3,260,745)</b>	<b>Total Unusable Reserves</b>	<b>(3,276,710)</b>	
<b>(3,201,543)</b>	<b>Total Reserves</b>	<b>(3,219,184)</b>	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Group at 31 March 2024.

These audited financial statements replace the unaudited statements which were signed by Kevin Laing, CFO on 31 May 2024.



Kevin Laing MSc (fin) CPFA

Treasurer

Date:

27/2/24

<b>Cash Flow Statement</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>166,695</b>	<b>(Surplus) / Deficit on the provision of services</b>	<b>127,684</b>
	<b>Adjustments to (Surplus) / Deficit on the provision of service for non-cash movements:</b>	
(9,357)	Depreciation of Non-Current Assets	(9,898)
(1,272)	Revaluation / Impairment of Non-Current Assets	(3,030)
(1,585)	Amortisation of Intangible Fixed Assets	(1,443)
(167,058)	Pension Fund Adjustments	(124,364)
10	(Increase) / Decrease in Provision for Bad Debts	-
(295)	Contributions To / (From) Provisions	(180)
(948)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold	(2,083)
(2,431)	Other Non-Cash Movement	(2,678)
<b>(182,936)</b>		<b>(143,676)</b>
	<b>Accruals Adjustments:</b>	
(86)	Increase / (Decrease) in Inventories	34
14,846	Increase / (Decrease) in Debtors	(6,424)
17	Increase / (Decrease) in Interest Debtors	25
958	(Increase) / Decrease in Creditors	(3,820)
78	(Increase) / Decrease in Interest Creditors	52
<b>15,813</b>		<b>(10,133)</b>
	<b>Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:</b>	
668	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets	153
1,495	Capital Grants Credited to Surplus or Deficit on the Provision of Services	1,106
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities	-
<b>2,163</b>		<b>1,259</b>
	<b>Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:</b>	
(1,851)	Reversal of amounts disclosed separately below	(695)
	<b>Cash Flows from Operating Activities includes the following items:</b>	
2,731	Interest Paid	2,628
(880)	Interest Received	(1,933)
<b>1,851</b>		<b>695</b>
<b>1,735</b>	<b>Net cash flows from Operating Activities</b>	<b>(24,866)</b>
	<b>Net Cash Flows from Investing Activities:</b>	
16,965	Purchase of PP&E, Investment Property and Intangible Assets	15,406
156,253	Purchase of Short-Term and Long-Term Investments	341,018
790	Other Payments for Investing Activities	602
(668)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(153)
(178,253)	Proceeds from the Sale of Short-Term and Long-Term Investments	(341,018)
(1,436)	Capital Grants Received (Government)	(383)
(59)	Capital Grants Received (Non-Government)	(727)
<b>(6,408)</b>	<b>Net cash flows from Investing Activities</b>	<b>14,745</b>
	<b>Net Cash Flows from Financing Activities:</b>	
-	Cash Receipts of Short-Term and Long-Term Borrowing	(20,000)
5,000	Repayments of Short-Term and Long-Term Borrowing	25,000
<b>5,000</b>	<b>Net cash flows from Financing Activities</b>	<b>5,000</b>
<b>327</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>(5,121)</b>
9,741	Cash and Cash Equivalents at the Beginning of the Period	9,414
9,414	Cash and Cash Equivalents at the End of the Period	14,535

Notes for the Commissioner's Accounts are set out on pages **34 to 85**. The following are provided for areas where different notes apply to the Group financial statements.

## I. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Group (i.e. government grants, Council Tax) for the year has been used in providing services in comparison with those resources consumed by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between reportable segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net expenditure chargeable to the general fund shown in the net cost of services line of **£343.726 million** comprises the outturn position for the Group of **£343.753 million** plus the net transfer to the NEROCU reserve of **£0.027 million**.

Expenditure and Funding Analysis						
2022/23				2023/24		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
<b>Service Expenditure Analysis</b>						
321,278	57,560	378,838	Police Services	329,769	(10,160)	319,609
(71)	-	(71)	Policing Funds (managed by the PCC)	(58)	-	(58)
1,670	296	1,966	Office of the Police and Crime Commissioner	1,757	(122)	1,635
968	-	968	OPCC Supporting Services	955	-	955
11,541	(11,664)	(123)	Capital Financing	11,303	(11,424)	(121)
-	-	-	Commissioning of Victim Services	-	-	-
<b>335,386</b>	<b>46,192</b>	<b>381,578</b>	<b>Net Cost of Services</b>	<b>343,726</b>	<b>(21,706)</b>	<b>322,020</b>
(339,332)	124,449	(214,883)	Other Income and Expenditure	(347,528)	153,192	(194,336)
<b>(3,946)</b>	<b>170,641</b>	<b>166,695</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,802)</b>	<b>131,486</b>	<b>127,684</b>
<b>37,492</b>			<b>Opening General Fund Balance at 31 March</b>	<b>41,438</b>		
3,946			Surplus / (Deficit) on General Fund in Year	3,802		
<b>41,438</b>			<b>Closing General Fund as 31 March</b>	<b>45,240</b>		

a) **Note to the EFA - Adjustment between funding and accounting basis**

The following table sets out the total adjustments between the financial performance of the Chief Constable under the funding position and the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

<b>2023/24</b>						
<b>Adjustments between Funding and Accounting Basis</b>						
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	(23,840)	1,982	-	11,698	(10,160)
Policing Funds (managed by the PCC)	-	-	-	-	-	-
Office of the Police and Crime Commissioner	14,973	27	-	-	(15,122)	(122)
OPCC Supporting Services	-	-	-	-	-	-
Capital Financing	(10,729)	-	-	-	(695)	(11,424)
Commissioning of Victim Services	-	-	-	-	-	-
<b>Net Cost of Services</b>	<b>4,244</b>	<b>(23,813)</b>	<b>1,982</b>	<b>-</b>	<b>(4,119)</b>	<b>(21,706)</b>
Other Income and Expenditure	824	148,177	-	72	4,119	153,192
<b>(Surplus) / Deficit on Provision of Services</b>	<b>5,068</b>	<b>124,364</b>	<b>1,982</b>	<b>72</b>	<b>-</b>	<b>131,486</b>

2022/23						
Adjustments between Funding and Accounting Basis						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	45,880	2,586	-	9,094	57,560
Policing Funds (managed by the PCC)	-	-	-	-	-	-
Office of the Police and Crime Commissioner	12,379	434	-	-	(12,517)	296
OPCC Supporting Services	-	-	-	-	-	-
Capital Financing	(9,812)	-	-	-	(1,852)	(11,664)
Commissioning of Victim Services	-	-	-	-	-	-
<b>Net Cost of Services</b>	<b>2,567</b>	<b>46,314</b>	<b>2,586</b>	<b>-</b>	<b>(5,275)</b>	<b>46,192</b>
Other Income and Expenditure	(590)	120,744	-	(980)	5,275	124,449
<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,977</b>	<b>167,058</b>	<b>2,586</b>	<b>(980)</b>	<b>-</b>	<b>170,641</b>

## 2. Expenditure and Income Analysed by Nature

The Code of Practice requires the Group to disclose information on the nature of expenses. The Group expenditure and income for 2023/24 and 2022/23 is analysed as follows:

<b>Expenditure and Income Analysed by Nature</b>		
<b>Expenditure / Income</b>	2022/23 £000	2023/24 £000
<b>Expenditure</b>		
Employee benefits expenses	353,777	307,830
Other employee expenses	7,636	8,591
Premises	10,880	12,266
Transport	5,968	6,250
Supplies and services	25,968	26,733
Third party payments	11,328	12,457
Depreciation, amortisation and impairment	11,589	14,371
Other capital charges	790	602
Loss on Revaluation of Investment Property	725	-
Loss on disposal of property, plant and equipment	280	1,930
Interest payments	2,732	2,628
Police pension fund deficit - payment to pension fund	64,596	65,906
Interest on the net defined benefit pension liability	120,744	148,190
<b>Total Expenditure</b>	<b>617,013</b>	<b>607,754</b>
<b>Income</b>		
Fees, charges and other service income	(6,714)	(6,780)
Recharge receipts	(4,587)	(10,425)
Other operating Income	(1,821)	(1,539)
Revenue grants and contributions	(33,236)	(48,336)
Gain on disposal of property, plant and equipment	-	-
Gain on revaluation of Investment Property	(100)	-
Interest and investment income	(879)	(1,933)
Dividends receivable	-	-
Income from Council Tax	(63,496)	(69,718)
Police Grant income	(273,394)	(274,314)
Police pension fund deficit - grant income	(64,596)	(65,906)
Capital Grants and Contributions	(1,495)	(1,106)
Interest on the net defined benefit pension liability	-	(13)
<b>Total Income</b>	<b>(450,318)</b>	<b>(480,070)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>166,695</b>	<b>127,684</b>

## 3. Accounting Policies

The accounting policies shown in the Commissioner's Single Entity Accounts are also applicable to the Group Accounts. As the Group Accounts include the Chief Constable the Group also adheres to any policies outlined by the Chief Constable. The only significant consideration in the Chief Constable Accounts that is

not referenced in the Commissioner Single Entity Accounts, as it is not material, is that of Accounting for Pension Liabilities the following notes refer to this from the perspective of critical judgements and estimation uncertainty.

#### 4. Critical Judgements in applying accounting policies

In applying its accounting policies, certain judgements have been made about the complex transactions or those involving uncertainty about future events. The most significant areas where judgements have been necessary within the Group Accounts are:

- Accounting for Pensions (Chief Constable and Group),
- Property valuations (Commissioner single entity and Group); and
- Accounting recognition of assets, liabilities, reserves, revenue and expenditure within the Group following introduction of the new governance arrangement under provisions of the Police Reform and Social Responsibility Act.

Where judgement has been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in the financial statements.

#### 5. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The Group Balance Sheet as at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as outlined in **Note 7** to the Single Entity Accounts with the addition of the following:

##### Pension Assets and Liabilities

Pension assets and/or liabilities included in the balance sheet are assessed on an actuarial basis. The estimation of the future 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 mortality rates, the age profile of members and retirement age, and expected return on pension fund assets for funded schemes.

The pension fund liabilities for the Police Pension Scheme (PPS) have been assessed by the Government Actuary's Department (GAD).

The pension fund assets and liabilities for the Tyne and Wear Pension Fund (TWPF) have been assessed by AON Solutions UK Limited (AON).

Both GAD and AON provide the Group with expert advice about the assumptions to be applied.

The effects on the net pension asset/liability of changes in individual assumptions can be measured and further information on the impact of such changes for both PPS and TWPF is presented in **Note 13** to the Group accounts. Some examples of the potential impact are set out below:

##### Police Pension Scheme (PPS)

- A reduction in the discount rate assumption of 0.5% would result in an increase in the pension liability of £253.000 million (7.5%).
- An increase in the salary inflation assumption of 0.5% would result in an increase in the pension liability of £29.000 million (1.0%).

### **Tyne and Wear Pension Fund (TWPF)**

- A reduction in the discount rate assumption of 0.1% would result in a decrease to the pension asset of £8.050 million (1.9%).
- An increase in the rate of general salary increases assumption of 0.1% would result in a decrease to the pension asset of £0.860 million (0.2%).

Further details are included within the sensitivity analysis in the notes to the accounts (employee benefits).

## **6. Movement in Reserve Statement adjustments**

The Movement in Reserves Statement details all movements in the Group usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and provides a summary of the movement in unusable reserves. The 'Surplus or Deficit on the provision of services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve balance for Council Tax setting purposes. The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Group. The following tables provide further details of the amounts disclosed in the Movement in Reserves Statement.

### **a) Adjustments between accounting basis and funding under regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure. The adjustments for 2023/24 and 2022/23 are set out in the following tables:

**Adjustments between Accounting Basis & Funding Basis under regulations 2023/24**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,928)	-	-	12,928
Amortisation of intangible assets	(1,443)	-	-	1,443
Revenue Expenditure Funded from Capital under Statute	(602)	-	-	602
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,106	-	123	(1,229)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(1,930)	(152)	-	2,082
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,507	-	(5,507)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(72)	-	-	72
Reversal of IAS 19 Pension Charges	(188,119)	-	-	188,119
Contributions due under the pension scheme regulations	63,755	-	-	(63,755)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,982)	-	-	1,982
Revenue provision for the repayment of debt	10,729	-	-	(10,729)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(131,486)</b>	<b>5,355</b>	<b>123</b>	<b>126,008</b>

**Adjustments between Accounting Basis & Funding Basis under regulations 2022/23**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(10,629)	-	-	10,629
Amortisation of intangible assets	(1,585)	-	-	1,585
Revenue Expenditure Funded from Capital under Statute	(790)	-	-	790
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,495	-	520	(2,015)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(280)	(668)	-	948
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,561	-	(5,561)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	980	-	-	(980)
Reversal of IAS 19 Pension Charges	(225,581)	-	-	225,581
Contributions due under the pension scheme regulations	58,523	-	-	(58,523)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,586)	-	-	2,586
Revenue provision for the repayment of debt	9,812	-	-	(9,812)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(170,641)</b>	<b>4,893</b>	<b>520</b>	<b>165,228</b>

**b) Analysis of transfers (To) / From reserves**

The Group maintains a number of reserves, which are classified as either usable (backed by cash) or unusable (notional adjustment accounts not supported by cash).

The information on reserves relevant to the Group Accounts are those shown for the Commissioner's Single Entity Accounts at **Note 8** with the addition of the Accumulated Absences Account described below:

**Unusable reserves:**

The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers (To) / From the account

**Analysis of the transfers To / From reserves 2023/24**

Balance as at 31 March 2023 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2024 £000
<b>Usable Reserves</b>					
10,804	<b>General Reserve</b>	227	-	227	11,031
<b>Earmarked Reserves:</b>					
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	-	-	5,634
8,200	Investment Reserve	3,737	-	3,737	11,937
1,407	Operational Reserve	-	(261)	(261)	1,146
2,053	Pay Inflation Reserve	-	-	-	2,053
690	OPCC Innovation Reserve	115	-	115	805
1,929	External Funding Reserve	367	(1,336)	(969)	960
-	National Policing Capabilities (Hosted Services)	1,210	(284)	926	926
401	NE ROCU Reserve	73	(46)	27	428
30,634	<b>Total Earmarked reserves</b>	<b>5,502</b>	<b>(1,927)</b>	<b>3,575</b>	<b>34,209</b>
17,280	<b>Capital Receipts Reserve</b>	152	(5,507)	(5,355)	11,925
484	<b>Capital Grants Unapplied</b>	1,106	(1,229)	(123)	361
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>6,987</b>	<b>(8,663)</b>	<b>(1,676)</b>	<b>57,526</b>
<b>Unusable Reserves</b>					
30,188	Revaluation Reserve	(982)	(506)	(1,488)	28,700
(37,996)	Capital Adjustment Account	17,971	(17,055)	916	(37,080)
1,374	Collection Fund Adjustment Account	-	(72)	(72)	1,302
-	Deferred Capital Receipts	-	-	-	-
(16,060)	Accumulated Absences Account	-	(1,982)	(1,982)	(18,042)
(3,238,251)	Pensions Reserve	111,025	(124,364)	(13,339)	(3,251,590)
<b>(3,260,745)</b>	<b>Total Unusable Reserves</b>	<b>128,014</b>	<b>(143,979)</b>	<b>(15,965)</b>	<b>(3,276,710)</b>
<b>(3,201,543)</b>	<b>Total Reserves</b>	<b>135,001</b>	<b>(152,642)</b>	<b>(17,641)</b>	<b>(3,219,184)</b>

**Analysis of the transfers To / From reserves 2022/23**

Balance as at 31 March 2022 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2023 £000
<b>Usable Reserves</b>					
10,398	<b>General Reserve</b>	406	-	<b>406</b>	<b>10,804</b>
<b>Earmarked Reserves:</b>					
3,000	Insurance Reserve	-	-	-	<b>3,000</b>
3,400	Police Pension Scheme Funding Reserve	-	(3,400)	(3,400)	-
-	Operational Systems Reserve	3,400	-	3,400	<b>3,400</b>
1,320	Workforce Management Reserve	-	-	-	<b>1,320</b>
2,600	ESN Reserve	-	-	-	<b>2,600</b>
4,325	Inflationary Risks Reserve	1,309	-	1,309	<b>5,634</b>
8,200	Investment Reserve	-	-	-	<b>8,200</b>
1,970	Operational Reserve	-	(563)	(563)	<b>1,407</b>
-	Pay Inflation Reserve	2,053	-	2,053	<b>2,053</b>
784	OPCC Innovation Reserve	-	(94)	(94)	<b>690</b>
1,022	External Funding Reserve	1,689	(782)	907	<b>1,929</b>
473	NE ROCU Reserve	101	(173)	(72)	<b>401</b>
27,094	<b>Total Earmarked reserves</b>	<b>8,552</b>	<b>(5,012)</b>	<b>3,540</b>	<b>30,634</b>
22,173	<b>Capital Receipts Reserve</b>	668	(5,561)	<b>(4,893)</b>	<b>17,280</b>
1,004	<b>Capital Grants Unapplied</b>	1,495	(2,015)	<b>(520)</b>	<b>484</b>
<b>60,669</b>	<b>Total Usable Reserves</b>	<b>11,121</b>	<b>(12,588)</b>	<b>(1,467)</b>	<b>59,202</b>
<b>Unusable Reserves</b>					
29,442	Revaluation Reserve	1,227	(481)	746	<b>30,188</b>
(41,913)	Capital Adjustment Account	17,869	(13,952)	3,917	<b>(37,996)</b>
394	Collection Fund Adjustment Account	980	-	980	<b>1,374</b>
-	Deferred Capital Receipts	-	-	-	-
(13,474)	Accumulated Absences Account	-	(2,586)	(2,586)	<b>(16,060)</b>
(4,576,273)	Pensions Reserve	1,505,080	(167,058)	1,338,022	<b>(3,238,251)</b>
<b>(4,601,824)</b>	<b>Total Unusable Reserves</b>	<b>1,525,156</b>	<b>(184,077)</b>	<b>1,341,079</b>	<b>(3,260,745)</b>
<b>(4,541,155)</b>	<b>Total Reserves</b>	<b>1,536,277</b>	<b>(196,665)</b>	<b>1,339,612</b>	<b>(3,201,543)</b>

## c) Movement on Unusable Reserves

Unusable Reserves - Revaluation Reserve					
Transfers To/(From) Reserves					
Balance as at 31 March 2023 £000		Upward revaluations of property, plant and equipment £000	Historic cost depreciation adjustment (HCDA) £000	Total £000	Balance as at 31 March 2024 £000
<b>30,188</b>	Revaluation Reserve	(982)	(506)	<b>(1,488)</b>	<b>28,700</b>

Unusable Reserves - Capital Adjustment Account				
Transfers To/(From) Reserves				
	Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Capital Adjustment Account £000
<b>Balance as at 31 March 2022</b>				<b>(37,996)</b>
Amortisation of Intangible Assets		(1,443)	(1,443)	
Depreciation		(9,898)	(9,898)	
Downward Revaluation		(3,030)	(3,030)	
Revenue expenditure funded by capital under statute (REFCUS)		(602)	(602)	
Net Gain/(Loss) on Sale of NCA's		(2,082)	(2,082)	
MRP for financing of Capital Investment	10,729		10,729	
Capital Receipts applied to finance capital expenditure	5,507		5,507	
Historic cost depreciation adjustment (HCDA)	506		506	
Trf from CGU to CAA	1,229		1,229	
<b>Total Movement on Reserve</b>	<b>17,971</b>	<b>(17,055)</b>		<b>916</b>
<b>Balance as at 31 March 2024</b>				<b>(37,080)</b>

<b>Unusable Reserves - Pensions Reserve</b>					
Balance as at 31 March 2023 £000		<b>Transfers To/(From) Reserves</b>			Balance as at 31 March 2024 £000
		Re-measurements of the net defined benefit pension liability £000	Reverse the net impact of IAS19 charges on the General Fund £000	Total Movement £000	
	<b>Pensions Reserve</b>				
139	Police and Crime Commissioner LGPS	(125)	(14)	<b>(139)</b>	-
14,600	Chief Constable LGPS	17,450	(830)	<b>16,620</b>	<b>31,220</b>
(3,252,990)	Chief Constable Police Pension Scheme (PPS)	93,700	(123,520)	<b>(29,820)</b>	<b>(3,282,810)</b>
<b>(3,238,251)</b>	<b>Total Reserves</b>	<b>111,025</b>	<b>(124,364)</b>	<b>(13,339)</b>	<b>(3,251,590)</b>

## 7. Information to be presented either in the Comprehensive Income and Expenditure Statement or in the Notes

The Comprehensive Income and Expenditure 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. Commissioners raise 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.

An analysis of items included in the Comprehensive Income and Expenditure Statement below Cost of Services is detailed in the following table:

Other Operating Expenditure			
2022/23		2023/24	
Net Expenditure £000		Gross Expenditure £000	Gross Income £000
	(Gains) / Losses on Disposal of Property Plant and Equipment		
280		1,930	-
<b>280</b>	<b>Total Other Operating Expenditure</b>	<b>1,930</b>	<b>-</b>
			<b>Net Expenditure £000</b>
			<b>1,930</b>

Financing and Investment Income and Expenditure			
2022/23		2023/24	
Net Expenditure £000		Gross Expenditure £000	Gross Income £000
2,731	Interest on Borrowing	2,628	-
(879)	Interest Income	-	(1,933)
625	Loss / (Gain) on Revaluation of Investment Assets	-	-
120,744	Pensions Interest costs and expected return on assets	148,190	(13)
<b>123,221</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>150,818</b>	<b>(1,946)</b>
			<b>Net Expenditure £000</b>
			<b>148,872</b>

## 8. External Audit Costs

The below table shows the amount paid by the Group for the external auditors. The Group commission PSAA to tender for the external audit contract on a 5-year cycle. 2023/24 is the first year of the new contract which was awarded to Ernst & Young LLP. The 2022/23 Figures are in relation to work undertaken by Grant Thornton UK LLP as are references to prior financial years as they are subject to fee variations once the audit has concluded and therefore are included in the financial year in which they were incurred.

External Audit Costs	
2022/23 £000	2023/24 £000
50	External Audit Services
38	Additional fees relating to the previous year's audit
-	Contribution to Pension Fund Audit
<b>88</b>	<b>Net Cost</b>
	<b>205</b>

## 9. Officer Remuneration

The following tables set out the remuneration for police staff and police officers whose total remuneration is more than £50,000 per year in 2023/24 and the equivalent disclosure for 2022/23.

Total remuneration for the purposes of the banding note requires the disclosure of all payments paid to or receivable by an individual during the year. This includes salary, overtime, fees and allowances, exit payments and any other payments.

Numbers of Employees receiving over £50,000		
Remuneration Band	Number of Employees	
	2022/23	2023/24
£50,000 - £54,999	424	590
£55,000 - £59,999	249	264
£60,000 - £64,999	91	196
£65,000 - £69,999	16	61
£70,000 - £74,999	19	13
£75,000 - £79,999	11	13
£80,000 - £84,999	6	9
£85,000 - £89,999	6	7
£90,000 - £94,999	7	7
£95,000 - £99,999	-	5
£100,000 - £104,999	-	3

The banding note above excludes remuneration for those individuals disclosed separately in the table for 'Remuneration of Senior Employees'.

The following table shows the total number and cost of exit packages for which the Group became demonstrably committed to during the year-ending 31 March 2024. The disclosure for exit packages is set out in-line with the CIPFA Code of Practice which requires an analysis between compulsory and other departures. The number of other departures includes voluntary redundancies and early retirements;

Exit packages 2023/24				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	2	1	3	41,104
£20,001 - £40,000	-	1	1	24,421
£80,001 - £100,000	1	-	1	95,000
<b>Total</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>160,525</b>

There are no exit packages included for the OPCC in 2023/24. The exit packages disclosed for the Group are attributed to the Chief Constable single-entity accounts. The total cost of exit packages as set out above has been charged to the Group's Comprehensive Income and Expenditure Statement in the current year. The comparative disclosure for the Group in 2022/23 is set out in the following table

Exit packages 2022/23				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£20,001 - £40,000	2	-	2	71,518
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>71,518</b>

Remuneration of the senior employees of the Group and senior police officers is disclosed within the following tables:

<b>Remuneration of Senior Employees 2023/24</b>							
<b>Post holder information</b>	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2023/24 £
Police and Crime Commissioner - Kim McGuinness		88,602	-	-	<b>88,602</b>	14,176	<b>102,778</b>
Chief of Staff and Monitoring Officer		79,710	-	-	<b>79,710</b>	12,754	<b>92,464</b>
Chief Finance Officer		105,257	-	-	<b>105,257</b>	16,841	<b>122,098</b>
Chief Constable - Vanessa Jardine		189,755	-	-	<b>189,755</b>	57,763	<b>247,518</b>
Chief Constable - Winton Keenan	1	8,325	-	-	<b>8,325</b>	-	<b>8,325</b>
Deputy Chief Constable - A	2	69,901	-	-	<b>69,901</b>	21,669	<b>91,570</b>
Deputy Chief Constable - B	3	86,456	-	-	<b>86,456</b>	26,440	<b>112,896</b>
Assistant Chief Constable - C		113,144	-	-	<b>113,144</b>	35,075	<b>148,219</b>
Assistant Chief Constable - D	4	39,867	-	-	<b>39,867</b>	-	<b>39,867</b>
Assistant Chief Constable - E	5	29,066	-	-	<b>29,066</b>	8,915	<b>37,981</b>
Assistant Chief Constable - F	6	114,512	-	-	<b>114,512</b>	34,585	<b>149,097</b>
Assistant Chief Constable - G	7	86,960	-	-	<b>86,960</b>	24,292	<b>111,252</b>
Assistant Chief Officer Corporate Services		129,471	-	-	<b>129,471</b>	19,769	<b>149,240</b>
Chief Information Officer		107,258	-	-	<b>107,258</b>	17,161	<b>124,419</b>
<b>Total</b>		<b>1,248,284</b>	<b>-</b>	<b>-</b>	<b>1,248,284</b>	<b>289,440</b>	<b>1,537,724</b>

Note 1: Chief Constable until 14/04/2023

Note 2: Deputy Chief Constable from 23/10/2023

Note 3: Deputy Chief Constable until 24/10/2023

Note 4: Assistant Chief Constable from 02/01/2024

Note 5: Assistant Chief Constable from 01/01/2024

Note 6: Assistant Chief Constable until 20/02/2024

Note 7: Assistant Chief Constable until 08/12/2023

<b>Remuneration of Senior Employees 2022/23</b>							
<b>Post holder information</b>	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2022/23 £
Police and Crime Commissioner - Kim McGuinness		88,444	-	-	<b>88,444</b>	14,859	<b>103,303</b>
Chief of Staff and Monitoring Officer		75,808	-	-	<b>75,808</b>	12,771	<b>88,579</b>
Chief Finance Officer	9	82,365	-	-	<b>82,365</b>	13,835	<b>96,200</b>
Chief Constable - Winton Keenen		187,965	-	-	<b>187,965</b>	-	<b>187,965</b>
Deputy Chief Constable - A		149,301	-	-	<b>149,301</b>	45,644	<b>194,945</b>
Assistant Chief Constable - B	1	18,506	2,381	-	<b>20,887</b>	5,737	<b>26,624</b>
Assistant Chief Constable - C		137,009	-	-	<b>137,009</b>	37,302	<b>174,311</b>
Temporary Assistant Chief Constable - D	2	95,912	-	-	<b>95,912</b>	22,699	<b>118,611</b>
Temporary Assistant Chief Constable - E	3	68,970	-	-	<b>68,970</b>	20,936	<b>89,906</b>
Temporary Assistant Chief Constable - F	4	42,158	-	-	<b>42,158</b>	10,551	<b>52,709</b>
Temporary Assistant Chief Constable - G	5	68,393	-	-	<b>68,393</b>	20,623	<b>89,016</b>
Director of Finance (Chief Finance Officer)	6	9,075	-	-	<b>9,075</b>	1,525	<b>10,600</b>
Director of People and Development	7	29,504	-	-	<b>29,504</b>	4,957	<b>34,461</b>
Assistant Chief Officer Corporate Services	8	85,522	-	-	<b>85,522</b>	14,368	<b>99,890</b>
Chief Information Officer		105,534	-	-	<b>105,534</b>	17,730	<b>123,264</b>
<b>Total</b>		<b>1,244,465</b>	<b>2,381</b>	-	<b>1,246,846</b>	<b>243,535</b>	<b>1,490,384</b>

Note 1: Assistant Chief Constable from 30th January 2023

Note 2: Temporary Assistant Chief Constable in post to 15th January 2023

Note 3: Temporary Assistant Chief Constable from 15th August 2022

Note 4: Temporary Assistant Chief Constable in post to 14th August 2022

Note 5: Temporary Assistant Chief Constable from 18th July 2022 to 28th February 2023

Note 6: Director of Finance (Chief Finance Officer) in post to 1st May 2022

Note 7: Director of People and Development in post to 11th July 2022

Note 8: Assistant Chief Officer Corporate Services from 12th July 2022

Note 9: Head of Finance (Chief Finance Officer) in post from 2nd May 2022

## 10. Debtors

These amounts represent sums due from a number of sources, such as other local authorities and government departments. Short-term debtors may also include payments in advance, such as invoices spanning financial periods. A material debtor included in the balance is the Police Pension Fund top-up payment due from Central Government which is £8.314 million (£17.726 million in 2022/23).

The bad debt provision includes £5.382 million (£4.768 million in 2022/23) in relation to the Commissioner's share of the local collection authorities' Council Tax provisions for bad debts.

At the end of the financial year the Group had no long-term debtors meaning all amounts are due within the next 12 months

<b>Short-Term Debtors</b>		
31 March 2023		31 March 2024
£000		£000
30,354	Central government bodies	23,276
220	NHS bodies	325
20,452	Other local authorities	19,842
-	Public corporations and trading funds	6
2,868	Bodies external to general government	4,345
(4,778)	- Less bad debt provision	(5,393)
<b>49,116</b>		<b>42,401</b>

## 11. Creditors

These amounts represent sums owed to a number of different entities, such as other local authorities and government departments, as well as short-term borrowing disclosed separately

<b>Short-Term Creditors</b>		
31 March 2023		31 March 2024
£000		£000
(6,784)	Central government bodies	(8,272)
(160)	NHS bodies	(83)
(7,650)	Other local authorities	(8,464)
-	Public corporations and trading funds	(3)
(28,099)	Bodies external to general government	(31,457)
<b>(42,693)</b>		<b>(48,279)</b>

Under International Accounting Standard 19, the Group has a long-term liability in relation to future pension commitments. More detail is provided in **Note 13**

## 12. Provisions and Contingent Liabilities

### Provisions

Provisions					
31 March 2023 £000		Additional Provisions Made £000	Provisions Used £000	Reversals £000	31 March 2024 £000
	<b>Long-term provisions</b>				
(1,697)	Insurance	(734)	508	-	(1,923)
	<b>Short-term provisions</b>				
(372)	Employee remuneration	(100)	146	-	(326)
<b>(2,069)</b>	<b>Total</b>	<b>(834)</b>	<b>654</b>	<b>-</b>	<b>(2,249)</b>

The insurance provision is made for known, outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision will be determined by the settlement of claims and is therefore unknown at present. The increase in the provision reflects the estimate of outstanding claims at 31 March 2024.

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims and whilst the majority of cases have been settled as at the balance sheet date, there remain a small number of claims and costs outstanding which are expected to be finalised in 2024/25.

The balance on the employee remuneration provision at 31 March 2024 is set at a prudent level estimated to settle all such claims.

### Contingent Liabilities

At 31 March 2024, the Group has identified the following contingent liabilities, there is no estimate for the financial impact as it is not practicable to do so:

- **Municipal Mutual Insurance** - (MMI) was a mutual insurance provider that supplied some 90 to 95 per cent of local government insurance policies. MMI had long catered for the insurance needs of local authorities. However, it became technically insolvent in 1992 when it did not have the resources to cover its anticipated liabilities.

To protect the insurance liabilities of the local authorities that MMI had originally contracted with, a scheme of arrangement was agreed with its creditors. This would allow for a managed and solvent run-off and enable MMI to continue to settle insurance claims.

The Scheme of Administration was approved and was legally binding on the creditors, most of whom were local authorities. The former Police Authority was also a creditor. The liabilities of the former Authority, including the contractual provisions in respect of the MMI Scheme of Arrangement, passed to the PCC.

MMI had underwritten and paid £2.528 million of the former Police Authority's insurance claims.

To date the Commissioner has paid a total levy of £0.620 million equivalent to 25% of the claims settled by MMI; £0.372 million in May 2015 and a further £0.248 million in June 2016.

The levy calculated in respect of the last payment (June 2016) represented the scheme administrator's best estimate of the sums required to cover MMI's liabilities. We therefore do not expect any further levy or need to make provision within our accounts at this time. Whilst a future levy is possible it is not probable, and is therefore noted as a Contingent Liability in the 2022/23 Statements of Account.

- **Employee remuneration** - A provision has been made in relation to a number of claims that have been received from serving and retired officers in relation to past service under police regulations. The claims are in relation to a number of officers that worked in a specialist area and at this time each case is subject to legal review. A contingent liability is also disclosed here in relation to other remuneration issues and in particular the potential for further claims to be submitted over and above those included within the provision calculated at 31 March 2024.
- **McCloud/Sargeant judgement** – The Chief Constable along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015.

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.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force from 1 October 2023. The Home Office have consulted during 2023 on the secondary regulations to bring the policy determined by the act into force from 1 October 2023.

- **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. Scheme actuaries originally estimated the increase in scheme liabilities for the Northumbria Chief Constable through a past service cost of £182.720 million recognised in the 2018/19 accounts, followed by a reduction of £12.080 million in 2019/20 accounts resulting from the eligibility criteria for members set out in HM Treasury’s consultation. The additional liability expected for affected members during 2020/21 to 2023/24 is included within the current service cost for those financial years.

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 most recent Police Pension valuation was reported in 2023/24, and this has resulted in an increase in the Employer contribution rate from 31.0% to 35.3% from 1 April 2024. Government have provided additional funding to forces to compensate for the additional cost in 2024/25.

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** – In respect of the McCloud Pension case, there are a number of claimants that have lodged compensation claims for ‘injury to feelings.’ Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons..

**Aarons and Penningtons** - Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts, but a contingent liability is noted.

### 13. Employee Benefits

#### Benefits payable during employment

The table below shows the cost of holiday entitlements and lieu time earned by police officers and police staff but not taken by the year-end. The cost of employee benefits are charged to the Group accounts under Net Cost of Services in the CIES and the reserve associated with the short-term liability is shown under the Group Unusable Reserves

<b>Benefits payable during employment</b>		2023/24
2022/23		£000
16,060	Police Services	18,042
<b>16,060</b>	<b>Total employee benefits accrued at the Balance Sheet date</b>	<b>18,042</b>

#### Post-employment benefits (pensions)

Post-employment benefits are pensions offered as part of the terms and conditions of police officers and police staff. They are accounted for in accordance with IAS19 in which pension liabilities are recognised at the point at which employees earn their future entitlement. The pension liability is recognised in the Group Balance Sheet and the in-year movement in the liability recognised in the Group Comprehensive Income and Expenditure Statement

##### a) Defined Benefit Plan: Tyne and Wear Pension Fund

The Tyne and Wear Pension Fund (the "Fund") is a Local Government Pension Scheme (LGPS) administered by South Tyneside Council. This is a funded scheme, meaning that the Group and employees pay contributions into the fund calculated at a level estimated to balance the pension liabilities with investment assets.

In 2023/24, the Group paid £11.770 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £11.090 million in 2022/23 (16.8% of pensionable pay).

The pension scheme is classified as a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Re-valued Earnings (CARE) scheme. Scheme benefits are accrued in accordance with the requirements of International Accounting Standard 19 Employee Benefits (IAS 19). IAS 19 accounts for retirement benefits when they are committed to be given, even if the actual payment is many years into the future. IAS 19 also includes the Groups share of the fund's assets and liabilities.

The last actuarial valuation was at 31 March 2022 which determined the contributions to be paid from 01 April 2023 to 31 March 2026. The results from that valuation are set out in the Fund's Rates and Adjustment Certificate. The employer's standard contribution rate for 01 April 2023 to 31 March 2026 reduced from 16.8% to 16.0% as a result of the 2022 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2025 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2026. The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

### **Assets**

The assets allocated to the Group in the Fund are notional and are assumed to be invested in line with the investments of the Fund, for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole can be seen in the Analysis of Scheme Assets table in the disclosures below. Further information on the Tyne and Wear Pension Fund can be found in their Annual Report. All annual reports are available from South Tyneside Council's website.

### **Transactions relating to retirement benefits**

The Group recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when benefits are paid out as pensions. However, the charge which is made against the Police Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement as an appropriation.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

	<b>Charges to Comprehensive Income and Expenditure Statement</b>			
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2023 £m	31 March 2024 £m	31 March 2023 £m	31 March 2024 £m
<b>Within Cost of Service</b>				
Current Service Cost	28.27	13.58	-	-
Past service cost (incl. curtailments)	-	-	-	-
<b>Financing, Investment Income &amp; Expenditure</b>				
Interest on net defined benefit Liability / (Asset)	3.55	(1.08)	0.08	0.11
<b>Pension expense recognised in CIES</b>	<b>31.82</b>	<b>12.50</b>	<b>0.08</b>	<b>0.11</b>
<b>Remeasurements in OCI</b>				
Return on plan assets (in excess of) / below that recognised in net interest	18.47	(13.36)	-	-
Actuarial (Gains) / Losses due to change in financial assumptions	(235.73)	(16.32)	(0.53)	(0.02)
Actuarial (Gains) / Losses due to change in demographic assumptions	-	(6.43)	(0.03)	(0.07)
Actuarial (Gains) / Losses due to liability experience	42.23	4.53	0.26	0.10
Adjustment loss (gain) due to restriction of surplus		14.24		-
<b>Total Amount recognised in OCI</b>	<b>(175.03)</b>	<b>(17.34)</b>	<b>(0.30)</b>	<b>0.01</b>
<b>Total Amount charged to CIES</b>	<b>(143.21)</b>	<b>(4.84)</b>	<b>(0.22)</b>	<b>0.12</b>

## Assets and Liabilities in Relation to Post-Employment Benefits

<b>Changes to the present value of the defined benefit obligation</b>				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£m	£m	£m	£m
<b>Opening defined benefit obligation</b>	<b>573.36</b>	<b>416.40</b>	<b>2.97</b>	<b>2.52</b>
Current service cost	28.27	13.58	-	-
Interest expense on defined benefit obligation	15.39	19.37	0.08	0.11
Contributions by participants	4.19	4.64	-	-
Actuarial (Gains) / Losses on liabilities - financial assumptions	(235.73)	(16.32)	(0.53)	(0.02)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	-	(6.43)	(0.03)	(0.07)
Actuarial (Gains) / Losses on liabilities - experience	42.23	4.53	0.26	0.10
Net benefits paid out	(11.32)	(13.21)	(0.23)	(0.25)
Past service cost (incl. curtailments)	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>416.39</b>	<b>422.56</b>	<b>2.52</b>	<b>2.39</b>

<b>Changes to the fair value of assets during the period</b>				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£m	£m	£m	£m
<b>Opening fair value of assets</b>	<b>436.55</b>	<b>433.66</b>	-	-
Interest income on assets	11.84	20.46	-	-
Re-measurement Gains / (Losses) on assets	(18.47)	13.36	-	-
Contributions by the employer	10.86	11.52	0.23	0.25
Contributions by participants	4.19	4.64	-	-
Net benefits paid out	(11.32)	(13.21)	(0.23)	(0.23)
<b>Closing fair value of assets</b>	<b>433.65</b>	<b>470.43</b>	-	<b>0.02</b>

<b>Reconciliation of the present value of the defined benefit obligation and the fair value of fund assets to the assets and liabilities recognised in the balance sheet</b>		
	31 March 2023	31 March 2024
	£m	£m
Fair Value of Assets (funded)	433.66	470.43
Fair Value of Assets (unfunded)	-	-
Present value of defined benefit obligation (funded)	(416.40)	(422.56)
Unrecognised asset		(14.26)
Present value of defined benefit obligation (unfunded)	(2.52)	(2.39)
<b>Asset / (Liability) recognised on the balance sheet</b>	<b>14.74</b>	<b>31.22</b>

As referenced in the notes to the Commissioner Single Entity accounts the above table has been updated to be compliant with the requirements of IAS 19 for the disclosure of any unrecognised assets when detailing

the position held on the balance sheet in relation to the pension fund. The group position includes an asset recognised on the Chief Constable balance sheet for the staff pension fund of her employees. Unlike the Commissioner, the Chief has had an asset recognised albeit a restricted one in line with the asset ceiling calculated by the actuaries for recognition of the surplus. The amount of unrecognised asset for the group overall is £14.260 million with an asset value of £31.220 million being recognised on the Group balance sheet.

### Scheme Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rate of return experienced on the respective markets. The actual return on scheme assets in the year was a gain of £33.540 million (£6.630 million loss in 2022/23).

Analysis of Scheme Assets				
Asset	Asset split at 31	Quoted	Unquoted	Asset split at 31
	March 2023	At 31 March 2024	At 31 March 2024	March 2024
	(%)	(%)	(%)	(%)
Equities	51.2	39.5	11.1	50.6
Property	10.5	0.0	10.4	10.4
Government bonds	1.3	1.3	0.0	1.3
Corporate bonds	19.5	19.5	0.0	19.5
Cash	1.8	0.7	0.0	0.7
Other*	15.7	4.6	12.9	17.5
	<b>100.0</b>	<b>65.6</b>	<b>34.4</b>	<b>100.0</b>

\* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Members	%
Actives	45
Deferred Pensioners	15
Pensioners	40

### Actuarial Assumptions

Liabilities have been assessed on an actuarial basis to provide an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and discount rates. AON Solutions UK Limited, an independent firm of actuaries, has valued the Tyne and Wear Pension Fund's assets and liabilities in accordance with IAS 19 by using the latest actuarial valuation of the Fund as at 31 March 2022. The liabilities for unfunded benefits are based on an actuarial valuation which took place on 31 March 2020.

A building block approach is employed in determining the rate of return on fund assets. Historic markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in the (analysis of scheme assets) table on the previous page. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2023.

The principal financial and actuarial assumptions are set out in the following table:

<b>Principal financial and actuarial assumptions</b>				
	Funded Liabilities		Unfunded Liabilities	
	2022/23	2023/24	2022/23	2023/24
<b>Financial assumptions (% per annum)</b>				
Discount Rate	4.7	4.8	4.7	4.8
Rate of Inflation (CPI)	2.7	2.6	2.7	2.6
Rate of increase in salaries	4.2	4.1	n/a	n/a
Rate of increase to pensions in payment	2.7	2.6	2.7	2.6
Pension accounts revaluation rate	2.7	2.6	n/a	n/a
<b>Mortality assumptions</b>				
Future lifetime from age 65 (Member aged 65 at accounting date)				
Men	21.6	21.0	21.6	21.0
Women	24.6	24.2	24.6	24.2
Future lifetime from age 65 (Member aged 45 at accounting date)				
Men	22.9	22.3	n/a	n/a
Women	26.1	25.6	n/a	n/a

The mortality assumptions are based on the actual mortality experienced of members in the fund as identified in the actuary's disclosure report .

<b>Commutations</b>	
Year ended 31 March 2023	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.
Year ended 31 March 2024	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

### Sensitivity to main assumptions

The following table shows the approximate impact of changing the key assumptions on the present value of the funded benefit obligations as at 31 March 2024 and the projected service cost for the year-ending 31 March 2024. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

<b>Sensitivity to main assumptions (Funded Liabilities)</b>			
Discount rate assumption		Adjustment to Rate	
Adjustment to discount rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	408.95	422.57	430.62
Change in present value of total obligation	-3.2%		1.9%
Projected service cost (£M)	12.24	12.81	13.40
Approximate change in projected service cost	-4.4%		4.6%
Rate of general increase in salaries		Adjustment to Rate	
Adjustment to salary increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	423.43	422.57	421.71
Change in present value of total obligation	0.2%		-0.2%
Projected service cost (£M)	12.81	12.81	12.81
Approximate change in projected service cost	0.0%		0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption		Adjustment to Rate	
Adjustment to pension increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	429.77	422.57	415.37
Change in present value of total obligation	1.7%		-1.7%
Projected service cost (£M)	13.39	12.81	12.24
Approximate change in projected service cost	4.5%		-4.4%
Post retirement mortality assumption		Adjustment to Rate	
Adjustment to mortality age rating assumption*	- 1 year	Base Figure	+ 1 year
Present value of total obligation (£M)	433.14	422.57	412.01
Change in present value of total obligation	2.5%		-2.5%
Projected service cost (£M)	13.26	12.81	12.35
Approximate change in projected service cost	3.5%		-3.5%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

### Expected Future Contributions

The expected contributions to be made to the Tyne and Wear Pension Fund by the Group for the accounting period to 31 March 2025 are estimated to be £12.257 million. In addition, strain on the fund contributions may be required as a result of voluntary redundancies and early retirements.

### Duration of Liabilities

The duration of the employer's liabilities is the average period between the calculation date and the date at which benefit payments fall due. The duration of the scheme liabilities is estimated at 19.0 years for funded benefits.

**b) Defined Benefit Plan: Police Pension Fund**

The Police Pension Schemes are wholly unfunded defined benefit schemes. Contributions and pensions are made to and paid from the Police Pension Fund, which is balanced to nil at the end of each financial year by receipt of a top-up pension grant from the Home Office. There are no investment assets built up to meet the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall due.

The results have been calculated by carrying out a detailed valuation of the data provided as at 31 March 2020, for the latest funding valuation. This has then been rolled forward to reflect the position as at March 2024, allowing for additional service accrued between 01 April 2020 and 31 March 2024, and known pension and salary increases that would have applied. The transactions shown below have been made during the year

<b>Charges to Comprehensive Income and Expenditure Statement</b>		
	31 March 2023 £m	31 March 2024 £m
<b>Net Cost of Service</b>		
Current service cost	76.57	26.42
Past service cost	-	(0.06)
<b>Financing and investment income and expenditure</b>		
Pension interest cost	117.11	149.15
<b>Total charge to Provision of Services</b>	<b>193.68</b>	<b>175.51</b>
Re-measurement of the net defined benefit liability / (asset)	(1,329.75)	(93.70)
<b>Total IAS 19 charge to Comprehensive Income and Expenditure</b>	<b>(1,136.07)</b>	<b>81.81</b>

**Present value of the defined benefit obligation**

The present values of the scheme's liabilities are shown in the following table:

<b>History of scheme liability</b>					
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Present value of the defined benefit obligation	(4,015.36)	(4,363.62)	(4,436.49)	(3,252.99)	(3,282.81)
Surplus / (Deficit) in the Scheme	(4,015.36)	(4,363.62)	(4,436.49)	(3,252.99)	(3,282.81)

**Reconciliation of the fair value of scheme assets**

<b>Reconciliation of the fair value of scheme assets</b>		
	31 March 2023 £m	31 March 2024 £m
<b>Opening fair value of assets</b>	-	-
Actuarial Gains and (Losses) on assets	64.63	66.19
Contributions by employer	47.43	51.99
Contributions by participants	18.09	19.98
Transfers in	0.34	1.21
Net benefits paid	(130.49)	(139.37)
<b>Closing fair value of assets</b>	<b>-</b>	<b>-</b>

**Analysis of movements in scheme liability**

<b>Analysis of the movement in scheme liability</b>		
	31 March 2023 £m	31 March 2024 £m
<b>Net Surplus / (Deficit) at the beginning of year</b>	<b>(4,436.49)</b>	<b>(3,252.99)</b>
Current service cost	(76.57)	(26.42)
Cost covered by employee contributions	(18.09)	(19.98)
Past service cost	-	0.06
Pension transfers in	(0.34)	(1.21)
Net interest on the net defined benefit Liability / (Asset)	(117.11)	(149.15)
Net benefits paid	130.49	139.37
Remeasurements of the net defined Liability / (Asset)	1,265.12	27.51
<b>Net Surplus / (Deficit) at the end of year</b>	<b>(3,252.99)</b>	<b>(3,282.81)</b>

The weighted average duration of the defined benefit obligation for the Police Pension Scheme 2015 is around 29 years, the New Police Pension Scheme 2006 is around 30 years, and for the Police Pension Scheme 1987 it is around 18 years.

The weighted average duration of the defined benefit obligation for all police officer Pension Schemes, on a consolidated basis are around 17 years.

The Police Pension Scheme has no investment assets to cover its liabilities; these are met as they fall due

**Expected Future Contributions**

The expected contributions to be made to the Police Pension Scheme by the Chief Constable for the accounting period to 31 March 2025 are estimated to be £55.502 million compared to £45.230 million paid in 2023/24.

**Actuarial Assumptions**

Liabilities have been assessed on an actuarial basis using the Projected Unit Credit Method (PUCM), an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

<b>Principal Financial and Actuarial Assumptions</b>		
	31 March 2023	31 March 2024
Discount rate (Rate of Return)	4.65%	4.75%
Rate of inflation - pension increases (CPI)	2.60%	2.60%
Salary Inflation	3.85%	3.85%
CARE revaluation rate	3.85%	3.85%
<b>Rate of return in excess of:</b>		
Earning increases (long-term)	0.80%	0.90%
Pension increases	2.05%	2.15%

Member with service in the following scheme:	Commutation Assumptions
Police Pension Scheme 1987	25% of 1987 Scheme pensions are assumed to be commuted.
Police Pension Scheme 2006	Commutation is not available, no assumption required.
Mixed 1987 and 2015 Scheme	25% of 1987 Scheme pensions and 12% of 2015 Scheme pensions are assumed to be commuted.
Mixed 2006 and 2015 Scheme	20% of 2015 Scheme pensions are assumed to be commuted and nil in respect of the 2006 Scheme for which commutation is not available.
Police Pension Scheme 2015	20% of 2015 Scheme pensions are assumed to be commuted, except for members who also have 1987 Scheme pension for whom 12% are assumed to be commuted.

	Mortality Assumptions	
	Normal Health	
	2022/23 (years)	2023/24 (years)
<b>Future Lifetime at 65 for current pensioners</b>		
Men	21.90	21.90
Women	23.50	23.60
<b>Future Lifetime at 65 for future pensioners (currently aged 45)</b>		
Men	23.50	23.60
Women	25.00	25.10

The results of any actuarial calculations are inherently uncertain because of the assumptions which must be made under IAS19 to reflect market conditions at the valuation date. For 2022/23 there has been a significant reduction in the liability, this is due to all the key financial assumption rates moving in a direction that favours the Group as reflected in the principal Financial and Actuarial assumptions table. The principal change is an increase in the discount rate assumption from 2.65% to 4.65% (+2.0%) which reduces the net liability considerably as can be evidenced by the Sensitivity table below:

Sensitivity to main assumptions			
Change in assumption*		Approximate effect on scheme liability	
		%	£m
Discount Rate	+ 0.5% a year	(7.50)	(253.00)
Salary Inflation	+ 0.5% a year	1.00	29.00
Pension Increases	+ 0.5% a year	7.50	251.00
Life Expectancy	All members and adult dependants assumed to be one year younger	2.50	80.00

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the actual impact may be different from simply combining the changes above.

## **I4. Events after the balance sheet date**

### **New Police and Crime Commissioner Susan Dungworth**

On Thursday 2 May 2024 Susan Dungworth was elected as Police and Crime Commissioner for Northumbria in the 2024 local election. Susan replaces Kim McGuinness who has held the post for five years, after being elected in the Northumbria Force by-election in July 2019.

The local authorities which take part in the Northumbria election area are: Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland.

PCCs aim to cut crime and deliver an effective and efficient police service within their police force area. They are elected by the public to hold Chief Constables and the Force to account, making the police answerable to the communities they serve.

Susan's manifesto commits to 'Safer Streets and Stronger Communities'. The priorities she cites include reducing serious and violent crime, tackling ASB and a focus on neighbourhood policing.

## **I5. Authorisation of accounts for issue**

The Police and Crime Commissioner Group Statements of Account for the financial year ended 31 March 2024 were approved by the Commissioner and authorised for issue on 27 February 2025.

# Supplementary Financial Statements

Comprising:

- Police Pension Fund
- Notes to the Supplementary Financial Statements

This statement shows the details of the Pension Fund Account for the Police Pension Scheme for 2023/24 and shows comparative figures for 2022/23.

<b>Police Pension Fund</b>		
<b>2022/23</b> <b>£000</b>	<b>FUND ACCOUNT</b>	<b>2023/24</b> <b>£000</b>
(42,181)	Normal	(46,338)
-	Additional funding payable by the local policing body to meet the deficit for the year	-
(331)	Other (Ill Health Retirements)	(359)
<b>(42,512)</b>	<b>Contribution Receivable from Employer</b>	<b>(46,697)</b>
(18,082)	Contribution Receivable from Members	(20,028)
<b>(18,082)</b>	<b>Contribution Receivable from Members</b>	<b>(20,028)</b>
<b>(60,594)</b>	<b>Contributions Receivable</b>	<b>(66,725)</b>
(366)	Individual Transfers in from other schemes	(1,505)
<b>(366)</b>	<b>Transfers in</b>	<b>(1,505)</b>
101,825	Pensions	112,421
22,544	Commutations and Lump Sum Retirement Benefits	20,675
511	Lump Sum Death Benefits	288
431	Other (Inter Authority Adjustments / LTA Payments)	433
<b>125,311</b>	<b>Benefits Payable</b>	<b>133,817</b>
183	Refunds of Contributions	318
64	Individual Transfers Out To Other Schemes	-
<b>247</b>	<b>Payments To and On Account of Leavers</b>	<b>318</b>
<b>125,558</b>	<b>Total Benefits Payable</b>	<b>134,135</b>
<b>64,598</b>	<b>Net amount payable for the year before contribution from the Police Fund</b>	<b>65,905</b>
<b>(64,598)</b>	<b>Contributions from Police Fund Income and Expenditure Account in respect of Deficit on the Police Pension Fund Account</b>	<b>(65,905)</b>
<b>-</b>	<b>Net Amount (Receivable) / Payable In Year</b>	<b>-</b>

<b>2022/23</b> <b>£000</b>	<b>Net Asset Statement</b>	<b>2023/24</b> <b>£000</b>
(829)	Lump Sums processed for April payment	(167)
829	Debtor Held on Commissioners Balance Sheet	167

## **1. Scheme description**

The Police Pension Fund is a defined benefit scheme for police officers and comprises the Police Pension Scheme 1987, the Police Injury Benefit Scheme, the New Police Pension Scheme 2006 and the Police Pension Scheme 2015.

The scheme is wholly unfunded and balanced to nil at the end of each financial year by receipt of a top-up pension grant by the Commissioner from the Home Office or by paying the surplus over to the Home Office. There are no investment assets built up to meet the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department (GAD).

## **2. Administration of the Fund**

The Chief Constable is Scheme Manager<sup>10</sup> for the Police Pension Fund. The Chief Constable has a Police Pensions Board, established in 2015, under section 5 of the Public Service Pension Act, which provides local administration and governance for the Scheme.

## **3. Accounting Policies**

The accounting policies detailed in this Statements of Account have been followed in dealing with items which are judged material in accounting for, or reporting on, the transactions and net assets of the fund. No significant estimation techniques have been adopted.

## **4. Future liabilities**

The Funds' financial statements do not take account of liabilities to pay pensions and other benefits after the period end, which are the responsibility of the Chief Constable. Details of the long-term pension obligations can be found in the Notes to the Core Financial Statements, Employee benefits (Note 17).

---

**10 Public Service Pension Act 2013 (section 4)**

# Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2023/24)

The Accounts and Audit Regulations 2015 require an Annual Governance Statement (AGS) to be published along with the annual Statements of Account and a narrative statement that sets out financial performance and economy, efficiency, and effectiveness in its use of resources.

This statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) *'Good Governance: Framework'* (2016) and explains how the Commissioner for Northumbria has complied with this framework and meets the statutory requirements of regulations. It also continues to take into account the introduction of the CIPFA Financial Management Code 2019 (FM Code).

## Scope of Responsibility

The Police Reform and Social Responsibility (PRSR) Act 2011 sets out the accountability and governance arrangements for policing and crime matters. The Act establishes both the Police and Crime Commissioner (the 'Commissioner') and the Chief Constable as the *'Corporation Sole'* for their respective organisations. This means each is a separate legal entity, though the Chief Constable is accountable to the Commissioner. Both the Commissioner and Chief Constable are subject to the Accounts and Audit Regulations 2015; as such, both must prepare their Statements of Account in accordance with the CIPFA Code of Practice on Local Authority Accounting, and both must publish their individual AGS.

This statement covers the Commissioner's own office and the group position of the Commissioner and the Chief Constable. The Commissioner and Chief Constable share most core systems of control including: the finance systems, internal policies and processes, the Chief Finance Officer (CFO), internal audit and a Joint Independent Audit Committee (JIAC). Under the Commissioner's Governance Framework, most of the staff, officers and systems deployed in the systems of internal control are under the direction and control of the Chief Constable. The Commissioner has oversight and scrutiny of the Chief Constable's delivery including governance, risk management and systems of internal control.

The Chief Constable is responsible for the direction and control of the Force. In discharging this function, the Chief Constable is accountable to the Commissioner in ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Commissioner therefore places reliance and requirement on the Chief Constable to deliver and support the governance and risk management processes and the framework described in this statement.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and ensuring that these arrangements comply with the Commissioner's Governance Framework. In so doing the Chief Constable is ensuring a sound system of internal control is maintained throughout the year, and that appropriate arrangements are in place for the management of risk.

The Chief Constable and Commissioner have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE *'Good Governance: Framework'*.

The PRSR Act 2011 requires the Commissioner and Chief Constable to each appoint a Chief Finance Officer with defined responsibilities and powers. The CIPFA Statement on the Role of the CFO appointed by the Commissioner, and the CFO appointed by the Chief Constable, gives detailed advice on how to apply CIPFA's overarching Public Services Statement. The revised 2014 Statement states:

*“That both the PCC and Chief Constable appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority’s AGS, together with an explanation of how this arrangement delivers the same impact.”*

The Commissioner and Chief Constable have a Joint CFO for 2023/24 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2022/23. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. There are no issues of conflict to report.

### **The Governance Framework**

The governance framework in place throughout the 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 and any issues which arise up to the date of approval of the annual Statements of Account.

The framework is known as the Commissioner’s Scheme of Governance and it comprises the systems, processes, culture and values by which the Commissioner operates. It enables the Commissioner to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money, which is a duty under the Local Government Act 1999.

The overall system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to achieving the Commissioner’s and Chief Constable’s aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently, and economically.

A copy of the Governance Framework is available on the OPCC website.

Although the Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Force, the Commissioner is required to hold the post holder to account for the exercise of those functions. The Commissioner must therefore satisfy herself that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the Commissioner’s Governance Framework. It is informed by internal assurances on the achievements of the principles set out in the CIPFA/SOLACE Framework (Delivering Good Governance in Local Government - Guidance Notes for Police Authorities 2016 Edition), for those areas where the Chief Constable has responsibility. It is also informed by on-going internal and external audit and inspection opinions.

The Commissioner’s six principles of good governance are:

1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area.
2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles.
3. Good conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

### **Focusing on the Purpose of the Force and on Outcomes for the Community, and Creating and Implementing a Vision for the Local Area**

The Commissioner has a Police and Crime Plan, Fighting Poverty, Fighting Crime for the period 2022 to 2025. The plan was refreshed following consultation with local people about their views of policing and community safety and sets out the police and crime priorities for the area. The consultation showed clear areas of concern from the public. There was widespread support for renewed emphasis on targeting criminals and those who commit anti-social behaviour. The public also gave strong backing to a preventative approach to fighting crime, endorsing the PCCs view that diversionary activity and targeted interventions are key to keeping out of crime. Alongside this there was widespread support from partner agencies for a continued focus on tackling domestic abuse and supporting victims of sexual violence. This consultation therefore endorsed the findings of earlier consultation exercises whilst adding for the first time concerns over the need for safer public transport and also an acknowledgment from the public that there is a need to invest in key areas and sectors to prevent crime. The plan now also reflects the impact of poverty on crime.

- **Fighting Crime:**
  - Anti-social behaviour
  - Reducing crime
- **Preventing Crime:**
  - Preventing violent crime and reducing reoffending
  - Neighbourhood policing and Safety on Public Transport
- **Improving Lives:**
  - Support for victims
  - Tackling domestic abuse and sexual violence

The Plan also aims to support national policing priorities as set out in the Strategic Policing Requirement.

Delivery of the Police and Crime Plan is through partnership working between the OPCC and the Chief Constable. The Force's Strategic Performance Board, chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Force's purpose, vision and strategic

objectives, supporting delivery of the Police and Crime Plan. This Board is underpinned by a range of portfolio governance and thematic boards.

The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and his Executive Team to account at a monthly Scrutiny meeting. Performance is also monitored within the OPCC by the Violence Reduction Unit (VRU) management board and the OPCC management team.

Regular joint Business Meetings manage progress on specific business issues. At both these meetings the Commissioner and Chief Constable challenge performance where there are concerns, seek further information and analysis to understand where changes should be made, and/or direction given, to improve service delivery. A quarterly update on the financial position is presented by the joint Chief Finance Officer.

The performance management framework supports delivery of the plan and is refreshed annually to ensure it focuses on emerging priority area needs and, in particular, the needs of victims of crime and the vulnerable within our communities. Performance thresholds support this monitoring and scrutiny process.

The Commissioner and the Chief Constable will ensure that the resources available to Northumbria Police are used in the most effective manner that meet the needs of local communities. Funding remains a pressure, the Commissioner and Chief Constable continue to lobby the Government to ensure a fair and appropriate funding formula. Every effort is made to access additional funding to support service delivery; this includes specific grants made available by the Home Office and Ministry of Justice.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carry out a programme of inspections, including thematic reports and a regular PEEL Assessment (Effectiveness, Efficiency and Legitimacy and Leadership). Forces are assessed on their effectiveness, efficiency and legitimacy based on inspection findings, analysis and His Majesty's Inspectors' (HMIs) professional judgment across the year.

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. HMICFRS' evidence gathering for the police effectiveness, efficiency and legitimacy (PEEL) programme for the 2023-2025 cycle in Northumbria Police has commenced and is scheduled to be finalised December 2024; reporting is anticipated April 2025.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Chief Officer Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting, to inform any statutory response to inspection activity required under section 55 of the Police Act 1996. Delivery is overseen by the relevant Chief Officer lead, with further oversight at the bi-monthly Force Assurance Board and scrutiny at the Executive Board. Progress is reported and monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There were no risks to delivery identified during the year for any of the recommendations or areas for improvement reported by HMICFRS.

### **Ensuring the Police Force and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles**

The Commissioner's Governance Framework sets out the roles of both the Chief Constable and Commissioner; they are clearly defined and demonstrate how they work together to ensure effective governance and internal control.

The Commissioner works closely with all six local authorities in the Force area and North of Tyne Elected Mayor and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police work with a range of partners and are represented on partnerships that focus on policing and crime including Community Safety Partnerships. They are also members of local children's and adult safeguarding boards that work to ensure the safety and wellbeing of vulnerable children and adults in the

Force area. The Commissioner has developed a Violence Reduction Unit which takes a public health approach to tackling serious violence working with a range of partners.

The Commissioner is the Chair of the Local Criminal Justice Board, working with partners to deliver an effective and efficient local criminal justice system. Providing the best support possible for victims and witnesses and bringing offenders to justice and addressing the causes of their offending and reducing reoffending.

A Service Level Agreement between the Commissioner and the Chief Constable exists. This agreement identifies the services that will be shared in order to best fulfil the duties and responsibilities of each in an efficient and effective way.

Where collaboration between Forces is in place governance arrangements are set out in formal collaboration agreements and these are published on the OPCC website. Section 22a of the Police Act 1996 (which itself comes from section 5 the Policing and Crime Act 2009) places on the Commissioner and the Chief Constable a duty to publish copies of collaboration agreements to which they are party.

### **Promoting Values of Good Governance through Upholding High Standards of Conduct and Behaviour**

The Office of the Commissioner has a comprehensive website ([Northumbria PCC](#)) that includes:

- Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendments).
- Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner.
- The Commissioner's disclosure of interest document which is updated annually.
- An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.
- A register of the Commissioner's and the OPCC gifts, hospitality and business expenses.

In accordance with the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, the Police and Crime Panel (the 'Panel') make provision regarding the Panel's powers and duties in regard to complaints made about the conduct of the Commissioner. A procedure for dealing with complaints against the Commissioner was approved by panel members in February 2013, appointing the Chief Executive (now Chief of Staff) of the Office of the Commissioner as the Monitoring Officer. A quarterly report is provided to the Panel by the Monitoring Officer; since November 2012 there have been no complaints against the Commissioner that have been upheld.

The Commissioner is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office of Police Complaints. Professional Standards Department (PSD) provides a report to the Scrutiny Meeting on a six-monthly basis outlining information including the volume and nature of complaints, appeal rates and other current issues.

The Commissioner is responsible for ensuring proper and effective investigation into complaints against the Chief Constable, while the Chief Constable is responsible for ensuring proper and effective investigation of complaints against all other officers and staff employed by Northumbria Police.

Following changes to legislation on the 1st February 2020, the PCC is now responsible for appeals in relation to complaints, complainants who are not satisfied with how their complaint has been handled by Northumbria Police can request a review, through the OPCC, the appeal determines if the complaint has been handled in a reasonable and proportionate manner together with an update on how the Force learn from complaints to further improve service delivery

## **Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management**

The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the Commissioner has a Decision Making and Recording Policy that supports these principles. All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the OPCC website. This ensures trust and confidence in Northumbria Police.

The Police and Crime Panel (the 'Panel') oversee the work of, and support, the Commissioner in the effective exercise of functions. The Panel is comprised of twelve local authority councillors, two from each of the six authorities in the Northumbria policing area, and two independent members. A relationship protocol between the Commissioner, Chief Constable and the Panel is in place, and this sets out the mutual expectations and responsibilities needed to promote and enhance local policing through effective working relationships of all parties.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has 5 independent members who are appointees from within the Force area. The JIAC monitors internal control, risk and governance issues relating to both the OPCC and Force. This JIAC receives reports of both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Minutes of the JIAC meetings are published on the Commissioners website. The Chair of the JIAC also provides annual assurance that the Committee have fulfilled their duties under the Terms of Reference.

The Commissioner and Chief Constable each have a Strategic Risk Register which has been designed to ensure the effective management of strategic risk. In both registers the strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The Force's strategic risks are reported at the Force's Executive Board and reported alongside those of the OPCC at joint Business Meeting on a quarterly basis. A Joint Strategic Risk Register is also presented to all meetings of the JIAC.

## **Developing the Capacity and Capability of Officers of the Force to be Effective**

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area, their work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police Purpose, Vision and Objectives.

In February 2024 the Chief Constable launched the new **Force Strategy**.

The **PURPOSE** of the Force is unchanged, 'Keep people safe and fight crime'.

The Force has simplified its **VISION**, 'To be an outstanding police force'.

New force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics, '**Do the right things, in the right way, for the right reasons.**'

In March 2024 the Force announced the new Police Leadership Framework (PLF) in Northumbria, developed by the College of Policing.

The Framework includes different programme levels which are tailored to individual roles and stages of leadership. Each programme of learning seeks to improve core leadership skills which include:

- Problem solving
- Leading high performing teams
- Effective communication
- Decision making
- Team wellbeing
- Resilience
- Challenging unacceptable behaviour

The Police Leadership Framework has been developed to change the way forces deliver leadership across policing, with training based on leadership standards that are derived from the Code of Ethics.

The Force has kickstarted training under the new Framework with the launch of the mandatory 'Everyone as a Leader' training module, providing everyone in the Force with an introduction to leadership.

The training serves as an introduction to the national leadership standards and our leadership development framework. The Force aim is to improve our people's leadership skills and confidence, regardless of their role. To be an outstanding force, we want our people to feel confident as leaders – doing the right things, in the right way for the right reasons.

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police of 615 officers. As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of officers by 20,000.

In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

In 2023/24 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2024/25 the Government have confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria bringing the total Uplift allocation to 693 officers.

New officers have entered policing in Northumbria through a number of entry routes including the Police Constable Degree Apprenticeship (PCDA), the Degree Holder Entry Programme (DHEP), the Graduate Detective Programme (GDP) and the Initial Police Learning Development Programme (IPLDP). In 2024/25 the Force will also be recruiting through the Police Constable Entry Programme (PCEP) which is a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

The recruitment drive by Northumbria Police received praise in the latest report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS), highlighting the Force's successful innovative approach to attracting candidates from under-represented groups.

### **Engaging with local people and other stakeholders to ensure robust public accountability**

The Commissioner has operated a comprehensive engagement programme during 2023/24 with local, regional, and national representation and engagement via the press and through active social media channels and advisory groups that represent local communities and groups. The Commissioner has also visited a range of community and voluntary sector organisations that work within our communities to support vulnerable people and those with protected characteristics. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities,

The Commissioner has consulted with community and partner agencies across the following issues:

- Local Neighbourhood Surveys
- Development of a Violence against Women and Girls Strategy.
- Development of Safer Streets Projects - Women's Safety in Public Places and Safety on Public transport
- Impact of the cost of living
- Precept
- Police and Crime Plan

In respect of Victim Services, consultation with service providers, the public and our Victim and Witness Service Improvement Board informed our commissioning priorities. Additional priorities were identified around support for victims of serious violence and stalking harassment. Additional specialist services have been commissioned for these two priorities along with those already commissioned for our existing priorities:

- Young victims of crime.
- Victims of hate crime.
- Victims with mental health needs.
- Victims with other vulnerabilities.
- Victims of domestic abuse.
- Victims of sexual assault and abuse

An annual report provides an overview of the Commissioner's activity over the year and is published on the Commissioners website.

### **Value for Money and Reliable Financial and Performance Statements Are Reported and Internal Financial Controls Followed**

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and Commissioner's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2023/24.

The financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.

- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four year Medium Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2023/24. The police settlement issued by the government for 2023/24 assumed that each PCC would increase the precept by the maximum of £15.00 per year for a Band D property. The Commissioner approved an increase of £15.00 per year for a Band D property, but for the majority of residents in Northumbria, those in a Band A property, the actual increase was only £10.00 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.
- The additional income generated by the precept increase for 2023/24 was £6.120m and was used to:
  - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
  - Help protect the force from the impact of significant budget pressures and spiraling inflation.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

### Review of Effectiveness

The Commissioner has a responsibility to ensure, at least annually, that an evaluation of the effectiveness of the governance framework, including the system of internal audit and system of internal control is undertaken. This is informed by the internal audit assurance, information gathered from the Commissioner and Chief Constable's senior management, external audit opinions and reviews conducted by other agencies and inspectorates.

For 2023/24 the review process has been led by the Commissioner and Chief Constable's Joint Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor
- HMICFRS and other external inspectorates

- The legal and regulatory framework
- Risk management arrangements
- Performance management and data quality
- Other ‘Thematic Assurance’
  - Business Planning
  - Partnership arrangements and governance
  - Information and Communications Technology (ICT) Arrangements
  - Fraud, Corruption and Money Laundering
  - Wellbeing
- CIPFA Financial Management Code self-assessment

Included within the above assurance review is the CIPFA Financial Management Code self-assessment which was first introduced in 2020/21 and became mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each section are noted below:

The Responsibilities of the Chief Finance Officer and Leadership Team	(Green)
Governance and Financial Management Style	(Green)
Long to Medium Term Financial Management	(Green)
The Annual Budget	(Green)
Stakeholder Engagement and Business Plans	(Green)
Monitoring Financial Performance	(Green)
External Financial Reporting	(Green)

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified one area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. The CIPFA FM Review has been carried out during the 2024/25 financial year, the outcomes and any improvement plans will be noted in the AGS 2024/25.

From the overall review of effectiveness, no issues were identified as governance issues, which required disclosure within this AGS. For the senior manager’s assurance statements, each area of responsibility was assessed using a standard governance questionnaire.

All areas returned compliant to each of the questions, with no non-compliance.

**Internal Audit Overall Assessment & Independent Opinion**

The assessment by Internal Audit of the Commissioner and Chief Constable’s internal control environment and governance arrangements makes up a fundamental element of assurance for the AGS.

There were 26 audits within the 2023/24 audit plan, all of which were completed. Of the 26 reports, 20 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily, with 1 audit assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2023/24, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2023/24 audit plan, approved by the JJAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

### **Actions from the 2022/23 Statement**

There was one action identified in the 2022/23 Annual Governance Statement which related to an outstanding planned activity identified under the CIPFA Financial Management Code self-assessment. The CIPFA FM Review was undertaken by the Force in 2024/25 and the outcomes from the review will be noted in the AGS 2024/25.

### **2023/24 Governance Issues**

The review has identified no governance issues that need to be included within the 2023/24 Annual Governance Statement as actions.

### **Conclusion**

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance.

However, on the basis of the review of the sources of assurance set out in this statement, the undersigned are satisfied that the Commissioner for Northumbria has in place satisfactory systems of internal control which facilitate the effective exercise of their functions, and which include arrangements for governance, control and the management of risk.



SIGNED

Police and Crime Commissioner



SIGNED

Chief of Staff



SIGNED

Chief Finance Officer

Date 27/2/25-

# Independent Auditors Report

## INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA

### Opinion

We have audited the financial statements of the Police and Crime Commissioner for Northumbria for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Police and Crime Commissioner for Northumbria and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Northumbria and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Northumbria and Group Balance Sheet;
- Police and Crime Commissioner for Northumbria and Group Cash Flow Statement;
- Police and Crime Commissioner for Northumbria related notes 1 to 26, and Group related notes 1 to 15 including material accounting policy information; and
- Police and Crime Commissioner for Northumbria Pension Fund Account Statements and its related notes 1 to 4 (within the Supplementary Financial Statements section).

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Northumbria and the Group as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Northumbria and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period to 31 March 2026.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Statements of Account, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information contained within the Statements of Account.

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

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

We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended); or
- we are not satisfied that the Police and Crime Commissioner and the Group have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects

### **Responsibility of the Treasurer**

As explained more fully in the Statement of The Treasurer's Responsibilities set out on page 28, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Police and Crime Commissioner's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and the Group either intend to cease operations, or have no realistic alternative but to do so.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the Group and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- The Local Audit and Accountability Act 2014 (as amended),
- The Accounts and Audit Regulations 2015,
- The Police Reform and Social Responsibility Act 2011,
- Anti-social behaviour, Police and Crime Act 2014,
- Police Pensions scheme regulations 1987,
- Police Pensions regulations 2006, and
- Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner and the Group have to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, procurement and health & safety.

- We understood how Police and Crime Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Police and Crime Commissioner's and the Group's

committee minutes, and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

- We assessed the susceptibility of the Police and Crime Commissioner's and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Police and Crime Commissioner's and the Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also tested estimates for evidence of management bias and performed procedures to identify any significant or unusual transactions in the accounts for testing.

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner and the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Delayed certificate**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of and the Group.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

**Use of our report**

This report is made solely to Police and Crime Commissioner for Northumbria and the Group, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Northumbria and the Group, for our audit work, for this report, or for the opinions we have formed.

Claire Mellons  
Ernst & Young LLP

Claire Mellons (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Newcastle upon Tyne  
28 February 2025

# Glossary of Terms

**Accounting policies** are those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

Recognising;

- Selecting measurement bases for; and
- Presenting assets, liabilities, gains, losses and changes to reserves.
- Accounting policies do not include estimation techniques.
- Accounting policies define the process whereby transactions and other events are reflected in financial statements.

**Accruals:** the accruals basis of accounting is where transactions and other economic events are reported in the period of activity to which they relate rather than when cash is received or paid.

**Actuarial gains and losses:** Actuarial gain or loss refers to an increase or a decrease in the projections used to value a defined benefit pension plan obligations.

**Amortisation:** is the process of writing-off an intangible asset over its projected life. It is analogous to depreciation of tangible non-current assets.

**Assets:** an asset is “a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity” (IASB definition)

**Budgets:** a statement of the Chief Constable’s forecast of net revenue and capital expenditure over a period of time, i.e. A financial year.

**Capital charges:** are charges to the Comprehensive Income & Expenditure to reflect the cost of using assets. They are based upon depreciation, which represents the cost of using the asset.

**Capital expenditure:** is expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

**Capital receipts:** are proceeds from the sale of the Commissioner’s buildings or from the repayment of loans and advances.

**Cash:** comprises cash in hand and demand deposits.

**Cash equivalents:** are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**CIPFA:** (the Chartered Institute of Public Finance and Accountancy) provides guidance in the interest of public services. It is the professional body for accountants working in the UK public sector. It provides financial and statistical information for local authorities and other public sector bodies, and advises Central Government and other bodies on public finance.

**Constructive obligation:** is an obligation that derives from an entity’s actions where:

By an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities, and as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

**Contingencies:** are funds set aside as a reserve to meet the cost of unforeseen items of expenditure, or shortfalls in income and to provide for inflation. This is not included in individual budgets because their precise value cannot be determined in advance.

**Contingent assets:** are possible assets arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner’s control.

Contingent liabilities are either:

Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner's control; or

Present obligations arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

**Corporate & Democratic Core:** comprises democratic representation, governance and management by the office of the Commissioner. Corporate Management costs concerns those activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability, for example, treasury management and external audit.

**Corporate governance:** is the system by which an organisation directs and controls its functions and relates them to its communities.

**Creditors:** are amounts owed for goods and services received but where payment has not been made at the end of the financial year (i.e. 31 March).

**Current assets:** cash and other assets likely to be converted to cash or consumed within one year

**Current liabilities:** are amounts owed to individuals or organisations that will be paid within twelve months of the Balance Sheet date.

**Current service cost (pensions):** is the increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**Debtors:** are amounts owed to the Commissioner for goods and services supplied but where payment has not been received at the end of the financial year.

**Deferred liabilities:** are liabilities that should have been paid to an individual or an organisation during the year but have been deferred to a later date.

**Defined benefit scheme:** is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Defined contribution scheme:** is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Discretionary benefits:** are retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Chief Constable's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

**Estimates:** are amounts that the Commissioner expects to spend or receive as income during an accounting period:

**Original Estimates** are the estimates for a financial year approved by the Commissioner before the start of the financial year.

**Revised Estimates** are an updated revision of the estimates for a financial year prepared within the financial year.

**Estimation techniques:** are methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. A policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. They include, for example:

Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a non-current asset consumed in a period; and

Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

**Events after the Reporting Period:** are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statements of Account are authorised for issue.

**Exceptional items:** are material items which derive from events or transactions that fall within the ordinary activities of the Chief Constable and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Formula grant:** is the general grant given by the Home Office to spending on services.

**General Fund:** holds the police fund and is the main reserve into which Council Tax Precept, government grant and other income is paid into and from which meets the day-today cost of providing services.

**Government grant:** is assistance by government, inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Commissioner in return for past or future compliance with certain conditions relating to the activities of the authority.

**Gross expenditure:** is the total cost of providing the Commissioner's services before taking into account income.

**IAS (International Accounting Standards):** are accounting pronouncements issued by the International Accounting Standards Board. They have been adopted by the UK public sector in a move to make it more comparable with both the private sector and the international community as a whole.

**IFRSs (International Financial Reporting Standards):** are accounting pronouncements issued by the IASB. They have been adopted (or, in some cases, interpreted or adapted) by the UK public sector in an attempt to make it more comparable with both the private sector and the international community as a whole.

**Liabilities:** Money owed or the obligation to transfer economic benefit at some point in the future.

**Local Government Pension Scheme (LGPS):** is a nationwide public sector pension scheme for employees working in local government. It is administered locally for participating employers through many regional pension funds. South Tyneside Council is the Fund Administering Authority for the LGPS offered to employees by the Chief Constable and is responsible for the governance of the Fund.

**Materiality:** an item of information is material if its omission or misstatement from the accounts might reasonably affect the assessment of the authority's stewardship, economic decisions or comparison with other entities. Materiality is dependent on the size and nature of the item in question.

**Non-current assets:** are those that yield benefits to an entity and the services it provides for a period of more than one year.

**Past service cost:** for a defined benefit pension scheme, is the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Pension fund:** an employees' pension fund which is maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

**Police and Crime Commissioner (Commissioner / PCC):** a person elected who is accountable to the public for ensuring an effective and efficient police Force.

**Police Fund:** is the fund into which all receipts of a Police and Crime Commissioner must be paid and from which all expenditure must be paid out of.

**Police Grant:** is grant paid by the Home Office to police and crime commissioners as part of the Local Government Finance Settlement.

**Police Pension Scheme:** is the collective term used for the pension schemes for police officers and comprises the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015, and the Police Injury Benefit Scheme. The rules of which are set out in The Police Pension Regulations 1987, The Police Pension Regulations 2006, The Police Pension Regulations 2015, and The Police (Injury Benefit) Regulations 2006, and subsequent amendments.

**Police staff:** includes staff under the direction and control of the Chief Constable.

**Precepts:** the demands made by the Police and Crime Commissioner on councils to finance police expenditure.

**Prior period adjustments:** are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provisions:** are amounts set aside in the accounts for liabilities that are likely to be incurred or assets that are likely to be received but where the amounts or the dates on which they will arise are uncertain.

**Prudential borrowing:** all borrowing must remain within the Commissioner's prudential borrowing limits (see Prudential Code), which are agreed annually by Commissioner.

**Prudential Code for Capital Finance in Local Authorities:** this replaced the previous regulatory frameworks in England, Wales and Scotland. The 2003 Code introduced a need for local authorities to consider capital spending plans with reference to affordability (implications for Council Tax), prudence and sustainability, value for money, stewardship of assets, strategic objectives and the practicality of the plans.

**Related parties:** a related party is a person or entity that is related to the entity that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person:

1. Has control or joint control over the reporting entity;
2. Has significant influence over the reporting entity; or
3. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions apply:

1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3. Both entities are joint ventures of the same third party
4. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
5. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
6. The entity is controlled or jointly controlled by a person identified as a related party.
7. A person identified as a related party has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Examples of related parties of an authority include:

1. Central Government.

2. Local authorities and other bodies Precepting or levying demands on the Council Tax.
3. Its subsidiaries and associated companies.
4. Its joint ventures and joint venture partners.
5. Its members.
6. Its chief officers.
7. Its pension fund.

**Related party transaction:** is a transfer of resources or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

**Remuneration:** is defined as 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 the employer are excluded.

**Reserves:** are monies set aside by the Commissioner for future police purposes or to cover contingencies.

**Retirement benefits:** are all forms of consideration given by the Commissioner in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

An employer's decision to terminate an employee's employment before the normal retirement date; or

An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**Revenue expenditure:** is incurred on the day-to-day running of the Chief Constable's activities; the costs principally include employee expenses, premises costs, supplies and transport.

**Scheme liabilities:** (of a defined benefit scheme) are outgoings due after the valuation date. They are measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Service Reporting Code of Practice (SeRCOP):** provides guidance on financial reporting to ensure data consistency and comparability between authorities. It was introduced by CIPFA in response to the demand placed upon authorities to secure and demonstrate best value in the provision of services to the community.

**Short Term Accumulating Absences Account:** represents the estimated financial value of untaken short-term employee benefits, e.g. Annual leave, at the end of the financial period.

**Strain on the Fund:** when a member of the Local Government Pension Fund is allowed to retire early (e.g. Efficiency, redundancy or with the Chief Constable's consent) employee and employer pension contributions stop but benefits become payable earlier than assumed and will be paid for a longer period. To meet the additional cost to the fund, the employer must make additional payments called strain costs.

**Support services:** or overheads, are those services that support the delivery of front line services.

**Unusable reserves:** are those reserves that the Chief Constable is not able to use to provide services. This category of reserves includes reserves that hold unrealisable gains and losses, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences. **Note 8** provides further information on the individual reserves in this category.

**Usable reserves:** are those reserves that the Chief Constable may use to provide services, they can also be described as 'cash-backed'. **Note 8c** provides further information on the individual reserves in this category.

**Useful life:** or useful economic life, is the period over which an entity will derive benefits from the use of a fixed asset.

# Index

<b>Preface</b> .....	<b>2</b>
<b>Narrative Statement</b> .....	<b>3</b>
<b>Statement of Responsibilities</b> .....	<b>28</b>
<b>Core Financial Statements – Single Entity</b> .....	<b>29</b>
<b>Movement in Reserve Statement – Single Entity</b> .....	<b>30</b>
<b>Comprehensive Income and Expenditure Statement – Single Entity</b> .....	<b>32</b>
<b>Balance Sheet – Single Entity</b> .....	<b>33</b>
<b>Cash Flow Statement – Single Entity</b> .....	<b>34</b>
<b>Notes to the Single Entity Core Financial Statements</b> .....	<b>35</b>
1. Expenditure and Funding Analysis (EFA) .....	35
2. Expenditure and Income Analysed by Nature.....	37
3. Statement of Accounting Policies .....	37
4. Critical Judgement in applying accounting policies.....	50
5. Impact of changes in accounting policies .....	50
6. Accounting standards that have been issued but have not yet been adopted.....	50
7. Assumptions made about the future and other major sources of estimation uncertainty.....	51
8. Movement in Reserves Statement.....	51
9. Information to be presented either in the CIES or in the Notes.....	61
10 External Audit Costs .....	62
11. Government and non-government grants and contributions.....	63
12. Officer Remuneration .....	64
13. Related Parties .....	66
14. Joint Arrangements .....	68
15. Capital Expenditure and Contributions .....	68
16. Non-Current Assets.....	69
17. Debtors.....	73
18. Cash and cash equivalents.....	73
19. Creditors.....	74
20. Provisions and Contingent Liabilities .....	74
21. Financial Instruments .....	75
22. Employee Benefits .....	82
23. Trust Funds.....	87
24. Ministry of Justice Grant.....	88
25. Events After the Reporting Period.....	89
26. Authorisation of Accounts.....	89
<b>Core Financial Statements – Group</b> .....	<b>90</b>
<b>Movement in Reserve Statement – Group</b> .....	<b>91</b>

<b>Comprehensive Income and Expenditure Statement – Group</b> .....	<b>93</b>
<b>Balance Sheet – Group</b> .....	<b>94</b>
<b>Cash Flow Statement – Group</b> .....	<b>95</b>
<b>Notes to the Group Core Financial Statements</b> .....	<b>96</b>
1. Expenditure and Funding Analysis (EFA) .....	96
2. Expenditure and Income Analysed by Nature.....	99
3. Statement of Accounting Policies .....	99
4. Critical Judgement in applying accounting policies .....	100
5. Assumptions made about the future and other major sources of estimation uncertainty.....	100
6. Movement in Reserves Statement.....	101
7. Information to be presented either in the CIES or in the Notes.....	108
8. External Audit Costs .....	108
9. Officer Remuneration.....	109
10 Debtors.....	112
11. Creditors .....	112
12. Provisions and Contingent Liabilities .....	113
13. Employee Benefits .....	115
13. a) Staff Pensions .....	115
13. b) Officer Pensions.....	122
14. Events After the Reporting Period.....	125
15. Authorisation of Accounts .....	125
<b>Supplementary Financial Statements</b> .....	<b>126</b>
Notes to the Supplementary Financial Statements .....	128
<b>Annual Governance Statement</b> .....	<b>129</b>
<b>Independent Auditor’s Report</b> .....	<b>141</b>
<b>Glossary of Terms</b> .....	<b>146</b>
<b>Contacts</b> .....	<b>153</b>

# Contacts

For copies, please contact the Chief Constable at:

Email: [accountancy.services@northumbria.pnn.police.uk](mailto:accountancy.services@northumbria.pnn.police.uk)

Alternative formats of this Statement (including large print, easy read and translations into other languages) are available upon request.

For queries / feedback,

Please contact Gail Thompson at:

[gail.thompson.4397@northumbria.pnn.police.uk](mailto:gail.thompson.4397@northumbria.pnn.police.uk)

Primary contacts:

Chief Finance Officer:	Kevin Laing
Deputy Head of Finance	Gail Thompson
Finance Lead, Corporate Finance and Governance :	Laura Burbridge

Web links:

[www.northumbria.police.uk](http://www.northumbria.police.uk)

[www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk)

Image sources

Northumbria Police and Crime Commissioner