

**CHIEF CONSTABLE FOR DERBYSHIRE
DRAFT STATEMENT OF ACCOUNTS 2023/24**

SUBJECT TO AUDIT AND SUBJECT TO CHANGE

**CHIEF CONSTABLE FOR DERBYSHIRE
STATEMENT OF ACCOUNTS
YEAR END 31 March 2024**

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NARRATIVE REPORT

Introduction

These accounts set out the overall financial position of the Chief Constable for Derbyshire, who is responsible for Derbyshire Constabulary, for the year ended 31 March 2024.

Organisational Overview and External Environment

Derbyshire Constabulary serves an area of more than 1,000 square miles, and a population around one million.

Derbyshire is renowned for being hugely diverse. It encompasses the rural areas of the High Peak, Derbyshire Dales and the Derwent Valley, a World Heritage Site. These areas attract a significant amount of tourism throughout the year. In addition, there are old mining communities, modern towns and business centres. It is also home to the vibrant and culturally diverse city of Derby, a cosmopolitan city with a fantastic heritage.



Governance

The Police and Crime Commissioner and the Chief Constable are established as separate legal entities under the Police Reform and Social Responsibility Act 2011. This Act created a Police and Crime Commissioner for Derbyshire (PCC), known as the 'Commissioner' and at the same time the Chief Constable was established as a separate body with responsibility for Derbyshire Constabulary.

The primary function of the body headed by the Chief Constable is the exercise of operational policing duties under the Police Act 1996. The Commissioner's function is to hold the Chief Constable to account for the exercise of these duties, thereby securing the maintenance of an efficient and effective police service in Derbyshire.

More detail on the governance framework comprising the systems and processes, culture and values by which Derbyshire Police is directed and controlled are contained within the Annual Governance Statement, which accompanies the Chief Constable's Statement of Accounts.

Overview

During the last 12 months, Derbyshire Constabulary has maintained a strong momentum, continuing to observe positive change, performance improvement and development across all areas of the force. The ongoing drive throughout the organisation is premised upon our commitment to delivering an excellent service to the communities of Derbyshire, one they can trust. Our core purpose is to fight crime, proactively bring offenders to justice and protect the most vulnerable from harm.

The Police Uplift Programme (PUP) has been a success in Derbyshire, meaning we now have an extra 283 police officers with the uplift target being delivered six months ahead of schedule. However, this has brought additional challenge with regards to training, infrastructure, HR services and developing resilience within an inexperienced workforce. We invested in resources to deliver this, in Recruitment, Learning and Development, and Human Resources. Some of the PUP posts were used to create additional supervision and leadership positions recognising the challenges of so many new recruits requiring effective leadership. The force has been able to support the national Police Uplift Programme and recruit additional officers as part of the 'overshoot' programme with an additional 27 extra officers increasing our baseline establishment to 2,137 at March 2024.

This year has also seen the introduction of our new values which were chosen by our workforce and represent what is most important to them. Our vision is to be an outstanding force, supported by our One Derbyshire Plan for 2023-25. The One Derbyshire Plan is intended to deliver cultural and organisational improvement through five key work streams. These are Leadership, Internal Communication and Engagement, Wellbeing, Learning and Development of staff and Standards and Behaviours.

Organisational Model

Policing in Derbyshire is divided into two geographic areas known as Divisions. Each Division is headed by a Chief Superintendent, known as the Divisional Commander, who is responsible for the overall policing of the area. Divisions are divided further into a series of Local Policing Units, led by an inspector. Within each policing unit sit our Safer Neighbourhood teams. Safer Neighbourhoods are about police and partners working with the public to identify and deal with issues of concern in their neighbourhood. These areas are patrolled by police officers, special constables and police community support officers (PCSOs). Local policing is complemented by a range of support units and departments that operate across the Constabulary. These include the Contact Management Centre that answers 999 and non-emergency telephone calls, our roads policing section, dog section, National Police Air Service (NPAS), criminal justice, crime investigation and the forensic officers who work in our scientific support unit.

Derbyshire Constabulary employs approximately 2,137 police officers, 200 PCSOs and 155 Specials/Volunteers and 1,650 staff in full-time and part-time positions (excluding staff of the Commissioner). Active recruitment plans include positive action to improve the diversity and reflect more closely that of the County.

Basis for Preparation

For accounting purposes, the Commissioner and Chief Constable together are known as the PCC Group. A separate set of statutory accounts has been published for the Commissioner and PCC Group to recognise all the financial transactions incurred during 2023/24 for policing in Derbyshire.

The purpose of the Narrative Report is to outline the financial performance, financial position and cash flows of the Chief Constable during 2023/24 and provide an overview of the most significant matters reported in the accounts.

The 2023/24 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting 2023/24. The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include: -

- The Police Reform and Social Responsibility Act 2011 (the Act).
- Accounts and Audit (England and Wales) Regulations 2015 & Accounts and Audit (Amendment) Regulations 2022.
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2018.
- Scheme of Consent between the Commissioner and Chief Constable.
- The Financial Handbook of the Commissioner and Chief Constable.

The Accounts reflect that the Commissioner has responsibility for the finances of the whole Group and control of all land and buildings, liabilities and reserves. The Commissioner receives all income and funding and makes all the payments for the Group from the Police Fund. In turn the Chief Constable fulfils their functions under the Act within an annual budget (set by the Commissioner in consultation with the Chief Constable). A scheme of consent is in operation between the two bodies to give clarity to the way the two organisations are governed and how business is undertaken.

Financial Statements

The financial statements for the Chief Constable required under the 2023/24 Code consist of:

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the primary statements. It shows how the annual expenditure is used and funded from the annual budget set by the Commissioner, in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing policing services under the direction of the Chief Constable for the 12 months to 31 March 2024, (as opposed to the overall cost of policing Derbyshire, which includes the cost of administering the Office of the Police and Crime Commissioner (OPCC) and OPCC expenditure on commissioning activities in relation to community safety, crime prevention and victim support, as shown in the Group Accounts). The CIES has been prepared by applying the accounting principles set out in the CIPFA Accounting Code of Practice. The headings replicate those used for the Constabulary's internal performance reports.

Movement in Reserves Statement

This summarises the movements to and from unusable reserves for the financial year 2023/24, which relate to post-employment benefits (pensions), benefits payable during employment (untaken leave at the financial year end) and financing of vehicles and equipment from capital resources. All usable reserves are held by the Commissioner as shown in the Group Accounts.

The Balance Sheet

This summarises the financial position of the Chief Constable as at the 31 March 2024 and sets out any assets, liabilities and reserves. The net assets of the Chief Constable (assets less liabilities) are matched by the unusable reserves held by the Chief Constable. These reserves are a product of the application of the Code, it should be noted that the Chief Constable does not hold usable reserves – they are all held by the Commissioner as shown in the Group Accounts.

The Cash Flow Statement

This shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. As all of the Group's cash flows are presented in the Commissioner's Accounts this statement simply shows the net surplus on provision of services adjusted for non-cash movements.

Accounting Policies

Accounting policies are the specific principals, conventions, rules and practices that are applied in preparing and presenting the annual accounts. The accounting policies for the Chief Constable applied in preparing the 2023/24 annual accounts are consistent with last year.

Other Contents

In addition to the financial statements, the annual accounts include a:-

- Statement of Responsibilities for the Accounts and information on the Police Officer Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities)
- An Annual Governance Statement (AGS). This statement is a statutory document which explains the governance processes and procedures in place to enable Derbyshire Constabulary to carry out its functions effectively. Following the Police Reform and Social Responsibility Act 2011 the Chief Constable is required to produce their own AGS each year which must accompany the Chief Constable's Statement of Accounts.

Strategy and Resource Allocation

The revenue budget for 2023/24 was set at £219.471 million, which was an increase of 3.4% over 2022/23. The funding for this budget came from a combination of central government grants (Police Specific Grant, Localising Council Tax Support Grant and Revenue Support Grant (RSG)) of £130.375m, and locally raised Council Tax of £88.599m.

As a result of what is known as the 'gearing' effect (the ratio of government grants to overall funding), the impact of annual increases in grant on the overall budget can vary markedly between different forces. During the period 2014/15 to 2023/24 the Constabulary's revenue budget has increased by 33.1% from £164.7m to £219.2m. This equates to an average annual growth rate of 3.7%. In the same period Government Grant increased by 13.9% (from £114.5m to £130.4m) with the difference being met by local Council Taxpayers (£50.2m to £88.8m).

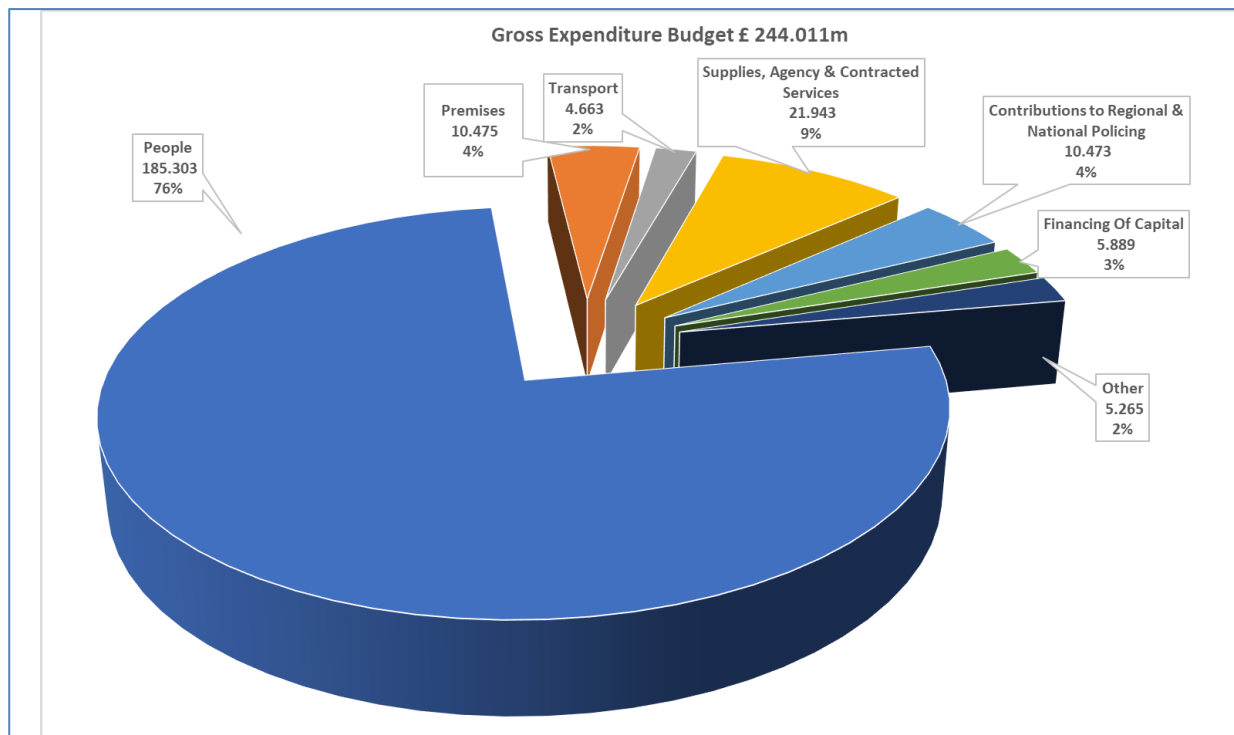
In addition to the £130.375m funding for the revenue budget, a grant of £28.613m was also received from the Home Office to cover the deficit on the police pension fund for the year.

The policing element of Council Tax for an average band D dwelling in Derbyshire was £266.60, an increase of £15 or 5.96% over 2022/23. This was the maximum increase the Commissioner could approve under the government's Precept Limitation regulations for 2023/24 without holding a local referendum.

The policing element of all Council Tax bandings in Derbyshire was as follows:-

Council Tax by Band	2022/23	2023/24
A	£ 167.73	£ 177.73
B	£ 195.69	£ 207.36
C	£ 223.64	£ 236.98
D	£ 251.60	£ 266.60
E	£ 307.51	£ 325.84
F	£ 363.42	£ 385.09
G	£ 419.33	£ 444.33
H	£ 503.20	£ 553.20

After taking into account all income sources, Derbyshire Police's gross expenditure budget was £244.011m which was allocated across major budget headings as follows: -



Financial Performance Report

During the year the force continued to face a range of challenges in managing its financial resources whilst maintaining and improving its services to the communities and businesses across Derbyshire. While the more pronounced increase in funding for the police service seen over the previous three years continued, much of this was directed towards maintaining the government's pledge to recruit an additional 20,000 police officers.

The force successfully maintained its Uplift target. At 31st March 2024 it was employing 2,160 police officers, meaning it had maintained the 283 additional officers expected through the Home Office's original Uplift Programme, plus a further 50 through recruitment acceleration. The costs of 45 of the 50 additional recruits attracted additional grant through a re-allocation mechanism implemented to address shortfalls in recruitment elsewhere in the country.

Like many other organisations the force has faced significant cost pressures from the high level of inflation experienced in the UK throughout the year and the knock-on effect of above-trend pay settlements. Although the Covid-19 pandemic was less impactful in terms of operational policing than in the previous three years, financial demands on the Constabulary are still being felt as part of the aftermath along with the ongoing conflict in Ukraine and the Middle East. This has resulted in increased costs from higher price rises across a range of areas including energy/utility costs, construction and repairs, uniform and other infrastructure spend, as well as creating a continually difficult labour market in which to recruit and retain the best employees.

Whilst some additional government support was provided to alleviate the cost of the pay increase much had to be absorbed by savings elsewhere. Because many of the savings achieved to date are temporary in nature – for example those achieved through a high turnover of staff – the full impact of the permanent cost increases is only likely to be felt from 2024/25 onwards. A major Savings Programme has therefore commenced to identify more sustainable reductions in costs.

The continued impact of the external factors continue to be considered as part of our financial assumptions being made within the Medium-Term Financial Plan as we develop the best, worst and likely case scenarios.

Revenue Outturn

The financial position for 2023/24, as set out in the table below shows an over-spend against budget of £1.508m. The overspend includes £0.634m for the cost of exiting the Ilkeston Private Financing Initiative (PFI) early, which may be considered outside of the day-to-day costs of policing Derbyshire. Exiting the PFI means the Force has secured Ilkeston as a long-term asset and removed risk around both the uncertainty of long-term costs as well as any operational risk in terms of the effect of the loss of this site to policing.

The Constabulary continues to invest in new technology as part of the National Enabling Programme to enhance and improve processes, reporting and performance. Future success in tackling crime and understanding demand will rely on managing information effectively and the use of powerful analytics. The Constabulary's vision is to be a data driven organisation, where advanced analytical capability is embedded and the workforce are enabled to draw insights to inform operational and strategic decision making.

Force Reserves remain low, which supports our investment and funding strategies that look to make the best use of internal resources first, to minimise increases in precept levels. This does however mean that the Constabulary cannot readily rely on reserves to support the revenue budget or indeed its future capital investment plans in the future.

Where did we spend the Money?

The majority of our costs relate to Employee Expenses, including Police Officers, Police Staff, including Police Community Support Officers and Pension Costs. The following table breaks down all areas of costs and income.

Expenditure Heading 2023/24	Revised Budget £m	Actual £m	Variance £m
Police Officer Pay & On Costs	119.242	123.289	4.047
Police Staff Pay & On Costs	59.265	57.074	(2.191)
Other Employee Expenses	1.020	1.190	170
Police Pensions	3.301	3.159	(142)
Premises	10.474	13,785	3,311
Transport	4.656	5.488	832
Supplies & Services	21.339	23.653	2.314
Pay & Price Contingency	1.373	-	(1,373)
Agency	272	347	75
Debt Charges	1.583	1.542	(41)
Revenue Contribution to Capital	4.306	4.296	(10)
Government Grants	(13.259)	(15.086)	(1.827)
General Income	(5.983)	(8.049)	(2.066)
Regional Units	10.473	10.642	169
Secondments		(88)	(88)
Interest Receipts	(1.200)	(2.093)	(893)
Contributions to/from Reserves	(1.749)	(1,720)	29
BCU Fund	234	196	(38)
Expenditure on National Policing	(300)	(1.419)	(1.119)
Other Specific Grants	62	80	17
Partnerships	572	510	(62)
Total for Derbyshire Constabulary	215.681	216.795	1.114
Office of the Police and Crime Commissioner	3.500	3.894	394
Total 2023/24 Approved Budget	219.181	220.689	1.508
Council Tax Collection Account Surpluses	-		
Total for Derbyshire Constabulary	219.181	220.689	1.508

Key points to note in respect of individual variations in the table above include: -

1. Police Officer Pay & Oncosts – £2.4m overspend.

This is split between Salaries and overtime as follows:

	£m
Salaries, allowances and other oncosts	2.953
Less Additional in year Police Uplift Grant	(1.647)
Sub Total	1.306
Overtime Costs	1.094
Total	2.400

The **£1.306m** net overspend on Police Officer Salaries was due to a combination of factors relating to the force being over its budgeted establishment for the majority of 2023/24.

- As a result of the extra uplift funding, received in 2022/23 for an additional 50 officers we commenced the year at 2177 officers, some 67 above the establishment.
- Further funding was made available by the Home Office in 2023/24 for additional officers as part of the commitment to maintain Police Officer numbers. We received (£1.215m) for an extra 27 Officers (45k per officer) increasing our baseline from 2110 to 2137 officers. This was followed by a secondary uplift for a further 18 officers,

increasing our establishment to 2155. This secondary uplift attracted additional one-off funding of (£0.432m) (£24k per officer).

- We aimed to finish the year as close to 2155 officers as possible, as the secondary uplift funding was conditional at or above this level. This was achieved with actuals of 2160 officers as at 31/3/2024.

The **£1.094m** overspend on Police Officer Overtime equated to an additional spend of 29% above the approved budget and the variation against budget is broken down between operational areas, as set out below.

Formation	£m
North Division	(0.097)
South Division	(0.024)
Operational Support	0.446
Contact Management	(0.011)
Crime Support	0.486
Derbyshire Major Crimes	0.203
Criminal Justice	0.108
General	(0.079)
Other Formations	0.061
Total Force Overspend	1.094

Each formation with overspends had its specific issues which led to this position. These partly related to operational demands and partly to challenges in maintaining minimum staffing levels during a period of organisational change and when training-related abstraction levels were often high.

Overall, the level of overtime expenditure being incurred presented a significant management challenge needing corporate attention. Improved overtime reporting and financial awareness training to Inspectors was introduced and together with monthly scrutiny of spend taking place at the Productivity and Efficiency Board, overtime expenditure for the latter part of the year reduced. Further work has taken place to review both the increases in overtime working and the allocation of the budget, and the findings have been fed into the budget requirement for 2024/25.

2. Police Staff Pay & Oncosts – (£2.191m) underspend.

The underspend represents 3.6% of the annual budget for police staff pay costs and reflects a higher level of vacancies than anticipated in the budget. At the start of 2023 average vacancy rates were in the region of 10% compared to the target 6% within the budget. By March 2024 the average rate had reduced to around 7%. A breakdown of the position across the main pay groups used for recording spend was as follows:

Pay Group	£m
PCSO's	(0.638)
Detective Staff Investigators	(0.315)
Force Contact Centre Staff	(0.453)
Enquiry Officers Staff	(0.130)
Driving Instructors / Trainers	(0.159)
Custody Detention Officers	(0.006)
All other Pay Groups	(0.491)
Total	(2.191)

3. Other Employee Expenses - £0.170m overspend.

£0.163m of this variance reflected the Constabulary's ongoing requirements to provide external training courses for officers and staff

4. Police Pensions – (£0.142m) underspend.

The force must meet the additional cost of police officer retirement through ill-health compared to normal 'service' or 'age' retirement. Fewer officers retired on the grounds of ill health during the year than had been budgeted for. The number can fluctuate from year to year depending on the number of applications that are made and more importantly whether they meet the strict criteria for ill health retirement.

5. Premises – £3.311m overspend.

This was an area particularly impacted by the high levels of inflation which prevailed during the year together with the volume of remedial repairs and maintenance needed across the force's estate. The main headings of Premises costs which overspent during the year were as follows:

Premises	£m
Repair and Maintenance work	1.096
Utility costs	0.974
PFI costs	0.765
Cleaning Contract / Specialist Cleaning	0.153
Other premises costs	0.323
Total	3.311

The overspend on PFI costs was primarily due to the cost of exiting the Ilkeston Private Finance Initiative Contract in November 2023. The original contract for Ilkeston was due to run until 2028/29 and the total net cost of exiting the scheme (over all budget codes) is £0.634m and reflects paying five years' worth of the outstanding leasing costs outright to settle the arrangement early. Exiting the PFI contract means the force has secured Ilkeston as a long-term asset and removed risk around both the uncertainty of long-term costs as well as any operational risk in terms of the effect of the loss of this site to policing.

6. Transport - £0.832m overspend.

Inflation also affected the costs of running the force's vehicle fleet, the main variances being as follows:

Transport	£m
Maintenance, Tyres, etc	0.446
Vehicle Fuel	(0.269)
Insurance costs	0.165
Other fleet running costs	0.069
Total Fleet running costs	0.411
Officer / Staff mileage costs	0.421
Total Transport costs	0.832

The increased expenditure on officers and staff mileage costs arose from a combination of additional travel paid to officers and staff that were relocated in year and a general increase in the numbers claiming travel expenses.

7. Supplies and Services – £2.314m overspend.

The variance has occurred across a range of budget headings, which contain both under and overspends. The largest variances are; -

- In 2023/24 the force implemented a stock system for uniform, and an adjustment of £314k for the value of closing stock held in stores at 31st March 2024 which is recognised within the balance sheet.
- The overspend on equipment reflects the high levels of inflation that prevailed during the year.
- The overspend against Vehicle Recovery costs was more than offset by fees received from companies which participate in the constabulary's vehicle recovery scheme (see section on 'General Income').
- £0.236m of the overspend on Financial Contracts related to the costs incurred for the ongoing implementation of Pensions Remedy.
- The overspend against Dangerous Dogs reflected the introduction of the Governments legislation regarding the keeping of XL Bully Dogs.
- The overspend on Legal Professional fees was a result of some high profile cases in 2023/24.
- The Pathologists services overspend reflects both the 4.5% increased cost of pathologists fees in year, along with a 50% increased demand for the service.
- The overspend on Insurance costs was mainly the consequence of the assessment of future liabilities which the Constabulary may need to meet through its self-insurance arrangements. It is required to review such liabilities on a regular basis which can result in annual costs going up or down as claims are either settled or dismissed.

Supplies & Services	£m
Uniforms	(0.189)
Equipment	0.135
Recovery of Vehicles	0.705
Financial Contracts	0.285
Dangerous Dogs	0.182
Professional Fees - Legal	0.192
Pathologists Services	0.144
Insurance costs	0.578

8. Pay & Price Contingency – (£1.373m) underspent.

The net effect of the additional Pay award grant received from the Home Office generated a saving of (£0.645m). The Home Office agreed to fund the equivalent of 4.5% of the September 2023 7% pay increase, leaving forces to fund 2.5% of costs. The force had budgeted for an increase of 2% and provided for a further 1% contingency within the budget.

In addition, a force wide review of departmental and divisional budgets commenced during 2023 to help address the continuing financial budget pressures from high inflation and to help reduce future funding gaps. This generated in year savings of (£0.0728m) with a further (£1.054m) removed from the 2024/25 budget requirement.

9. Government Grants – (£1.827m) additional received.

This is due to the Home Office making additional in-year allocations of grant to support specific activities, such as enhancements to the Police Uplift Programme (£1.635m) and funding to support the increased budgetary pressures during 2023/24 for technology spend on software licences (£0.283m).

10. Regional Units – £0.169m overspend.

The biggest area of overspend (£0.150m) arose due to the increased costs of the Forensic Services contract.

11. General Income – (£2.066m) additional generated.

Income generation is very difficult to forecast, being dependent on requests for services from outside parties and levels of activity outside the Constabulary's direct control. Therefore, budgets are set on a prudent basis. The main areas where more income has been generated than anticipated were:

General Income	£m
Local Authority / PCC - Contributions	(0.183)
Proceeds of Crime Income	(0.167)
Sales – Vehicles (inc. auctioned/scrapped)	0.154
Vehicle Recovery Charges	(0.702)
Cost Recovery Income	(0.876)
Special Services	(0.149)
Other Income	(0.143)
Total	(2.066)

The additional Cost Recovery income includes recharges to Leicestershire Police of (£0.181m) for the reimbursement of recruitment costs incurred. The Constabulary's Finance Department also received an additional (£0.109m) for its support to national policing activities.

12. Interest Receipts – (£0.893m) underspend.

The underspend is attributable to an increase in additional Investment Income which has arisen as a result of the slippage in the Capital Plan and therefore surplus cashflow which has benefited from the increase in bank rates.

13. Devolved Budgets to Local Command Teams (BCU Fund) – (£0.038m) underspend.

The underspend reflects the timing of the delivery of the ANPR project at North Division for which orders have been placed but will not be spent until the following year.

14. Contributions to National Policing – (£1.119m) underspend.

This is mainly due the result of re-imbursement received from the Home Office for the use of custody cells in Derby and Chesterfield in relation to Operation Safeguard (£1.059m). Operation Safeguard was a national contingency plan to deal with prison overcrowding in the United Kingdom, using cells at police stations as accommodation for prisoners when the number of cells in prisons became critically low. The remaining underspend (£0.060m) relates to re-imbursement of income in excess of our (£0.300m) budget we received under mutual aid arrangements.

15. Partnerships – (£0.062m) underspend.

The underspend reflects the receipt of additional contributions from various partner agencies.

16. Office of the Police and Crime Commissioner – £0.394m overspend.

The overspend related to the PCC's commissioning budget which saw greater investment due to funding that had to be provided when an external partner withdrew support for a key service with little notice, and to the support provided by the Commissioner for in-year projects that had not been known when the budget was set.

Capital Programme

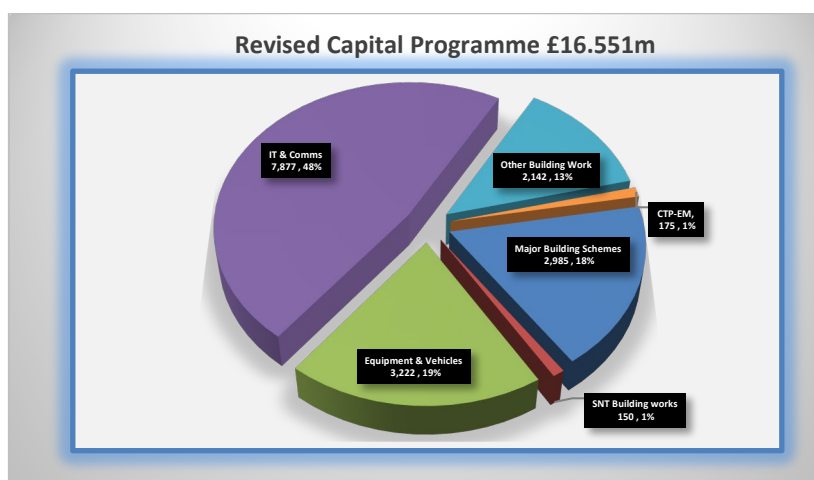
The Commissioner controls all land and buildings and Derbyshire Constabulary has use of all these assets. The Commissioner receives all the funding to finance the total Capital Programme.

This is used:

- To replace police vehicles
- To maintain its buildings.
- To ensure its information technology systems are supported.
- To replace key items of operational and infrastructure equipment.

In addition to the ongoing capital commitments, there are several major projects which need to be progressed.

The Capital Programme for 2023/24 was originally set at £19.072m and as a consequence of scheme delays and changes in the capital programme, was revised to £16.551m in January 2023.



Actual expenditure against the programme totalled £12.174m, which was made up of the following: -

Capital Programme	£m
SNT Refurbishment/replacements	0.186
Major Building Schemes	1.633
Other Building Schemes	1.518
Equipment and Vehicles	2.443
IT and Communications	5.707
East Midlands Counter-Terrorism Intelligence Unit	0.687
Total	12.174

This expenditure was funded by: Borrowing (£2.500m), External Grant and Contributions (£1.846m), Revenue Contributions (£7.079m) and Capital Receipts (£0.749m).

In addition, Derbyshire's share of capital expenditure for the East Midlands Special Operations Unit (including East Midlands Technical Support Unit) and East Midlands Forensics was £0.362m, increasing total capital expenditure to £12.536m. This was funded entirely from Reserve/Revenue Contributions (£0.362m).

Main Capital Underspends Compared to Budget

Major Building Schemes – The early exit from the Private Finance Initiative (PFI), and the subsequent purchase of Ilkeston Police Station, was completed in 2023/24. Further SNT building refurbishments / replacements were started and will complete in 2024/25 & 2025/26.

Other Building Schemes - This relates to various schemes including the completion of the Vehicle compound and Training Rig at Headquarters. Also, kitchen refurbishments at the Contact Management and Resolution Centre were completed in 2023/24 along with a number of minor building schemes.

Equipment and Vehicles – Orders have been raised for vehicles and various equipment with the majority of goods being delivered in 2023/24.

IS Schemes – Major IS Schemes take more than one budget year to implement, the main scheme currently in progress is the Public Contact Improvement Programme (PCIP) Force Control Room Technology Solution which will take a number of years to complete.

Non-Financial Performance

2023/24 saw an increase in recorded crime of 4%, recording 89,171 crimes in total for the year, 3,216 more offences compared to the previous year. Outcomes for the same period have also increased by 4%.

Residential Burglary saw a slight increase of 2% compared with the previous year, whilst thefts from vehicles decreased by 23% and thefts of vehicles increased by 1% percent. Theft from person saw an increase of 11% with personal robbery decreasing by 7% and business robbery decreasing by 18%. Both types of robbery occur in small numbers across Derbyshire with 32 business robberies and 640 personal robberies being recorded in the past 12 months. Shoplifting has increased by 46% in Derbyshire, alongside a national increase.

Behavioural crimes saw a mixed picture, criminal damage decreased again by 2%, stalking and harassment increased by 2% and public disorder increased by 5%. Violence in general saw a 3% increase, with violence without injury increasing 3% and violence with injury seeing a 4% increase. In general, sexual offences decreased by 5%, with rape decreasing by 5% and other sexual offences decreasing by 6%.

Domestic Abuse recorded crime, which is a subset of recorded crime as it sits across all crime types, totalled 17,895 crimes for the year, an increase of 2%, with 346 more crimes. There were 18,611 Anti-social behaviour incidents in the last 12 months, this was a 15% decrease compared with the previous 12 months. In the last year nuisance ASB incidents reduced the most, by 15%.

Safeguarding work has continued to progress. Domestic Abuse, Stalking, Harassment and Honour Based Violence Public Protection Notice's (DASH PPN's) have increased by 7% compared to the previous 12 months. The last 13 months has seen a fluctuating trendline with a significant spike in High-Risk DASH from December '23 due to Domestic Abuse Rape serious sexual offences Team (DART) training regarding DASH risk assessments. This spike has impacted on the number of DASH PPN's referred to Multi Agency Risk Assessment Conference (MARAC), as well as Domestic Violence Disclosure Scheme (DVDS) and (Domestic Violence Protection Order Notice/Order) DVPN/O numbers through quarter 4 of '23/24. The number of Child PPN's has increased in the last 12 months v the previous 12 months by 1% with a relatively flat trendline over the last 13 months. Vulnerable Adult PPN's had seen a declining trend, and compared to the previous 12 months, the rolling 12-month average in March '24 was down by 568 PPN's, equating to a fall of 4%. This is in line with a falling number of offences with a vulnerable person flag.

Whilst these areas may only factor in a small amount of the recorded crime figures, they account for a large amount of the complex demand on the force.

Future Outlook

Savings, Efficiencies and Value for Money

The Constabulary continues to demonstrate good value for money and performs well in national comparators. A review of 'good financial management' arrangements across our services resulted in budget reductions of £0.900m from the 2023/24 Budget. A forcewide review of departmental and divisional saving plans commenced during 2023, to help address the continuing financial budget pressures from high inflation and to help reduce future funding gaps. Savings plans have been worked through during the year which helped to generate savings of over £0.728m in 2023/24, with a further £1.045m removed from the budget for 24/25. The review and release of the savings has been carefully managed to ensure that there is minimal impact on frontline operational policing. The success of the savings plan will be critical to achieving a balanced budget and releasing resources to fund areas of new investment. There remains a firm commitment to providing value for money and ensuring an efficient and effective force.

We continue to work with BlueLight Commercial to maximise financial and commercial benefits related to procurement, through use of the organisation's commercial expertise, leveraging the purchasing power available across the sector. The force has reported half yearly cashable savings through procurement for 23/24 of £0.357m, on top of the £0.557m) achieved in 22/23.

Income provides the Force with opportunities to deliver services and quality to the force's strategic and policing plans, above that which would be available with statutory funding. Income from Fees and charges is budgeted to increase by £0.316m in 2024/25.

Through exploiting the deployment of Office 365 the Force continues to make efficiency, cashable and non-cashable savings by maximising our use of the Microsoft Power Platform. PowerApps and associated automation has enabled the Force to solve a range of business problems without needing to invest in siloed solutions or rely on manual / obsolete processes. The Force is in the process of realising benefits for several Applications.

Savings Programme

A Savings Programme has been established to protect the force's financial future by bridging the projected funding gap whilst identifying funding that can be re-aligned to enable growth in key business areas. This will help to demonstrate that taxpayer's money is being used efficiently and effectively through the alignment of resources to risk and demand. It is estimated that savings of £8m to £10m will be required over the next 5 years to help balance the budget gap and to provide additional investment to fund new priorities and tackle new and emerging risks.

A robust approach to strategic financial management is required to achieve financial sustainability, bringing expenditure in line with resources in the medium term. The Savings Programme will be based upon the following objectives:

- Review of demand and service provision, ensuring that services are aligned to our force priorities, as high performing as possible and demonstrating good use of resources.
- Engagement with other public sector bodies to strengthen capabilities, foster innovation and promote local partnerships.
- A realistic plan for spending reductions and income generation for which there is evidence-based assurance of delivery to time and funding targets.
- Intelligent use of data to identify how to deliver the highest performance within the available resources.
- Investing in core corporate services which require additional capacity and capability.
- Ensuring that there are appropriate, resourced strategies to drive improvement in the areas that will enable transformation e.g., asset management, ICT, procurement etc.
- A programme of strategic service reviews to understand demand, remove inefficiencies and reduce costs.

The Constabulary continues to demonstrate good value for money and performs well in national comparators. The 2023 HMICFRS Value for Money profiles reports Derbyshire as being the seventh lowest (37th out of 43 forces) funded force per head of population.

How does spending compare? (net revenue expenditure per capita)



2024/25 and Beyond

The Police Finance Settlement occurred within the context of continuing significant economic upheaval both globally and nationally which began with the fall-out from the Covid-19 pandemic, followed by the UK's exit from the EU, was then exacerbated by the invasion of Ukraine and now continues to be affected by a significant escalation of conflict in the Middle East. A General Election is being held on 4th July 2024. All these factors have had, and will continue to have, major consequences for the country's economic position and public finances for the foreseeable future.

The Autumn Statement included a continued focus on reducing inflation but outlined that the government are taking long-term decisions to strengthen the economy with a focus on five areas: reducing debt; cutting tax and rewarding hard work; backing British business; building domestic and sustainable energy; and delivering world-class education. Taxation and public spending are each to contribute to this goal 'in a broadly balanced way.' The Autumn Statement also confirmed the assumption for the future path of departmental spending, which is that after this Spending Review period, planned departmental resource spending will continue to grow at 1% a year on average in real terms. As the economy recovers from the shock of the COVID-19 pandemic and the energy crisis, extraordinary support should subside accordingly to prevent permanent growth in the size of the state. As such, Total Managed Expenditure (TME), the total amount of money that the government spends through departments, local authorities, other public bodies, and social security, is forecast to fall in each year of the forecast period as a share of the economy. This means that the Autumn Statement's commitment signals a real-terms reduction in expenditure in most areas of the public sector.

The Autumn Statement also highlighted a focus on improving public sector productivity and detailed the recently published independent Policing Productivity Review which made a series of recommendations to improve police productivity. The proposals range from building on recently introduced measures that cut unnecessary bureaucracy to driving greater productivity through the adoption of new and improved technology. If all of these were implemented, the government estimate up to thirty-eight million hours of police officer time per year could be saved, the equivalent of an additional 20,000 police officers.

The settlement provided a total of up to £18.4 billion for policing in 2024/25, an increase of £0.8 billion when compared with the 2023-24 funding settlement (which has been restated to reflect the additional funding received to support the costs of the 2023-24 pay award.) Funding available to Police and Crime Commissioners (PCCs) will increase by up to an additional £922 million in 2024-25.

The Settlement allocated a number of separate funding streams to forces, Derbyshire's share of each being as follows:

Derbyshire Constabulary Funding Streams	2023/24 £m	2023/24 Restated £m	2024/25 £m	Change £m	Change %
Home Office Police Grant	76.3	80.9	82.6	1.7	2.1%
EX- DCLG Formula Funding	45.4	45.4	46.3	0.9	2.1%
Sub Total - Formula Grant	121.7	126.3	128.9	2.6	2.1%
Council Tax Grants	8.7	8.7	8.7	0.0	0.0%
Total - General Funding Grants	130.4	135.0	137.6	2.6	1.9%
Pension Support Grant	1.9	1.9	5.9	4.0	211.7%
Police Uplift Grant	3.9	3.9	7.3	3.4	87.3%
McCloud Grant	0.0	0.0	0.4	0.4	100.0%
Total - All Police Grants	136.2	140.8	151.3	10.4	7.4%

The above allocations of general grant funding represent an increase in cash support of just over 1.9% compared to 2023/24. This needs to be seen in the context of a period of high inflation and the rising cost of living. Pay and prices increased sharply during 2022 and 2023 with inflation peaking at 11.1% in October 2022. Soaring energy and fuel prices combined with strong global demand and supply chain disruption has continued to push up the cost of supplies and services. Key non-pay budgets have seen inflationary increases well above 1.9% in the past 12 months. For example, utility costs, vehicle insurance and information technology costs have all increased considerably over the past 12 months. It should be noted that £1.296m of the overall increase in funding is in the form of additional Police Officer Recruitment Top-Up Grant. This grant is for forces who volunteered to recruit above their Uplift target and equates to £48k per officer, for an additional 27 Officers, increasing our baseline establishment to 2,137 Officers. Although this is additional grant, it is

not expected to cover the full cost of a PC, which is currently budgeted at £57k. As it is a requirement to maintain police officer numbers, this provides no flexibility as to how the increase in funding is utilised.

The Department for Levelling Up, Housing and Communities (DLUHC) issued a local government finance policy statement for 2024 to 2025 on 5th December 2023. This announced changes to Referendum Principles for most types of authority, including Police & Crime Commissioners. For 2024/25 only, the maximum permitted increase in Band D Council Tax for policing is £13 instead of £10.

Decisions on increases to the Police Precept need to take account of the views of residents and council taxpayers of Derbyshire as well as local and national policing priorities. The Police and Crime Commissioner ran an online public budget consultation from 14 November 2023 to 15 January 2024, seeking the public's view on an increase to the amount of council tax that local residents pay towards policing in Derbyshire. The consultation saw 2,253 Derbyshire residents participate. Around 200 responses were received from each local authority area. Results from council taxpayers who expressed an opinion showed that 77.4% supported an increase to the policing precept, with 70.8% supporting an increase of £15 or more.

With a £13 Precept increase, total funding to the Constabulary was set at **£231.761m**.

It is acknowledged by the force that even with a maximum £13 Council Tax increase in 2024/25, a rigorous and structured process for identifying further savings will be required to enable balanced budgets to be set for 2025/26 to 2028/29. This will be addressed through a structured and risk-based Savings Plan, building upon the savings already achieved during 2023/24. The Savings Plan will help to reduce overheads, deliver continuous improvements, and achieve both cashable and non-cashable savings to help towards achieving a balanced budget over the medium term.

Budget Reduction Measures:

It was known from our projections for future funding that budget difficulties were likely to continue beyond 2023/24. This was further exacerbated with the cost-of-living crisis and prolonged periods of high inflation during 2023. For this reason, the force instigated an in-year Savings Programme that has successfully delivered over £728k of savings during 2023/24 and will lead to further continued savings of £1.046m by the end of 2024/25, helping to reduce our budget requirement by over £1.774m. The Savings Plan was recently subject to an Internal Audit review, which provided 'Substantial Assurance' that effective controls were in place to deliver the savings and that the risks associated with the Plan are being appropriately managed.

Through these saving measures, the 2024/25 Budget requirement was agreed at **£231.923m**, resulting in an overall funding shortfall to be met from Reserves of **£0.162m**. **This gives a final net budget of £231.761m**

Medium Term Financial Plan

The Medium-Term Financial Plan (MTFP) forecasts future years' budget requirements based upon funding and spending assumptions. The plan is prepared between the Force and the Chief Financial Officer with the Office of Police and Crime Commissioner (OPCC) and is based upon a number of assumptions with different worst, best and most likely case scenarios. These are regularly discussed with the Chief Officers, members of the Senior Leadership Team and the OPCC.

The Forecast indicates that under all current assumptions the underlying budget deficit will continue to increase over the next five years, creating a **funding gap of over £5m**. It is also important to bear in mind that in the two years immediately beyond the current forecasting period (2028/29 and 2029/30), we will continue to incur capital charges as we implement our ambitious plans for developing the force estate, notably Chesterfield Custody Suite and redevelopment of the North Divisional HQ and the planned Accreditation Hub at Force Headquarters.

Our funding assumptions are based upon a 1% annual increase in Government Grant and a Precept increase of £10 pa, based upon a Band D property.

MEDIUM TERM FINANCIAL FORECAST					
2024/25 TO 2028/29					
	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Net Budget Requirement	232.353	239.677	248.194	255.576	262.468
Budget (Surplus) / Deficit	-	1.448	3.714	4.706	5.014

It is vital that Derbyshire Constabulary continues to explore opportunities to deliver savings to fund future investment, so that we can maintain appropriate reserve levels and that ongoing enhancements to service levels are self-financed through saving plans.

Pensions

Pension costs are accounted for in accordance with the accounting standard International Accounting Standard (IAS) 19. The objectives of IAS 19 are to ensure that the financial statements: -

- Reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations.
- Contain related funding and operating costs of providing retirement benefits to employees that are recognised in the accounting period in which the benefits are earned.
- Contain adequate disclosure of the cost of providing retirement benefits.

IAS 19 costs are not, however, chargeable to Council Tax, and the impact is reversed out by replacing the IAS 19 figures with the actual cash payments made to the Pension Fund. The actual payments are shown derived through the Statement of Movement on the General Reserve Balance. The Pensions Liability in the Balance Sheet reflects the underlying long-term commitments to pay retirement benefits. The impact of the net pension liability on overall reserves amounts to £1,723m in 2023/24 (2022/23 £1,671m). This amounts to an increase of £52m in the current value of pension liabilities accrued to date as assessed by the actuarial process. Detailed information on the performance of the Pension Fund is set out in the Core Financial Statements.

Collaboration

(i) East Midlands Police

The five police forces in the East Midlands region have been working together for over a decade in many different areas of operational and non-operational policing.

The five Forces are facing considerable new risks in respect of the changing nature of crime, the breadth of demand on policing services and for some the fact that significant financial challenges still remain. There is a strong belief in the East Midlands that collaboration is not only pragmatic but continues to demonstrate value for money, whilst enhancing the way the police service in the region does business.

Our regional collaboration is underpinned by 5 guiding principles:

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

Police collaboration in the East Midlands has a number of significant benefits to police officers, staff and residents right across the region:

- Greater resilience.
- Increased capability.
- Reduced bureaucracy.
- Reduced cost.

Derbyshire Police has always engaged actively in a range of collaborative initiatives. It has adopted a prudent approach to collaboration based on a set of collaboration principles agreed by the Police and Crime Commissioner and Chief Constable. This includes the two key principles that: -

1. Derbyshire Constabulary and the Commissioner will ensure we maximise local savings to address our immediate and future financial pressures. We are already very efficient and will focus greater efficiency on delivering savings at a local level prior to entering into collaborative ventures.
2. Any future collaboration will be tested against the priorities of the Constabulary and the objectives and manifesto pledges set by the Commissioner within their Police and Crime Plan. Any current and future collaborative models will be commensurate with risk and not expose Derbyshire to any greater risk or cost than a local solution.

An effective governance and performance framework exists to ensure that the collaborations continue to operate efficiently and effectively and continues to demonstrate value for money.

(ii) Joint Venture and collaboration – Derbyshire Fire and Rescue Service

Derbyshire Constabulary has embraced the benefits brought by closer collaboration with the Fire and Rescue Service. The Force has a joint headquarters building and training centre with Derbyshire Fire and Rescue Service. There was a joint Head of Strategic Assets until December 2023 and there is now a joint Property team. The sharing of estates with Derbyshire Fire and Rescue Service has saved significant costs in refurbishing or rebuilding existing police stations and is captured in the Asset Management Plan. There are four co-locations with further reviews in the future of other opportunities. It also increases the familiarity between emergency personnel, which helps them work better together when needed. Finally, co-location enables better information sharing, which improves the service to the local community.

The Force continues to work closely with the Fire and Rescue Service on procurement, transport and a number of specialist financial advisory services and they consider jointly seeking bids for all contracts where there are joint needs. Joint contracts have been awarded totalling over £9.075m. These arrangements include alignment of waste management, shared photocopying arrangements, joint procurement of a new transport system, Travel and Accommodation system, banking arrangements, insurance arrangements, tax advice, employee reward system, asset management system, electrical works and energy contracts. Further opportunities will continue to be exploited for the benefit of both organisations.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of colleagues in the Force Finance Department. I would like to express my appreciation to the Finance Team and all colleagues across the Force who have assisted in the production of the Statement of Accounts and for their support throughout the year.



Jon Peatling
Chief Finance Officer

20th June 2024

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Chief Constable's Responsibilities

The Chief Constable is required: -

- to make arrangements for the proper administration of the Derbyshire Constabulary's financial affairs and to secure that one of its officers (Chief Finance Officer) has the responsibility for the administration of these affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the statement of accounts

I approve these Statements of Accounts

Signed
Rachel Swann
Chief Constable
Date:

The Chief Finance Officer's Responsibilities

The Chief Finance Officer of Derbyshire Constabulary is responsible for the preparation of the Statement of Accounts for the Chief Constable 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 Statement of Accounts the Chief Finance Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent including assessments of going concern; and
- complied with the local authority code.

The Chief Finance Officer has also: -

- ensured that proper accounting records have been kept which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CHIEF FINANCE OFFICER CERTIFICATE

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable for Derbyshire as at the 31 March 2024 and of its income and expenditure for the year ended the 31 March 2024.



Signed
Jon Peatling CPFA
Chief Finance Officer
Date: 28/06/2024

EXTERNAL AUDIT REPORT

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TO BE ISSUED
AFTER APPROVED

EXTERNAL AUDIT REPORT

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CHIEF CONSTABLE STATEMENT OF ACCOUNTING POLICIES

Accounting Policies

General Principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The accounts have been prepared on a going concern basis using a historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

The concept of a going concern assumes that the functions of the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

The accounts are therefore prepared on a going concern basis, on the assumption that the functions of the PCC and Chief Constable will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The figures in these accounts are rounded appropriately and this may cause apparent minor arithmetical errors.

Consolidation

The Accounting Policies below also reflect the powers and responsibilities of the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. The Accounting policies defined here are consistent with local regulations, local agreement and practice as well as the PCC Group policies.

The Accounts cover the 12 months to 31 March 2024.

Cost and income intra-group recognition

All external income is received by the Commissioner (PCC), the PCC holds the Police Fund and all related financial reserves and cash balances. The PCC provides an annual budget to the Chief Constable. All resources consumed at the request of the Chief Constable are funded by the PCC, including the wages of police officers and staff, and no actual cash transactions take place between the two entities.

From an accounting perspective costs and income are recognised in the accounts of the Chief Constable to reflect the financial resources consumed and economic benefit derived in the direction and control of day to day policing at the request of the Chief Constable to deliver the Police and Crime Plan. For example, an economic benefit is recognised to reflect the utilisation of PCC owned fixed assets which mirrors depreciation of property.

Any costs and income relating to the Office of the PCC and the commissioning activities of the PCC remain in the Comprehensive Income and Expenditure Statement (CIES) of the PCC.

An intra-group funding adjustment is recognised in the CIES of the accounts of the Chief Constable to represent a recharge from the PCC for the costs and income consumed by the Chief Constable. This is cancelled out with a corresponding entry in the CIES of the PCC when the group accounts are consolidated.

In addition, the accounts for the Chief Constable reflect the employment and post-employment liabilities in accordance with IAS19 which states that liabilities relating to these benefits should follow the cost of employment.

The Chief Constable's total CIES reflects the movement in the Chief Constable's unusable reserves as all other net expenditure is met by a transfer of resources from the PCC and no usable reserves are held by the Chief Constable.

Expenditure Recognition

Activity is accounted for in the year it takes place, not simply when cash payments are made: -

- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Short term compensated absences are recognised in the Income and Expenditure Statement in the period in which officers or staff render the service which entitles them to the benefit, not necessarily when they receive the benefit. The cost of leave earned, but not taken at the end of the financial year is recognised in the financial statements of the Chief Constable to the extent that staff are entitled to carry forward a limited amount of leave into the following year.
- Where expenditure has been recognised but cash has not been paid a creditor for the relevant amount is recorded in the accounts.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Chief Constable's financial performance.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. 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.

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 Chief Constable's 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.

Employee Benefits

The Accounts are prepared in accordance with IAS19 *Employee Benefits*. This is a complex accounting standard but it is based on a simple principle that:

“An organisation should account for employment and post-employment benefits when employees earn them and the authority is committed to give them, even if the actual giving will be many years into the future”.

IAS 19 applies to all types of employee benefits paid including benefits payable during employment, termination benefits and post-employment benefits.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, expenses, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Comprehensive Income and Expenditure Statement (as a surplus/deficit on Provision of Services), but then reversed out through the Movement in Reserves Statement to the Short Term Accumulating Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

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

Post-employment benefits

The main effect of IAS19 in relation to post-employment benefits is the recognition of the net liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement for movements in the liability relating to the employee pension schemes in which the Chief Constable participates (with reconciling entries in the Movement in Reserves Statement back to the true cost of pensions).

IAS19 relies on the recognition of pension's liabilities (being the retirement benefits promised measured on an actuarial basis) and assets (being the Chief Constable's share of investments (if any)).

The Chief Constable participates in two different pension schemes both of which are "defined benefit schemes" as they are both based on employees earning benefits from years of service.

a) Police Officers

This scheme is unfunded. This means it provides pensions and other retirement benefits for police officers based on final salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. Before April 2006 each Police Authority was responsible for paying the pensions of its former officers on a "pay as you go" basis. From April 2006 there is now an employer's contribution instead (currently the equivalent of 31% of pensionable salary) which is charged to the Comprehensive Income and Expenditure Statement.

The Chief Constable is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are then made. This will be topped up as necessary by the Home Office if the contributions are insufficient to meet the cost of pension's payments. Any surplus will be recouped by the Home Office. Injury awards and ill health retirements will continue to be paid from the Chief Constable's Comprehensive Income and Expenditure Statement.

The pension fund account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

b) Police Staff and PCSO's

Police staff and PCSO's, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a defined benefit occupational pension scheme. Pensions and other retirement benefits earned prior to 1 April 2014 are based on final salaries, benefits earned after that date are calculated on earnings accrued in a scheme year. Employers and employees make regular contributions into the fund, which are invested in various types of assets, so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

Assets in the Local Government Pension scheme are included in the Balance Sheet at their fair value: -

- Quoted and Unquoted Securities – Current Bid Price.
- Unquoted Securities – Professional Estimate.
- Property – Market Value.

For both schemes the liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees). Liabilities are discounted to their value at current prices, using a discount rate. The discount rate used is based on the 'current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities', which is often referred to as AA Corporate Bond Rate.

The changes in the net pensions' liability are analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of one additional year of service earned this year – allocated to the Comprehensive Income and Expenditure Statement.
- Past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Net interest expense – the change during the period in the net defined liability (asset) arising from the passage of time charged to Financing & Investment Income & Expenditure line, taking into account changes in net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurement comprising:

- Return on plan assets – excluding amounts included above in net interest, charged to Pensions Reserve as Other Comprehensive Income & Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund.

The Chief Constable's accounts include the pension costs, assets and liabilities for all staff, including those employed directly by the Commissioner. The scheme assets and liabilities for the two corporation soles are pooled, any pro rata would not be accurate as valuing the fund is based on various assumptions. The effect of including all of the pension figures in the Chief Constable's accounts has no material effect on the accounts.

Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award.

Events after the Balance Sheet Date

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Chief Constable will report these in the following way if it is determined that the event has had a material effect on the Chief Constable's financial position: -

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts.
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Non-Current Assets – Vehicles, Plant, Furniture, Equipment and Assets under Construction

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Vehicles, Plant, Furniture and Equipment.

The following de-minimis limits for capitalisation whereby items above these amounts must be capitalised:

- IT and other Equipment £10,000 (an exception is when certain items which are individually below the de-minimis, but aggregated exceed the limit eg IT hardware)
- Vehicles Nil

Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of assets is capitalised on an accrual's basis, provided that it yields benefits and the services it provides for more than one financial year and that the cost of the item can be measured reliably.

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets Under Construction are held in the Balance Sheet at historical cost until completed, whereupon they will be included in the Balance Sheet as operational assets.

Where assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g. vehicles, IT and communications equipment.

Impairments

Assets are assessed at each year end as to whether there is any 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, these are debited to 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.

Depreciation

Depreciation is provided for on all Vehicles, Plant, Furniture and Equipment assets on a straight-line basis by the systematic allocation of their depreciable amounts over their useful lives, as advised by a suitable qualified advisor. An exception is made for assets that are not yet available for use (i.e. Assets Under Construction).

Vehicles	Over the life of the asset (3-10 years)
Equipment/furniture	Over the life of the asset (3-20 years)
IT/Communications Equipment	Over the life of the asset (3-10 years) - majority of assets are 5 years

It is policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal. Depreciation is charged to the Comprehensive Income and Expenditure Statement and is reversed out through the Movement in Reserves Statement.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Non-Current Assets - Intangible Assets

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

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to provide information on policing matters.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised to the Comprehensive Income and Expenditure Statement over its useful life. Amortisation, as with depreciation, commences in the financial year following that in which they are received. Amortisation is not permitted to have any impact on the General Reserve Balance; it is therefore reversed through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used.
- Amortisation of intangible fixed assets.

The Chief Constable is not required to raise council tax to cover depreciation or amortisations.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the vehicles, plant or equipment from the lessor (landlord) to the lessee (tenant). All other leases are classified as operating leases.

a) Finance Leases

i) Lessee – Vehicles, Plant & Equipment

An asset identified as a finance lease and where the Chief Constable is the lessee will be recognised on the Balance Sheet at an amount equal to the fair value of the asset, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

The asset recognised is matched by a liability for the obligation to pay the lessor. This liability is reduced as lease payments are made. Minimum lease payments are to be apportioned between the finance charge (interest) and the reduction of the deferred liability.

The finance charge (interest) will be charged to the Comprehensive Income and Expenditure Statement (Financing and Investment Income and Expenditure line).

Finance lease assets recognised on the Balance Sheet are revalued and depreciated in the same way as vehicle, plant and equipment owned by the Chief Constable. Depreciation to be charged over the lease term if this is shorter than the asset's estimated useful life.

ii) Lessor – Vehicles, Plant & Equipment

Where an asset is identified as a finance lease, and where the Chief Constable is the lessor, it will be written out of the Balance Sheet as a disposal. The carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line, matched by a lease (long-term debtor) asset in the Balance Sheet. The lease rentals received write-down the lease debtor and the finance income is credited to the Financing & Investment Income & Expenditure line.

Rental income from finance leases entered into after 1 April 2010 should be treated as a capital receipt and recognised in the accounts of the Commissioner and Group.

b) Operating Leases

i) Lessee – Vehicles, Plant & Equipment

An asset identified as an operating lease and where the Chief Constable is the lessee, the rentals will be charged to the Comprehensive Income and Expenditure Statement. Charges are made on a straight-line basis over the term of the lease.

ii) Lessor – Vehicles, Plant & Equipment

An asset identified as an operating lease, and where the Chief Constable is the lessor, shall be retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the term of the lease.

Overheads and Support Services

The costs of overheads and support services are charged to the Comprehensive Income and Expenditure Statement in accordance with the authority's arrangements for accountability and financial performance.

Provisions, Contingent Liabilities and Contingent Assets

Provisions – these are required for liabilities that have been incurred but are of uncertain timing or amount. There are three criteria:

- The Chief Constable has a present obligation (legal or constructive) as a result of a past event.
- It is more likely than not that money will be needed to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Chief Constable 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, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – 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 Comprehensive Income and Expenditure Statement.

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

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

Contingent Liabilities – this arises where an event has taken place that gives the Chief Constable 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 Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Asset – this arises where an event has taken place that gives the Chief Constable a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

Unusable Reserves - certain reserves/accounts are kept to manage the accounting processes for non-current assets (Capital Adjustment Account and Revaluation Reserve), retirement and employee benefits (Pensions Reserve, Short term Accumulating Compensated Absences Account. These do not represent usable resources for the Chief Constable.

Value Added Tax (VAT)

The Chief Constable does not submit a VAT return as the Commissioner submits a single VAT return on behalf of the Group. Expenditure in the Chief Constable's Income and Expenditure Statement excludes any amounts relating to VAT as all VAT is remitted to/from HM Revenue and Customs.

Jointly Controlled Operations

Jointly controlled operations are activities undertaken in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Balance Sheet of the Group recognises the assets that it controls and the liabilities that it incurs. The Chief Constable Accounts include Derbyshire's share of running these operations as part of the Income and Expenditure Statement.

Accounting standards that have been issued but not yet been adopted

The Chief Constable shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued in 2023/24 but not yet adopted. These are detailed below

- IFRS 16 Leases issued in January 2016 implementation becomes mandatory in 2024/25 but the Chief Constable of Derbyshire does not hold assets and is therefore not affected by this standard.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

The impact of these standards on the financial statements of the Chief Constable is either not applicable or not expected to be material.

Changes in Accounting Estimates

Significant estimates and judgements in applying Accounting Policies

In applying the accounting policies set out above, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no significant judgements in the 2023/24 Statement of Accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise uncertain. Estimates are made to take 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 Chief Constable's Balance Sheet as at the 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results differ from Assumptions
<p>Pensions Liability</p> <p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied. For both the Police Officer and Police Staff schemes full data on individual scheme members is collected only once every 3 years. In the intervening period, the actuaries are required to estimate relevant changes in the membership profile.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance for the largest scheme, the Police Pension scheme, it is estimated that a 0.5% reduction in the discount rate's excess over pension increases would result in a reduction in the pensions liability of 7.5% (£137m). If pension increases were to be 0.5% higher per year this would increase the liability by 7.5% £134m.</p> <p>However, the assumptions interact in complex ways. For example, during 2023/24 the Police Pension Scheme liability increased by £20.7m as a result of experience changes and decreased by £36.0m as a result of the updating of actuarial assumptions for financial reasons (In 2022/23 the equivalent increased by £131.5m and decreased by £817.3m respectively). Experience changes are those that arise from specific occurrences relating to scheme membership during the year.</p> <p>Recent reviews of public sector pensions have led to changes in benefits payable, employee contribution rates and retirement ages. These will have an impact on the level of future liabilities.</p> <p>As from 1 April 2014 for Police Staff and April 2015 for Police Officers, scheme members now accrue benefit entitlements based on their career-average salaries instead of on their final salary at the point of retirement.</p>

EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE

This is a note to the Primary Statements

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

2022/23				2023/24		
Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000		Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000
0	234,260	234,260	Policing Services	0	205,232	205,232
0	549	549	Corporate and Democratic Core (Chief Constable)	0	536	536
0	72	72	Non Distributed Costs	0	(30)	(30)
0	234,881	234,881	Net Cost of Services before revaluations/funding	0	205,738	205,738
0	(206,293)	(206,293)	Intra-group Funding	0	(223,207)	(223,207)
0	28,588	28,588	Cost of Policing Services	0	(17,469)	(17,469)
0	36,965	36,965	Other Income and Expenditure	0	49,755	49,755
0	65,553	65,553	Deficit on the Provision of Services	0	32,286	32,286
0	(889,846)	(889,846)	Other Comprehensive Income and Expenditure	0	(12,238)	(12,238)
0	(824,293)	(824,293)	Total Comprehensive Income and Expenditure	0	20,048	20,048
		0	Opening General Reserve and Earmarked Reserve Balance			0
		0	Surplus on General Reserve/Earmarked Reserves in Year			0
		0	Closing General Reserve and Earmarked Reserve Balance			0

(1) Details of adjustments are shown in Note 2 of the Accounts.

(2) Income and Expenditure recognised in accordance with generally accepted accounting practices can be seen in the Comprehensive Income and Expenditure Statement on page 29.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE CHIEF CONSTABLE

This statement shows the accounting cost in the year of the resources consumed by the Chief Constable in delivering the Police and Crime plan for Derbyshire. It is prepared using generally accepted accounting principles. In practice all the respective costs and income are paid for/received by the Commissioner (PCC) other than those reversed through the Movement in Reserves Statement. The CIES includes the intra-group funding adjustment from the PCC. This is cancelled out with a corresponding entry in the CIES of the PCC when the Group accounts are consolidated.

Chief Constable For the year ended 31 March 2023				Chief Constable For the year ended 31 March 2024		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
273,098	(38,838)	234,260	Policing Services	253,498	(48,266)	205,232
549	0	549	Corporate and Democratic Core	536		536
72	0	72	Non Distributed Costs	(30)	0	(30)
273,719	(38,838)	234,881	Cost of Policing Services before revaluations/funding	254,004	(48,266)	205,738
(245,131)	38,838	(206,293)	Intra-group funding	(271,473)	48,266	(223,207)
28,588	0	28,588	Cost of Policing Services	(17,469)	0	(17,469)
			Other Operating Expenditure			
246	0	246	Losses on the Disposal of Non-Current Assets	101	0	101
1,708	0	1,708	Levies to national police services	1,762	0	1,762
(1,708)	0	(1,708)	Intra-group Fund adjustment (Levies to national police services)	(1,762)	0	(1,762)
			Financing and Investment Income and Expenditure			
66,226	0	66,226	Police Pensions Interest Cost	78,274	0	78,274
			Taxation and Non-Specific Grant Income			
0	(29,507)	(29,507)	Police Officer Pension Grant	0	(28,620)	(28,620)
95,060	(29,507)	65,553	Deficit on the Provision of Services	60,906	(28,620)	32,286
		(889,846)	Actuarial (Gains) or Losses on Police Pension			(12,238)
		(889,846)	Other Comprehensive Income and Expenditure			(12,238)
		(824,293)	Total Comprehensive Income and Expenditure			20,048

BALANCE SHEET FOR THE CHIEF CONSTABLE

The balance sheet shows the value of the Chief Constables assets and liabilities at the balance sheet date. The net assets or liabilities are matched by the Chief Constable's reserves. The Chief Constable only holds unusable reserves, these are not able to be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

31-Mar-23		Note	31-Mar-24
£000			£000
18,104	Plant and Equipment	12	22,519
514	Intangible Assets	13	466
18,618	Long-Term Assets		22,985
7,866	Short-Term Debtors - Intra group Debtor		8,995
0	Cash and Cash Equivalents		0
7,866	Current Assets		8,995
(7,866)	Short-Term Creditors - Intra group creditor		(8,995)
(3,184)	Short-Term Creditors - Accumulated Absences		(3,477)
(11,050)	Current Liabilities		(12,472)
(1,670,665)	Other Long-Term Liabilities - Pension Scheme	10a	(1,694,788)
(1,670,665)	Long-Term Liabilities		(1,694,788)
(1,655,231)	Net Assets/(Liabilities)		(1,675,280)
1	Unusable Reserves - Revaluation Reserve	16	1
18,617	Unusable Reserves - Capital Adjustment Account	16	22,984
(1,670,665)	Unusable Reserves - Pension reserve	16	(1,694,788)
(3,184)	Unusable Reserves - Accumulated Absences Reserve	16	(3,477)
(1,655,231)	Total Reserves		(1,675,280)

Certification

The financial statements were authorised for issue on the 28th June 2024.

MOVEMENT IN RESERVES STATEMENT 2023/24 OF THE CHIEF CONSTABLE

This Statement shows the movement in the year on the different reserves. The Chief Constable does not hold any usable reserves but does hold unusable reserves as a result of its application of both the code and IFRS.

		General Reserve Balance	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000
	Note			16	
Balance as at the 1 April 2023		0	0	(1,655,231)	(1,655,231)
Surplus or (deficit) on the provision of services (accounting basis)		(32,287)	(32,287)	0	(32,287)
Other comprehensive income and expenditure		12,238	12,238	0	12,238
Total Comprehensive Income and Expenditure		(20,049)	(20,049)	0	(20,049)
Adjustments between accounting basis and funding basis under regulations					
- Depreciation and Impairment of non-current assets		4,527	4,527	(4,527)	0
- Net gain or loss on sale of non-current assets		101	101	(101)	0
- Amount by which pension costs calculated in accordance with the code (IAS19) are different from the contributions due under the pension scheme		24,123	24,123	(24,123)	0
- Capital expenditure funded by PCC Intra-group funding		(8,995)	(8,995)	8,995	0
- Charges for employee benefits		293	293	(293)	0
Total Adjustments between accounting basis and funding basis		20,049	20,049	(20,049)	0
Increase in Year		0	0	(20,049)	(20,049)
Balance as at the 31 March 2024 carried forward		0	0	(1,675,280)	(1,675,280)

MOVEMENT IN RESERVES STATEMENT 2022/23 OF THE CHIEF CONSTABLE

This Statement shows the movement in the year on the different reserves. The Chief Constable does not hold any usable reserves but does hold unusable reserves as a result of its application of both the code and IFRS.

		General Reserve Balance	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000
	Note			16	
Balance as at the 1 April 2022		0	0	(2,479,524)	(2,479,524)
Surplus or (deficit) on the provision of services (accounting basis)		(65,553)	(65,553)	0	(65,553)
Other comprehensive income and expenditure		889,846	889,846	0	889,846
Total Comprehensive Income and Expenditure		824,293	824,293	0	824,293
Adjustments between accounting basis and funding basis under regulations					
- Depreciation and Impairment of non-current assets		4,660	4,660	(4,660)	0
- Net gain or loss on sale of non-current assets		246	246	(246)	0
- Amount by which pension costs calculated in accordance with the code (IAS19) are different from the contributions due under the pension scheme		(821,707)	(821,707)	821,707	0
- Capital expenditure funded by PCC Intra-group funding		(7,866)	(7,866)	7,866	0
- Charges for employee benefits		374	374	(374)	0
Total Adjustments between accounting basis and funding basis		(824,293)	(824,293)	824,293	0
Increase in Year		0	0	824,293	824,293
Balance as at the 31 March 2023 carried forward		0	0	(1,655,231)	(1,655,231)

CASHFLOW OF THE CHIEF CONSTABLE

This statement does not show any cash-flows for the year ending 31 March as all payments were made from the Police Fund which is held by the Commissioner and similarly all income and funding is received by the Commissioner during the year. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement.

31-Mar-23 £'000		31-Mar-24 £'000
0	Net Deficit on the Provision of Services	0
	Adjust Net Deficit on the Provision of Services for Non-cash Movements	
(3,898)	Depreciation of Non-Current Assets	(4,366)
(762)	Amortisation of Intangible Assets	(161)
7,866	Capital expenditure funded by PCC Intra-group funding	8,995
(374)	Increase in Creditors - accumulated absences	(293)
(68,139)	Pension Liability	(36,361)
(246)	Carrying Amount of Non-Current Assets Sold	(101)
<u>(65,553)</u>		<u>(32,287)</u>
	Adjust for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	
0		0
(65,553)	Net Cash Flows (used in)/from Operating Activities	(32,287)
0	Investing Activities	0
0	Financing Activities	0
<u>(65,553)</u>	Net (Increase) or Decrease in Cash and Cash Equivalents	<u>(32,287)</u>
0	Cash and Cash Equivalents at the Beginning of the Reporting Period	0
0	Cash and Cash Equivalents at the End of the Reporting Period	0

The Cashflow Statement has been presented using the Indirect Method.

Notes to the Financial Statements for the Chief Constable

Note 1 Derbyshire Police Group

The Accounts reflect the second stage of the reforms within the Police Reform and Social Responsibility Act 2011, which were introduced in April 2014. The Commissioner is responsible for the finances of the whole Group, and controls all land and buildings, liabilities and reserves. The Commissioner receives all income and funding and makes all the payments for the Group from the Police Fund. In turn the Chief Constable fulfils their functions under the Act within an annual budget (set by the Commissioner in consultation with the Chief Constable). The main changes to the Accounts from 1 April 2014 are

- All employees (Police officers and staff) except for the staff of the Commissioner come under Chief Constable
- Long term Assets other than land & buildings and Jointly controlled assets come under the Chief Constable

Note 2 Expenditure and Funding Analysis

The Expenditure and Funding Analysis (page 28) takes net expenditure that is funded from resources and reconciles it to the Comprehensive Income and Expenditure Statement (CIES page 29). The first column is blank because the Chief Constable holds no reserves. A summary of the Adjustment between the Funding and Accounting basis is shown in the Expenditure and Funding Analysis, a breakdown of these adjustments is shown below

2022/23 - Adjustments to General Reserve To add Expenditure or Income not Chargeable to Taxation and Remove items which are only chargeable under Statute	Adjustments for Capital Purposes 2022/23 £'000	Net Change for the Pensions Adjustments 2022/23 £'000	Other Differences 2022/23 £'000	Total Adjustments 2022/23 £'000
Policing Services – Chief Constable	(3,206)	31,348	206,118	234,260
Corporate and Democratic Core Chief Constable	-	-	549	549
Non Distributed Costs	-	72	-	72
Net Cost of Services before revaluations/funding	(3,206)	31,420	206,667	234,881
Intra-group funding	-	-	(206,293)	(206,293)
Net Cost of Services	(3,206)	31,420	374	28,588
Other operating expenditure	246	-	-	246
Financing and Investment income & expenditure	-	66,226	-	66,226
Taxation & Non-specific grant income & expenditure	-	(29,507)	-	(29,507)
Net Deficit on General Reserve Balance	(2,960)	68,139	374	65,553

2023/24 - Adjustments to General Reserve To add Expenditure or Income not Chargeable to Taxation and Remove items which are only chargeable under Statute	Adjustments for Capital Purposes 2023/24 £'000	Net Change for the Pensions Adjustments 2023/24 £'000	Other Differences 2023/24 £'000	Total Adjustments 2023/24 £'000
Policing Services – Chief Constable	(4,468)	(13,263)	223,052	205,320
Corporate and Democratic Core Chief Constable	-	-	536	536
Non Distributed Costs	-	(30)	-	(30)
Net Cost of Services before revaluations/funding	(4,468)	(13,293)	223,588	205,826
Intra-group funding	-	-	(223,295)	(223,295)
Net Cost of Services	(4,468)	(13,294)	293	(17,469)
Other Operating Expenditure	101	-	-	101
Financing and Investment income & expenditure	-	78,274	-	78,274
Taxation & Non-specific grant income & expenditure	-	(28,620)	-	(28,620)
Net Deficit on General Reserve Balance	(4,367)	36,361	293	32,287

Adjustments for Capital Funding and Expenditure Purposes

Net Cost of Services - Adjustments to the General Reserve to meet the requirements of generally accepted accounting practices, this column adds in depreciation relating to Chief Constable assets to the Net Cost of Services line. It is also adjusted for Capital Expenditure funded by PCC intra-group funding.

Other Operating Expenditure – Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts to be written off for those assets.

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

Net Cost of Services - this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with the current services costs and past service costs.

Financing and Investment Income and Expenditure – The net interest on the defined benefit liability is charged to the CIES.

Taxation and Non-Specific Grant Income and Expenditure – Pension Grant received from the Home Office is credited to the CIES.

Other Differences

This is generally the movement of income and expenditure to the right heading in the CIES (Corporate and Democratic Core for the Chief Constable and Intra-group revenue funding).

Also, the Net Cost of Services includes an adjustment for compensated absences earned but not taken in the year e.g. annual leave, flexi leave and time off in lieu entitlement.

Note 3 Expenditure and Income Analysed by Nature

This note provides an alternative breakdown of the cost of services based on how expenditure is allocated for decision making purposes. It is intended to aid the reader in understanding where the money is spent and in making comparisons between Forces in terms of the type of expenditure incurred.

It should be noted that this analysis includes some items within cost of services that are not required to be charged against the general fund for council tax purposes.

Chief Constable 2022/23 £'000	Financial Resources of the Commissioner consumed at the request of the Chief Constable	Chief Constable 2023/24 £'000
96,113	Police Pay & Allowances	104,357
75,065	Police Staff Pay & Allowances	70,528
2,015	Other Employee Expenses	2,228
43,900	Police Pensions (Current Cost) -see note 10	14,890
11,520	Premises	14,018
5,309	Transport	6,228
23,064	Supplies & Services	24,673
10,442	Agency & Contracted Services	10,973
6,035	Depreciation & Cost of using Commissioner's Property	5,969
184	Revenue Expenditure Funded from Capital under Statute	170
72	Non Distributed Costs	(30)
273,719	Expenditure	254,004
(38,838)	Income from fees/charges and Special Government Grant	(48,178)
234,881	Net Cost of Policing Services	205,826

In 2023/24 the Police and Crime Commissioner increased the Band D council tax by £15 for Derbyshire households. This increase in funding was primarily used to continue to increase the number of police officers and to direct additional investment and resources to key priority areas.

As a result of the extra uplift funding, received in 2022/23 for an additional 50 Police Officers we commenced 2023/24 at 2177 officers, some 67 above the establishment. Further funding was made available by the Home Office in 2023/24 for additional officers as part of the commitment to maintain Police Officer numbers. We received (£1.215m) for an extra 27 Officers (45k per officer) increasing our baseline from 2110 to 2137 officers. This was followed by a secondary uplift for a further 18 officers, increasing our establishment to 2155. This secondary uplift attracted additional one-off funding of (£0.432m) (£24k per officer).

Police Pension Current Cost reduced by £29.010m compared to 2023/24 due to a change in the standard contribution rate (from 69.7% to 29.8%) which is used by Government Actuary Department when providing the estimates of the pension scheme (see note 9).

Note 4 Leases

As Lessee – Operating Leases

The financial consequences of leases, where the Constabulary have used the asset are recognised in the accounts of the Chief Constable and are detailed as follows: -

Equipment and Vehicles

In 2023/24, £69,736 was spent on rental payments for Hired Photocopiers (£117,307 in 2022/23). £192,317 was spent in 2023/24 on rental payments for Livescan units (an electronic system for taking fingerprints). £180,605 was spent in 2022/23. There is also a lease for a vehicle which commenced in 2020/21 for 4 years (£3,391 per annum).

As at the 31st March, outstanding commitments in respect of Equipment and Vehicle leases were: -

2022/23 £'000	Equipment & Vehicle Leases	2023/24 £'000
298	Within 12 Months	202
851	Later than 1 year and not later than 5 years	759

Land and Buildings

A number of buildings are leased and are accounted for as an operating lease. In 2023/24, £1,249,043 was paid for the lease of land and buildings (£1,116,165 in 2022/23).

As at the 31st March, outstanding commitments in respect of property leases were: -

2022/23 £'000	Property Leases	2023/24 £'000
1,180	Within 12 Months	1,317
4,634	Later than 1 year and not later than 5 years	5,228
11,653	More than 5 years	11,386

As Lessor – Operating Leases

As lessor the financial consequences of a number of offices leased is shown in the accounts of the Chief Constable to recognise the income generated. Rent received for these properties in 2023/24 was £15,619 (£15,619 in 2022/23). A further £200,840 was received for mast rental in 2023/24 (£141,726 in 2022/23).

Note 5 Officers Remuneration

Senior Officer Payments

The table below provides disclosure of the remuneration of Senior Officers and relevant Police Officers, whose salary is £50,000 or more per year.

Remuneration is all amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

2022/23							Post Holder Information	2023/24						
Salary £	Allow £	Other £	Benefits in kind (11) £	Employer Pension £	Total £	Note		Note	Salary £	Allowances £	Other £	Benefits in kind (11) £	Employer pension £	Total £
157,802	2,910	900	-	48,919	210,531	1	Chief Constable (CC)	1	167,169	2,910	925	-	51,822	222,826
92,667	2,475	209	-	28,064	123,415	2	Deputy CC Derbyshire		-	-	-	-	-	-
39,843	1,307	310	-	12,352	53,812	3	Deputy CC Derbyshire	2	136,523	4,303	1,055	-	42,322	184,203
119,595	-	601	-	37,074	157,270	4,5	Deputy CC Collaboration	3,4	136,655	-	660	-	42,322	179,637
101,694	3,383	-	-	31,525	136,602	6	Temp ACC Crime & Criminal Justice		-	-	-	-	-	-
63,983	533	-	-	19,018	83,534	7	Temp ACC Crime & Criminal Justice		-	-	-	-	-	-
-	-	-	-	-	-	-	ACC Crime & Criminal Justice	5	116,057	3,276	-	-	35,978	155,311
118,058	5,487	-	-	30,640	154,185	8,9	ACC Local Policing	6	126,067	975	-	-	39,081	166,123
73,680	-	77,093	6,837	9,720	167,330	10,11	Joint Director of Finance and Business Services		-	-	-	-	-	-
90,868	1,239	-	-	12,630	104,737	12	Assistant Chief Officer Resources		114,493	400	-	-	20,494	135,387
78,423	1,239	-	-	10,901	90,563	13	Chief Finance Officer to Chief Constable		93,675	1,239	-	-	16,768	111,682

Notes 2022/23

- As the total remuneration for 2022/23 has exceeded £150k the regulations require that Ms R Swann be named.
- The Deputy Chief Constable left the force on the 11/12/2022.
- A new Deputy Chief Constable was appointed on the 12/12/2022.
- As the total remuneration for 2022/23 has exceeded £150k the regulations require that Mr P Gibson be named.
- The Deputy Chief Constable Collaboration was seconded on the 27/02/2023 to the position of Chief Constable at Northamptonshire Police, the figures above exclude the secondment.
- The Temporary ACC Crime and Criminal Justice reverted back to their substantive role on 05/09/22. The above costs include their substantive role as Chief Superintendent.
- A new Temporary ACC Crime and Criminal Justice was seconded to Derbyshire on the 05/09/2022, they were appointed permanently to the position on the 21/03/2023.
- The ACC Operational Support was appointed to the position permanently on 13/01/2023.
- As the total remuneration for 2022/23 has exceeded £150k the regulations require that Ms M Shooter be named.
- The Joint Direct of Finance and Business Services took voluntary redundancy on the 02/12/2022. The other payment figure includes their redundancy package. This shows the full remuneration costs, these are shared between Police (2/3 share) and Fire (1/3 share). This recognises that the scope of the Finance Director role within the Police was wider than in Fire.
- As the total remuneration for 2022/23 has exceeded £150k the regulations require that Mr S Allsop be named.
- A new post Assistant Chief Officer Resources was appointed on the 20/02/2023. The above costs include their previous role as Regional Corporate Forensic and Technical Service Director for East Midlands Special Operations Unit.
- A new post Chief Finance Officer was appointed on the 01/02/2023. The above costs include their previous role as Head of Finance and Business Services.

Notes 2023/24

- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Ms R Swann be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr S Blatchly be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr P Gibson be named.
- The Deputy Chief Constable Collaboration left to go to Lincolnshire Police on 31/03/2024
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr J Abdy be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Ms M Shooter be named.

Officers Remuneration over £50,000

The disclosure below details salary of Police Staff and Senior Police Officers (over and above the rank of Superintendent) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions). This excludes the officers shown in the above table.

Remuneration Band	No. Of Employees 2022/23	No. Of Employees 2023/24
£50,000 - £54,999	42	45
£55,000 - £59,999	22	29
£60,000 - £64,999	10	15
£65,000 - £69,999	6	9
£70,000 - £74,999	4	7
£75,000 - £79,999	-	2
£80,000 - £84,999	2	2
£85,000 - £89,999	3	2
£90,000 - £94,999	2	3
£95,000 - £99,999	2	1
£100,000-£104,999	-	3
£105,000 -£109,999	-	-
£110,000 - £114,999	-	1
£115,000-£119,999	1	-
£120,000 - £124,999	-	2
£125,000-£129,999	1	-
TOTAL	95	121

Exit Packages

There have been no exit packages in the current year.

2022/23				Exit packages cost band (including special payments)	2023/24			
Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £		Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £
-	-	-	-	£0 - £20,000	-	-	-	-
-	-	-	-	£20,000 - £40,000	-	-	-	-
-	1	1	77,093	£60,000 - £80,000	-	-	-	-
-	1	1	86,396	£80,000 - £110,000	-	-	-	-
	2	2	163,489	SUB-TOTAL				
			(23,128)	Less Contribution from Fire Authority				
-	2	2	140,361	TOTAL	-	-	-	-

The redundancy that was paid in 2022/23 was partially met by the Fire Authority as it was a joint role funded 70% by the Constabulary and 30% by the Fire Authority.

Note 6 External Audit Fees

Fees in relation to external audit for the Chief Constable are as follows: -

2022/23 £'000	External Audit Fees	2023/24 £'000
12	Scale Fees Payable	50
28	Fees payable for audit of previous years	(5)
40	Total fees Chief Constable	45

Note 7 Grant Income

In 2023/24 £6,885 grant (£6,357 in 2022/23) was received from the Department of Levelling Up, Housing and Communities (DLUHC) following the Redmond review, this was to support increased audit fees driven by new requirements on auditors.

Note 8 Jointly Controlled Operations

East Midlands Jointly Controlled Operations

Jointly Controlled Operations (JCO) or Collaborations with other East Midlands Forces are used to deliver services within the Force. The share of cost to Derbyshire is different depending on the number of Forces partaking in the JCO.

The following table show the accounts for all the JCO'S and the balances attributable to Derbyshire.

2022/23		Comprehensive Income and Expenditure Statement	2023/24	
Jointly Controlled Operations £'000	Derbyshire Police £'000		Jointly Controlled Operations £'000	Derbyshire Police £'000
36,819	8,478	Employees' Expenses	39,731	9,150
709	155	Premises	839	183
818	180	Transport	990	218
4,997	1,355	Supplies and Services	4,221	1,012
3,693	834	Agency and Contracted Services	4,458	1,007
981	214	Capital Charges	1,200	262
174	38	Revaluation (Gains)/Losses	(1,166)	(254)
48,191	11,254	Gross Operating Expenditure	50,273	11,578
(1,184)	(274)	Other Income	(1,173)	(272)
(19)	(2)	Profit/(Loss) on Disposal of Fixed Assets	(6)	(1)
46,988	10,978	Net Operating Expenditure Financed by: -	49,094	11,305
(41,173)	(9,750)	Contributions from Partners	(44,137)	(10,247)
(5,592)	(1,219)	External Grants	(4,774)	(1,040)
(187)	(41)	Capital Grants & Contributions	(252)	(55)
36	(32)	(Surplus) / Deficit for the year	(69)	(37)

The JCO's to which the Commissioner contributes cover a number of operational and support areas. Details of these are set out in the table below (Where reference is made to 'all 5 forces' this means Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire)

Jointly Controlled Operation	Activity	Participants	Commenced	Derbys %	2023/24 Gross Exp £'000	2023/24 Total Income £'000	(Surplus) / Deficit £'000
EM SOU – SOC (incl. EMSOU TSU)	Specialist Operations	All 5 forces	Jan 2003	21.8	7,021	(7,021)	(-)
EMSOU Major Crime – Command Team	Co-ordination of Major Crime investigations	All 5 forces	Sept 2011	21.8	182	(182)	(-)
EMSOU Forensics	Forensic analysis and identification	All 5 forces	April 2014	21.8	2,530	(2,522)	8
EM Legal Services	Specialist Legal advice and services, incl Insurance	All 5 forces	April 2014	21.8	495	(504)	(9)
EM CHRS – Learning & Development	Co-ordination of regional training provision	Derbys, Leics, Northants, Notts	April 2012	25.11	391	(391)	(-)
EM CHRS – Occupational Health	Occupational Health Services	All 5 forces	April 2012	21.8	4	(-)	4
HR Service Centre	Transactional HR services	Derbys, Leics	June 2014	50.0	951	(991)	(40)
Emergency Services Network (ESN)	Communications Network	All 5 forces	July 2017	22.6	4	(4)	(-)
Totals					11,578	(11,615)	(37)

EMSOU TSU was incorporated into EMSOU-SOC accounts from April 2018 but it actually commenced operations in July 2011.

In addition to the above, Derbyshire Police has a joint arrangement with Leicestershire Police for the provision of Payroll and Risk Management software.

Note 9 Related Party Transactions

The Chief Constable is required to disclose all material transactions with related parties – bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable.

Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in their ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

Central Government

Central Government has significant influence over the general operations of the Chief Constable – it is responsible for providing the statutory framework within which the Chief Constable operates.

Officers

Certain senior officers might be in a position to influence significantly the policies, no related party transactions have been identified following the consultation with relevant officers.

Commissioner

The Commissioner holds the Chief Constable to account, a scheme of consent is in place that gives clarity to how the two organisations operate and are governed. The Chief Constable fulfils their function within a budget set by the Commissioner.

Other Public Bodies

The Chief Constable participates in Jointly Controlled Operations with other East Midlands Forces (see Note 8) and partnership arrangements with Derbyshire Fire and Rescue Service.

Note 10 Accounting for Pension Costs (a)

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers post-employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a current commitment to make future payments which need to be disclosed at the time that employees earn their future entitlement.

The Chief Constable participates in two post-employment schemes: -

The Local Government Pension Scheme (LGPS) for police staff is a defined benefit scheme. It is a funded scheme which is administered by Derbyshire County Council. Pensions and other retirement benefits are paid from the fund. Employers and employees make regular contributions into the fund so that the liabilities are paid for evenly over the employment period.

Actuarial valuations of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities. A valuation was undertaken as at the 31 March 2022 which set contribution rates for the 3-year period commencing on the 1 April 2023.

The 2023/24 total employer contribution of £10.281m consisted only of 'regular' contributions as there were no additional one-off contributions towards early retirements. This is in line with pension costs necessary to be provided in accordance with IAS19 "Employee Benefits". The regular contributions consist of 2 elements:

- a 'future service rate' to meet the estimated cost of benefits that will be earned in future (set at 13.9% of pensionable pay at the latest valuation).
- a 'deficit recovery repayment' lump sum to enable the difference between the value of benefits earned to date and the assets that have been built up to be recovered over a specified period (£0.122m paid in 2023/24).

In total these 2 elements equated to a contribution rate of 13.9% of pensionable pay for 2023/24.

In addition to contributions to the Pension fund the Chief Constable is responsible for compensation payments in the form of "added years" awarded on premature retirement. In 2023/24 these amounted to £0.028m.

Further information can be found in the County Council's Pension Fund Statement of Accounts, which is available upon request from Derbyshire County Council.

The structure of benefits payable to members under the LGPS was reformed from April 2014 as part of a policy to make all pension schemes across the public sector more affordable. In summary, retirements benefits earned from service after this date became based on 'career average' salaries rather than final salaries. For Police Officers (see below) a similar change was implemented from April 2015.

The implementation of all the new career-average schemes across the public sector was subsequently found to be discriminatory – on grounds of age – in a series of court rulings. This was because members nearer to retirement were treated more favourably than younger members with less service. Following a consultation process HM Treasury has determined a mechanism and process for removing the discrimination, which is referred to collectively as the 'Pensions Remedy'. This process began in October 2023, when all the technical details of implementation have been worked out

and will mean that individual members will have a choice regarding the benefits they receive for service between the 1 April 2015 and 31 March 2022. More details can be found under the 'McCloud Judgement' section below.

The Police Pension Scheme for police officers is an unfunded single employer defined benefit scheme. This means it provides pensions and other retirement benefits for police officers but there are no investment assets built up to meet the pensions liabilities. Up to and including 2023/24 three schemes were in operation:

- The 1987 Police Pension Scheme - based on officers' final salaries and a maximum pensionable service of 30 years.
- The 2006 Police Pension Scheme (effective for police officers commencing from April 2006 onwards) - based on officers' final salaries and a maximum pensionable service of 35 years.
- The 2015 Police Pension Scheme – based on 'career average' salaries with no maximum pensionable service but a Normal Pension Age of 60.

However, during 2023/24 only the 2015 Police Pension Scheme was in operation. The other 2 schemes were fully closed to all members on 31 March 2022.

All new officers and existing officers not subject to protection arrangements are now members of the 2015 scheme. As with the Local Government Pension Scheme, because the changes to the Police Officer pension scheme from 2015 involved transitional protections for older members close to retirement age they come within the ambit of the McCloud Judgement / Pension Remedy (see page 52).

The constabulary is required to operate a separate Pensions Account for all transactions related to the Police Pension Scheme. Officers' contributions and an employer's contribution are paid into the pensions account from which pension payments are made. The account is topped up each year by the Home Office if the contributions in that year are insufficient to meet the cost of pensions paid. Any surplus is repaid to the Home Office.

For 2023/24 a Top up grant of £28.620m was received from the Home Office to supplement the employer's contributions paid into the account which amounted to £29.118m (31.0% of pensionable salary). The contribution rate of 31.0% was set following a revaluation of the scheme's total liabilities by the Government Actuary's Department as at the 31 March 2016. A further revaluation as at the 31 March 2020 determined a revised employer's contribution rate with effect from the 1 April 2024.

In addition to the standard contribution, individual payments totalling £0.649m were made into the Pensions Fund Account to reimburse the extra cost of benefits becoming payable early due to ill-health retirement. Injury-related payments amounted to £2.468m and these were paid from the Comprehensive Income and Expenditure Account. The Pensions Fund Account is shown on page 48.

Transactions relating to post-employment benefits (b)

Under IAS 19 we recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statements during the year: -

2022/23 £'000	Local Government Pension Scheme Comprehensive Income & Expenditure Statement	2023/24 £'000
	Cost of Services	
22,740	Current service cost *	11,319
72	Past Service cost (incl curtailments)	-
	Financing and Investment Income and Expenditure	
4,246	Net Interest cost	54
27,058	Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	11,373
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
18,860	Re-measurements of surpluses/deficits	(15,003)
(2,823)	Return on scheme assets (excluding the amount included in the net interest expense)	(2,123)
(206,829)	Actuarial losses/(gains) arising from changes in demographic assumptions	(23,026)
25,556	Actuarial losses/(gains) arising from changes in financial assumptions	9,904
	Other experience changes	
(165,236)	Total Re-measurements	(30,248)
(138,178)	Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(18,875)

2022/23 £'000	Local Government Pension Scheme Movement in Reserves Statement Expenditure	2023/24 £'000
138,178	Reversal of net charges for post-employment benefits in accordance with the code	18,875
	Actual amount charged against the General Reserve Balance for pensions in the year:	
8,614	Employers' contributions payable to scheme plus added years	10,309
-	Retirement benefits payable to pensioners	-

2022/23 £'000	Police Pension Scheme Comprehensive Income & Expenditure Statement	2023/24 £'000
	Cost of Services	
43,900	Current service cost	14,890
61,980	Net Interest cost	78,220
105,880	Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	93,110
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Re-measurement of surpluses /deficits :	-
(38,760)	Actuarial losses/(gains) arising from changes in demographic assumptions	(35,930)
(817,330)	Actuarial losses/(gains) arising from changes in financial assumptions	20,650
131,480	Other experience changes	
(724,610)	Total Re-measurements	(15,280)
(618,730)	Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	77,830

2022/23 £'000	Police Pension Scheme Movement in Reserves Statement	2023/24 £'000
618,730	Reversal of net charges for post-employment benefits in accordance with the code	(77,830)
	Actual amount charged against the General Reserve Balance for pensions in the year:	
26,683	Employers' contributions payable to scheme	29,118
-	Retirement benefits payable to pensioners	-

*For the LGPS the current service cost is within the Police Staff Pay and Allowances figure in note 2.

The Current Service Cost – which is the total increase in entitlements earned by existing employees during the year and the other gains and losses are affected by changes in the key actuarial and financial assumptions used in projecting future pension entitlements. Note 10b details the key demographic and financial assumptions which have been used in calculating these figures. It also quantifies the potential impact if different assumptions are used.

McCloud judgement - Police Pension Challenge

McCloud and 2016 valuation cost control

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

The treatment of the deferred choice underpin as a member cost for cost cap purposes, along with the 4 year spreading period, was challenged in a Judicial Review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgment handed down on Friday 10 March 2023. No allowance has therefore been made in our accounting disclosures as at 31 March 2023.

McCloud Remedy

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures we expect the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window is closed, we have moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme we expect benefits to be paid from. This has led to a past service cost of £27m added to the 1987 Scheme and a past service cost of £3m in the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme we have a past service gain of £30m.

GMP equalisation and indexation

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was included in the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, we expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before the CETV were equalised. The scope of any costs are yet to be determined and we do not have data on historic CETVs on to estimate the potential impact, but we expect it will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

No additional costs were recognised for GMP equalisation and indexation in 2021/22, nor are they expected to for 2022/23. In the absence of any further developments, we also propose no additional costs are recognised for 2023/24.

Survivor benefits legal challenges (Goodwin)

In 2020 a legal challenge was brought against the Teachers' Pension Scheme regarding the provision of survivor benefits to a male spouse of a female member. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988.

Home Office advised that due to the historic equal benefit structure in the 1987 Scheme they do not believe there is a similar situation in the Police Pension Scheme in England & Wales and therefore there was no requirement to allow for this legal challenge in the 2022/23 accounting disclosures, therefore no allowance has been in 2023/24 also.

Note 11 Assets and Liabilities in relation to Post-employment benefits (a)

Note 11 contains details of the Chief Constable's participation in the Local Government Pensions Scheme (administered by Derbyshire County Council) and the Police Pension Scheme in providing Police staff and police officers with retirement benefits.

Reconciliation of the present value of the schemes' liabilities is as follows:

2022/23 £'000	Funded liabilities: Local Government Pension Scheme	2023/24 £'000
(480,622)	Opening Balance as at the 1 April	(328,886)
(22,740)	Current Service Cost	(11,319)
(72)	Past Service Cost (inc. curtailments)	-
(13,466)	Interest on pension liabilities	(15,749)
(3,310)	Contributions from scheme participants	(3,724)
	<u>Remeasurement gains and (losses):</u>	
2,823	Actuarial gains/(losses) arising from changes in demographic assumptions	2,123
206,829	Actuarial gains/(losses) arising from changes in financial assumptions	23,026
(25,556)	Other experience changes	(9,904)
7,228	Benefits paid	9,616
(328,886)	Deficit as at the 31 March	(334,817)

2022/23 £'000	Funded Liabilities Police Pension Scheme	2023/24 £'000
(2,344,942)	Opening Balance as at the 1 April	(1,670,022)
(43,900)	Current Service cost	(14,890)
(61,980)	Interest on pension liabilities	(78,220)
-	Past Service Cost	30
56,190	Contributions from scheme participants	57,788
-	Change in estimate of the scheme liabilities	(33,290)
	<u>Remeasurement gains and (losses):</u>	
38,760	Actuarial gains/(losses) arising from changes in demographic assumptions	-
817,330	Actuarial gains/(losses) arising from changes in financial assumptions	35,930
(131,480)	Other experience gains and (losses)	(20,650)
(1,670,022)	Deficit as at the 31 March	(1,723,324)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Balance Sheet	Local Government Pension Scheme		Police Pension Scheme		Total	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(328,886)	(334,817)	(1,670,022)	(1,723,324)	(1,998,908)	(2,058,149)
Fair Value of Scheme Assets	328,243	363,361	-	-	328,243	363,361
Net liability arising from defined benefit obligation	(643)	28,544	(1,670,022)	(1,723,324)	(1,670,665)	(1,694,788)

The liabilities show the underlying long-term commitments that the PCC Group must pay for post-employment (retirement) benefits. The total liability of £1,694.788m has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet. Some £1,723.332m of this overall deficit relates to the Police Pension Scheme, which is a centrally funded scheme administered and underwritten by HM Government. However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group remains stable: -

The Local Government Pension Scheme

- The current deficit on the local government scheme will be made good by contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Also, due to national changes under the Public Pensions Services Act 2013, as from the 1 April 2014 scheme members accrue pension entitlements based on career-average salaries instead of the salary being paid at the point of retirement as previously.

The Police Pension Scheme

- The method of financing Police Officers pensions changed from April 2006. Prior to this date, all pension costs were charged to the Constabulary's operational account and funded by general revenue funding along with all other operational expenses. This created wide fluctuations in the cost of pensions from year to year.
- Employers now pay a fixed contribution (i.e. an actuarially determined % of pensionable pay) into a separate pension account. Any net cost of pensions paid to members in excess of this contribution is offset by a Home Office top-up grant.
- This change to the method of financing police officer pensions, and the fact that the employer contribution rate is assessed on a regular basis creates a more stable environment for Police Officer pensions.
- In addition, the introduction of a new Police Pension Scheme from April 2015 means that benefits accrued in this scheme are based on a retirement age of 60, which is later than previously, and on average salaries over the whole period of employment.

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to the 31 March 2025 are £10.285m. Expected contributions for the Police Pension Scheme in the year to the 31 March 2025 are £60.737m.

The weighted average duration of the defined benefit obligation for members of the Local Government Pension Scheme is 21 years. The weighted average duration of the defined benefit obligation for the Police Pension Schemes is 17 years.

Reconciliation of the Movements in the Fair Value of the assets of the Local Government Pension Scheme: -

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
333,192	Opening fair value as at the 1 April	328,243
9,220	Interest Income	15,695
(18,860)	The return on plan assets, excluding the amount included in the net interest expense	15,003
8,609	Contributions from employer	10,312
3,310	Contributions from employees into the scheme	3,724
(7,228)	Benefits/transfers paid	(9,616)
-	Other Experience	-
328,243	Closing fair value of scheme assets as at the 31 March	363,361

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 investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets including expected return on plan assets in the year was a gain of £30.698m (2022/23 a loss of £9.640m).

Local Government Pension Scheme assets comprised: -

2022/23				Local Government Pension Scheme Assets	2023/24			
Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets %		Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets %
-	9,652	9,652	3%	Cash and cash equivalents	-	13,913	13,913	4%
				Equity Securities				
1,030	-	1,030	0%	Consumer	-	-	-	0%
411	-	411	0%	Manufacturing	-	-	-	0%
302	-	302	0%	Energy and Utilities	-	-	-	0%
412	-	412	0%	Financial Institutions	-	-	-	0%
570	-	570	0%	Health and Care	-	-	-	0%
680	-	680	0%	Information Technology	-	-	-	0%
9,608	-	9,608	3%	Other	9,824	-	9,824	3%
13,013	-	13,013	3%	Equities sub-total	9,824	-	9,824	3%
				Debt Securities				
18,701	23,364	42,065	13%	Corporate Bonds	20,580	26,283	46,864	13%
26,542	-	26,542	8%	UK Government Bonds	32,243	-	32,243	9%
5,459	-	5,459	2%	Other Bonds	5,502	-	5,502	1%
50,702	23,364	74,066	23%	Debt Securities sub-total	58,325	26,284	84,609	23%
				Property				
776	25,131	25,907	8%	UK Property	884	24,244	25,128	7%
				Private Equity				
5,001	10,961	15,962	5%		6,149	12,171	18,320	5%
				Other Investment Funds				
55,798	98,505	154,303	47%	Equities	67,811	107,222	175,033	48%
6,590	28,750	35,340	11%	Infrastructure	5,679	30,856	36,534	10%
62,388	127,255	189,643	58%	Other Investment Funds sub-total	73,489	138,078	211,567	58%
131,880	196,363	328,243	100%	Total Assets	148,672	214,689	363,361	100%

Basis for estimating assets and liabilities (b)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary rates etc. Under the projected unit method, the current service cost will increase as the members of the scheme approach retirement for the local government and police pension schemes.

The Police Officer scheme has been assessed by the Government Actuary Department (GAD), estimates are based on the latest full valuation of the scheme as at 31 March 2020. The Local Government scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries - estimates are based on the latest full valuation of the scheme as at the 31 March 2024.

The main assumptions used in their calculations have been: -

	Local Government Pension Scheme		Police Pension Schemes	
	2022/23	2023/24	2022/23	2023/24
Mortality assumptions:	Years	Years	Years	Years
Longevity at 65 for current pensioners:				
Men	21.0	20.8	21.9	21.9
Women	24.0	23.8	23.5	23.6
Longevity at 65 for future pensioners				
Men	21.8	21.6	23.5	23.6
Women	25.5	25.3	25.0	25.1
Financial Assumptions	%	%	%	%
Rate of CPI inflation	2.95	2.75	2.60	2.60
Rate of increase in salaries (Long Term)	3.95	3.75	3.85	3.85
Rate of increase in pensions	2.95	2.95	2.60	2.60
Rate of CARE revaluation	-	-	3.85	3.85
Rate for discounting scheme liabilities	4.75	4.85	4.65	4.75
Take up option to convert annual pension into retirement grant: pre-April 2008 service	60	60	n/a	n/a
post-April 2008 service	60	60	n/a	n/a

Covid-19 implications

The current population mortality projections make a short-term allowance for the impact of Covid-19 pandemic. The projection of the long-term impact of Covid-19 on life expectancy will continue to evolve over time. When deriving the ONS 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of Covid-19 pandemic on mortality rates in the short term. Based on this, short term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an averaging of the experts' views on estimated improvements by age group over this period. Long term rates of future mortality improvement are not projected to change as a result of Covid-19. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. I expect that the projected long-term impact of the Covid-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.

Cost of Living implications

The effect of the continued high inflation rates has had some impact on the discount rate used in valuation of the liabilities. The accounting assumptions are based on market expectations as at the 31 March 2024 and were shaped by global events, therefore affecting the value placed on the obligations.

Sensitivity of assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

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

Change In Assumption as at the 31/03/24					
		0.1% decrease in Real Discount Rate	1 year increase in member life expectancy	0.1% increase in the salary increase rate	0.1% increase in the pension increase rate
Local Government Pension Scheme	Approximate % increase to Employer Liability	2.0	4.0	0.0	2.0
	Approximate monetary amount - £'000	7,344	13,393	371	7,105
		0.5% decrease in Real Discount Rate	1 year increase in member life expectancy	0.5% increase in the salary increase rate	0.5% increase in the pension increase rate
Police Pension Schemes	Approximate % increase to Employer Liability	(7.5)	2.5	1.0	7.5
	Approximate monetary amount - £'000	(137,000)	42,000	17,000	134,000

Note 12 Plant and Equipment

Movements in 2023/24

	Operational Vehicles, Plant, Furniture Equipment £'000	Non-Operational Assets Under Construction-Equipment £'000	<u>TOTAL</u> <u>£'000</u>
<u>Cost or Valuation</u>			
At the 1 April 2023	38,330	1,386	39,716
Additions	5,894	2,988	8,882
Derecognition – Disposals	(553)	-	(553)
Derecognition – Other	(3,386)	-	(3,386)
Reclassifications – other	-	-	-
At the 31 March 2024	40,285	4,374	44,659
<u>Depreciation and Impairments</u>			
At the 1 April 2023	(21,613)	-	(21,613)
Depreciation charge	(4,366)	-	(4,366)
Derecognition – Disposals	471	-	471
Derecognition – Other	3,368	-	3,368
At the 31 March 2024	(22,140)	-	(22,140)
<u>Net Book Value</u>			
Net Book Value as at the 31 March 2024	18,145	4,374	22,519
Net Book Value as at the 31 March 2023	16,718	1,386	18,104

Movements in 2022/23

	Operational Vehicles, Plant, Furniture Equipment £'000	Non-Operational Assets Under Construction-Equipment £'000	<u>TOTAL</u> <u>£'000</u>
<u>Cost or Valuation</u>			
At the 1 April 2022	35,369	964	36,333
Additions	7,143	546	7,689
Derecognition – Disposals	(290)	-	(290)
Derecognition – Other	(3,992)	-	(3,992)
Reclassifications – other	101	(124)	(23)
At the 31 March 2023	38,331	1,386	39,717
<u>Depreciation and Impairments</u>			
At the 1 April 2022	(21,752)	-	(21,752)
Depreciation charge	(3,898)	-	(3,898)
Derecognition – Disposals	189	-	189
Derecognition – Other	3,848	-	3,848
At the 31 March 2023	(21,613)	-	(21,613)
<u>Net Book Value</u>			
Net Book Value as at the 31 March 2023	16,718	1,386	18,104
Net Book Value as at the 31 March 2022	13,617	964	14,581

Valuation of Assets

All Plant and Equipment is valued at historic cost.

Vehicle information has been taken from the Vehicle Fleet Information System (the total number of vehicles as at the 31 March 2024 is 797). IT and Communications information has been provided by the Information Services Department.

Depreciation

The basis of depreciation is shown in the Statement of Accounting Policies (page 24).

Note 13 Intangible Assets

The Chief Constable accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Plant and Equipment.

Purchased Software Licences	2022/23 £'000	2023/24 £'000
Balance as at the 1 April		
Gross carrying amount	7,349	7,489
Accumulated amortisation	(6,272)	(6,975)
Net carrying amount as at the 1 April	1,077	514
Additions	176	113
Reclassifications	23	-
Derecognitions	-	-
Amortisation in year	(762)	(161)
Balance as at the 31 March	514	466

Note 14 Capital Expenditure and Capital Financing Statement

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. The Chief Constable does not hold funding so the assets are funded by Intra group funding from the Commissioner. The Chief Constable does not have a capital financing requirement.

2022/23 £'000		2023/24 £'000
	Capital Financing Requirement	
	Capital investment	
7,690	<i>Plant and Equipment</i>	8,882
176	<i>Intangible assets</i>	113
7,866	Total Capital Investment	8,995
	Sources of Finance	
(7,866)	<i>Intra Group funding</i>	(8,995)
-	Closing Capital Financing Requirement	-

Note 15 Provisions

A provision should be made for any liabilities of uncertain timing or amount that have been incurred and should cover costs that are more likely than not to occur.

Provisions are shown on the Commissioner's balance sheet. The provision for the year goes through the Chief Constable's CIES.

Liability Insurance Provision -This provision is to meet liability claims which are not covered by external insurers. The balance reflects the claims handlers' assessment of probable liabilities on claims outstanding as at the 31 March 2024, together with an estimate for further claims relating to 2023/24. On this basis a provision of £2.234m is required.

Vehicle Insurance Provision – This provision is to meet Third Party claims which are not covered by external insurers. The balance reflects the claims handlers' assessment of probable liabilities on claims outstanding as at the 31 March 2024, together with an estimate for further claims relating to 2023/24. On this basis a provision of £0.650m is required.

Backdated Overtime Provision – This is a provision for the costs of settling a number of claims outstanding against Derbyshire Police arising from the ruling in Allard v Devon and Cornwall Police. This related to entitlement to overtime payments following recalls to duty to meet specific operational requirements. The provision was previously based on an average amount of £25k per claim, further information was received in 22/23 on how the claims should be calculated which resulted in the amount increasing to £0.630m. Several claims have been settled but there are still some outstanding along with the legal fees.

National Undercover Provision – This majority of this provision represents Derbyshire's share of a claim received nationally from 99 Undercover Officers. The estimated cost of the claim to be met from all Forces is £11.9m. Derbyshire's share based on NRE is £0.175m. The remaining £0.004m is Derbyshire's share of Civil Proceedings Arising out of Conduct of UC Officer which has been notified by the National Police Chiefs' Council.

Provisions	Liability Insurance £'000	Vehicle Insurance £'000	Backdated Overtime £'000	National Undercover Provision £'000	Total Provisions £'000
Balance as at the 1 April 2023	2,220	461	630	-	3,311
Provision in Year	653	335	-	-	988
Expenditure in year	(639)	(146)	(319)	-	(1,104)
Transfer to/from Insurance Reserve	-	-	-	180	180
Balance as at the 31 March 2024	2,234	650	311	180	3,375

Provisions are split between short term (£1.309m) and long term (£2.066m) in the balance sheet. Short-term provisions cover liabilities that are expected to be settled within 12 months of the balance sheet date.

Note 16 Contingent liabilities / Contingent assets

Contingent liabilities/assets arise where the Chief Constable is aware of a possible obligation that has occurred because of events prior to the Balance Sheet date, but where the existence will only be confirmed by future events which are not in the Chief Constable's control.

Contingent Liabilities

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. These amounts are not recorded in the PCC's accounts because:

- It is not probable that an outflow of economic benefits or service potential will be required to settle the obligation or
- The amount of the obligation cannot be measured with sufficient reliability at the year end.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, 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 bought 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.

The National Police Chief Council have also made the Force aware of potential civil proceedings arising out of conduct of an officer seconded to the National Public Order Intelligence Unit (NPOIU) whilst working undercover between 2003 and 2010. Although the Force where the officer originates from would bear any internal legal costs as this individual was seconded to a national body any other costs arising from a successful claim in this matter, including disbursements, external legal costs, damages, or settlement sums, would be apportioned to police forces according to the prevailing national funding formula for police forces at the time of payment.

Contingent Assets

The Chief Constable has no contingent assets as at 31 March 2024.

Note 17 Unusable Reserves

Usable Reserves	31 March 2023 £'000	31 March 2024 £'000
Revaluation Reserve	1	1
Capital Adjustment Reserve	18,617	22,984
Pensions Reserve	(1,670,665)	(1,694,788)
Accumulated Absence Account	(3,184)	(3,477)
Total Usable Reserves	(1,655,231)	(1,675,280)

Capital Adjustment Account

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

The Movement on Reserves Statement details the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2022/23 £'000	2023/24 £'000
Balance as at the 1 April	15,657	18,617
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
<ul style="list-style-type: none"> • Charges for depreciation and impairment of non-current assets • Amortisation of Intangible Assets • Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement 	(3,898)	(4,366)
	(762)	(161)
	(246)	(101)
Net written out amount of the cost of non current assets consumed in the year	(4,906)	(4,628)
Intra Group Funding	7,866	8,995
Balance as at the 31 March	18,617	22,984

Pension Reserve

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

Pensions Reserve	2022/23 £'000	2023/24 £'000
Balance as at the 1 April	(2,492,372)	(1,670,665)
Transfer of Police Staff		
Actuarial gains or losses on pensions assets and liabilities	889,846	12,238
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	(132,938)	(104,453)
Employer's pensions contributions and direct payments to pensioners payable in the year	64,799	68,092
Balance as at the 31 March	(1,670,665)	(1,694,788)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, time off in lieu entitlement carried forward at the 31 March. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	2022/23 £'000	2023/24 £'000
Balance as at the 1 April	(2,810)	(3,184)
Settlement or cancellation of accrual made at the end of the preceding year	2,810	3,184
Amounts accrued at the end of the current year	(3,184)	(3,477)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(374)	(293)
Balance as at the 31 March	(3,184)	(3,477)

Note 18 Accounting Standards that have been issued but have not yet been adopted

The Chief Constable shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued in 2023/24 but not yet adopted. These are detailed below

- IFRS 16 Leases issued in January 2016 implementation becomes mandatory in 2024/25 but the Chief Constable of Derbyshire does not hold assets and is therefore not affected by this standard.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

The impact of these standards on the financial statements of the Chief Constable is either not applicable or not expected to be material.

Note 19 Authorisation of Accounts for issue

The 2023/24 Statement of Accounts were authorised for issue by the Chief Finance Officer on the xxth June 2024. All events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

Note 20 Post Balance sheet events

There are no post balance sheet events.

POLICE PENSION FUND ACCOUNT

2022/23 £'000		2023/24 £'000
	Contributions Receivable :	
(23,537)	Employer's actuarial rate	(26,040)
(821)	Employer's ill health retirement capital charges	(649)
-	Active members - 1987 Scheme	-
-	Active members - 2006 Scheme	5
(10,078)	Active members - 2015 Scheme	(11,234)
	Transfers In :	
(111)	Transfer values receivable	(348)
	Benefits Payable :	
51,627	Pensions	56,894
12,371	Commutations and lump sum retirement benefits	9,707
-	Death Grant Benefit	158
	Payments to and on account of leavers :	
56	Refunds of contributions	103
-	Transfer values payable	24
29,507	Sub-total : Net amount payable for the year	28,620
(29,507)	Additional contribution from the Police and Crime Commissioner to fund the deficit for the year	(28,620)
0	Net amount payable/receivable for the year	0
	<u>Net Assets Statement</u>	
	Current assets	
4,610	Pensions paid in advance	5,020
	Current Liabilities	
(258)	Unpaid pension benefits	(273)
(4,352)	Surplus for year payable to Police and Crime Commissioner	(4,748)
0		0

Notes to the Pension Fund Account

Note 1 Police Pensions Fund Account

The Police pension scheme is an unfunded single employer defined benefit scheme. This means that it provides pensions and other retirement benefits for police officers based on pensionable pay, but there are no investment assets built up to meet the pensions liabilities as they fall due.

Up until 2014/15 two police pension schemes were in operation, both of which gave retirement benefits based on 'final' salaries:

- **The 1987 Police Pension Scheme** - based on a maximum pensionable service of 30 years.
- **The 2006 Police Pension Scheme** (effective for police officers commencing from April 2006 onwards) - based on a maximum pensionable service of 35 years.

From the 6 April 2015 a new Police Officer pension scheme came into existence

- **The Police Pension Scheme 2015** - which provides retirements based on 'career average' salaries, meaning that the benefits receivable are based on a proportion of pensionable pay earned in each year of scheme membership.

The 1987 and 2006 schemes were closed to new members as from 31 March 2015 and were closed completely as from 31 March 2022.

31 March 2022 was the latest point to which existing members of the 1987 and 2006 schemes (as at 31 March 2015) could continue to accrue final salary benefits in those schemes under 'transitional protection' arrangements put in place when the 2015 scheme was introduced. In general terms to receive protection members had to be within 10 years of their normal point of retirement under their existing scheme rules. Depending on their age and length of service, protection was either 'full' (meaning they remained in their legacy scheme for the full 7-year period between 2015 and 2022) or 'tapered' (they remained in the legacy scheme for a proportion of the 7-year transitional period).

All existing officers at April 2015 not eligible for protection arrangements were automatically transferred into the 2015 scheme from that date. Similarly new officers joining the service on or after the 1 April 2015 were and are automatically entered into the 2015 Scheme. All members have a right to opt out of the scheme at any time.

At about the same period as the new 'career average' Police Officer scheme was implemented, similar schemes were also introduced for various other professions within the public sector, such as those for court judges, firefighters and civilian staff working in local government. Each had similar protection arrangements for members who were nearer to retirement. As those arrangements disproportionately benefited older members they were subject to a series of legal challenges on the basis of age discrimination.

Following rulings finding in favour of such challenges against the arrangements for judges and firefighters (the 'McCloud' and 'Sargeant' judgements), the Supreme Court denied the Government's request for an appeal against the rulings on 27 June 2019. As a result of this the Treasury announced on the 15 July 2019 that the rulings would apply to all of the main public service pension schemes and the Government afterwards stated that any remedial action implemented for claimants will be extended to all non-claimants who are in the same legal and factual position.

On 16 July 2020 HM Treasury published proposals for implementing a remedy to the age discrimination across all the public sector schemes affected by the rulings. Following a period of consultation the key details of the Remedy were confirmed on 4 February 2021, including:

- **determination of which members should be eligible for remedy**, namely: those who were members of a public sector pension scheme on or before the 31 March 2012 and on or after the 1 April 2015.
- **determination of the period of remedy**, namely: April 2015 to March 2022, with all active members being put into their respective CARE schemes from the 1 April 2022.
- **the fundamental mechanism for achieving remedy**, namely: a 'Deferred Choice Underpin', meaning that at the point they retire each eligible member will be able to choose to have been in either their legacy pension scheme or their new scheme for the seven-year period of the remedy.
- **Confirmation that the legacy 1987 and 2006 schemes would close from 31 March 2022**
- **Determination that the retrospective remedy would come into force on 1 October 2023**

These details were enacted by the Public Service Pensions and Judicial Offices Act 2022 which received royal assent on 10 March 2022.

Each individual Commissioner is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation (Police Pensions Regulations 2007 Statutory Instrument 1932/2007).

Credits to the Pension Fund Account include a fixed employer's contribution, being an actuarially assessed % of pensionable salary. This employer's contribution is charged to the Comprehensive Income and Expenditure Statement and, along with officers' contributions, is paid into the Pensions Fund Account from which pension payments are made.

Employer and employee contribution rates are set nationally by the Home Office and are determined by a 4-yearly re-valuation of total scheme liabilities by the Government Actuary's Department. A re-valuation took place as of the 31 March 2020 and was used to set an employer contribution rate from April 2024.

Under these funding arrangements the Pension Fund Account balances to nil at the year-end by either receiving a contribution from the Commissioner to meet a deficit or making a payment to him equivalent to any surplus achieved. In 2023/24 a contribution of £28.620m was received, this being equivalent to the pension top-up grant receivable from the Home Office for that year.

The pension fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund, these expenses are borne by the Group Comprehensive Income and Expenditure Statement.

Costs of injury awards and ill health retirements are not part of the Pensions Fund Account and will continue to be paid from the Group Comprehensive Income and Expenditure Statement.

Note 2 Pension Fund Liabilities

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the accounting period.

Note 3 Accounting Policies

Accounting policies conform to those set out in the Statement of Accounts (page 21 to 28).

Annual Governance Statement

1. Introduction

- 1.1. This Annual Governance Statement explains how the Chief Constable has complied with: -
 - The Derbyshire Joint Code of Corporate Governance.
 - Requirements of Regulation 6[1] (a) of the Accounts and Audit (England and Wales) Regulations 2015 in relation to the review of the effectiveness of the system of internal control.
 - The Police Reform and Social Responsibility Act 2011 (the Act).
- 1.2. The Police and Crime Commissioner (Commissioner) and the Chief Constable have approved and adopted a Derbyshire Joint Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) Framework: Delivering Good Governance in Local Government: Guidance note for Police. A copy of the Joint Code of Corporate Governance can be obtained from the Office for the Police and Crime Commissioner for Derbyshire, Butterley Hall, Ripley, Derbyshire, DE5 3RS. It is also available on the Commissioner's website.

2. Scope of responsibilities

- 2.1. The Commissioner and the Chief Constable are responsible for ensuring that business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Commissioner and Chief Constable are responsible under the Police Reform and Social Responsibility Act 2011 (the Act) for securing, inter alia, efficient, and effective policing for Derbyshire and to deliver value for money, being continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 2.2. In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of her affairs and facilitating the exercise of her functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.
- 2.3. The Chief Constable for Derbyshire is responsible for maintaining the King's peace and has direction and control over the officers and staff operating within Derbyshire Constabulary. The Chief Constable holds office under the Crown and is appointed by the Commissioner.
- 2.4. The Chief Constable is accountable in law for the exercise of policing powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by Derbyshire Constabulary. At all times the Chief Constable, her officers and staff remain operationally independent in the service to the public. In discharging her overall responsibilities, the Chief Constable is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of these functions.
- 2.5. Under the Police Reform and Social Responsibility Act 2011 the Chief Constable's CFO has a personal fiduciary duty by virtue of their appointment as the person responsible for the proper financial administration of Derbyshire Constabulary. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (Section 114 of the Local Government Act 1988 as amended by paragraph 188 of Schedule 16 to the Police Reform and Social responsibility Act 2011 ("2011 Act")). The Chief Constable's CFO is a key member of Derbyshire Constabulary's Chief Officer Team, helping it to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest. The CFO is actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer-term implications, opportunities and risks are fully considered. The CFO leads the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. The CFO ensures the finance function is resourced to be fit for purpose and oversees that appropriate management accounting systems, functions and internal controls are in place so that finances are kept under review on a regular basis. The arrangements in place are in line with the expectations set out in the CIPFA Financial Management

Code 2019 and the CIPFA Statement on the Role of the Chief Financial Officer of the Chief Constable (March 2021).

- 2.6. Under s.35 of the 2011 Act, in exercising her functions the Chief Constable must ensure that good value for money is obtained and this includes ensuring that persons under their direction and control obtain good value for money in exercising their functions.
- 2.7. Derbyshire Constabulary (as a standalone entity) is legally required to produce an Annual Governance Statement. This statement helps the Commissioner to hold the Chief Constable to account for efficient and effective policing. This statement sits alongside the Statutory Accounts for the Chief Constable and gives assurance to the Commissioner of Derbyshire Constabulary's governance arrangements.

3. The Governance Framework

- 3.1. The governance framework comprises the systems and processes, culture, and values by which the Chief Constable is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the Chief Constable to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The Force Management Statement also provides a source of assurance in respect of governance and performance and a high-level review of the CIPFA Code of Financial Management has not highlighted any significant areas of non-compliance.
- 3.2. The Constabulary's governance framework was in place at the year-end 31st March 2024 and is expected to be up to the date of the approval of the Statement of Accounts 2023/24.
- 3.3. This statement has been prepared for the 2023/24 financial year to state Derbyshire Constabulary's current governance arrangements, to report on their effectiveness during the year and to outline future actions planned to further enhance the arrangements.
- 3.4. Derbyshire Constabulary has adopted a joint code of corporate governance with the Commissioner, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This statement explains how the Chief Constable has complied with the code and also meets the requirements of Section 6 of the Accounts and Audit Regulations (England and Wales) 2015 in relation to the publication of a statement on internal control. This is underpinned by the governance framework as follows.
- 3.5. A Joint Audit Risk and Assurance Committee (JARAC) is in place, it carries out a role similar to that of an audit committee but acts in an advisory and assurance capacity. It provides independent assurance to both the Commissioner and the Chief Constable on the adequacy (excluding Professional Standards) of: -
 - Risk Management and the internal control framework of the Commissioner and Chief Constable.
 - Governance arrangements including providing for value for money.
 - Support and review work of audit providing assurance on risk management, internal controls, and the annual accounts.
 - Appointment of internal audit & recommendations on external audit provision.
 - Appropriate scrutiny of annual accounts including the financial reporting process.

4. Corporate Governance Reporting and Processes

- 4.1. Derbyshire Constabulary's Chief Officer Team, led by the Chief Constable, is responsible for ensuring Derbyshire Police has a corporate governance framework that reflects the principles of openness, integrity, accountability, and equality, and supports the delivery of quality policing.
- 4.2. The governance framework enables Derbyshire Constabulary to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money. An annual review of this framework takes place and appropriate improvements are made to ensure that it remains fit for purpose.

- 4.3. A new Performance Framework has been developed in force (commencing April 2024), which uses measures that directly support the PEEL outcomes to measure performance. The number of boards has been reduced and consolidated into a full day Performance Assurance Board (PAB) that has responsibility for all issues related to performance across the organisation. Each Assistant Chief Constable chairs a board covering strategy and policy for their portfolios, with anything performance related going through PAB. 'Business as usual' meetings within the force feed upwards through the relevant governance meeting into PAB.



- 4.4. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Constabulary's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively, and economically.

5. Organisational Structures and Processes

- 5.1. Decision making structures are well established and are regularly reviewed to ensure they are fit for purpose. The Commissioner's Police and Crime Plan sets out policing priorities and the resourcing of those priorities. It reflects the areas of greatest importance locally, identified through consultation with the public, or where performance improvement is required. Our plan and our planning process are complementary to other partnership plans such as Community Safety Partnerships, Local Criminal Justice Board, Safeguarding Boards and Local Strategic Partnerships.
- 5.2. We work closely with our partners to ensure consistency and alignment where possible. The Chief Constable holds regular meetings, which are attended by the Constabulary's Chief Officer Team, Divisional Commanders and Heads of Departments and senior members of staff. These meetings are used to consult on and develop policy and ensure the engagement of the senior managers of the organisation in change. The Police and Crime Plan objectives are cascaded throughout the Constabulary through the Force priorities which are monitored at the appropriate governance boards

and the Performance Assurance Board. There is a Police and Crime Delivery Plan Tracker that provides the Commissioner with direct access to provide progress and performance updates against the Plan.

- 5.3. The Commissioner approves an annual budget for the Constabulary activity which is aligned to the Police and Crime Plan and the Constabulary's priorities.

6. The risk management process by which Derbyshire Constabulary identifies and seeks to prevent and mitigate key risks.

- 6.1. An infrastructure has been established to support the effective management of risk and ensure that information on risks is gathered and acted on in a consistent and efficient manner. The Risk Management Group annually reviews the Risk Management Policy Statement and policy guidance and meets in year to consider changes in risk and mitigation.
- 6.2. The Constabulary recognises exposure to a wide and diverse range of risks and opportunities in securing the delivery of priorities and objectives. All employees, volunteers, contractors, and partners are responsible for identifying and managing risks as part of their role and the Assistant Chief Officer for Resources, as the corporate sponsor, ensures that risk management is supported and championed at Chief Officer Team level and throughout the Constabulary.
- 6.3. The Risk Management Policy provides clear guidance by which the Constabulary manages uncertainty in a structured and effective way. The risk management framework and infrastructure provide a solid foundation for risk management and standard for consistency, ensuring that information on risks is gathered and acted upon in an efficient manner. This is captured in a computerised system to manage risks and enable greater analytical information and appropriate reporting of risks.
- 6.4. Risk management is fully embedded into the business planning process to identify the threat, harm and risk facing the Constabulary in order to prioritise and identify areas which need resourcing. The Constabulary maintains a hierarchy of risk registers for strategic, operational, project and programme risks. Each risk is assigned to the appropriate governance board for oversight and assurance. The corporate risks are regularly subject to review and scrutiny by the JARAC.
- 6.5. The Risk Management Board, chaired by the Assistant Chief Officer for Resources, meets quarterly to monitor changes to the Constabulary risk profile and process. The Commissioner has a risk champion who attends the meeting to maintain a strategic overview of risk management issues in the Constabulary. This is attended annually by a member of the JARAC.

7. Business Continuity

- 7.1. Derbyshire Constabulary has robust plans in place to ensure business continuity following incidents. The Business Continuity Steering Group, comprising of relevant departmental representatives assist the Business Continuity Manager in developing the business continuity management process and respond to any business continuity crisis, as required.
- 7.2. Business Continuity arrangements involve close liaison with other partners and business continuity links have been strengthened with Derbyshire Fire & Rescue Service. Recent experiences encountered during Brexit and the Covid pandemic successfully demonstrated how we work with a wide range of partners across Derbyshire to provide a joint response in planning and managing major incidents and disruption.

8. Insurance

- 8.1. The Commissioner continues to maintain, develop, and renew its insurance programme in order to minimise financial risks.

9. Health and Safety

- 9.1. Derbyshire Constabulary takes very seriously its responsibility for the health and safety of its employees and all who attend the premises where the business of Derbyshire Constabulary is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the Chief Constable, who ensures that effective procedures and processes are in place including a Health and Safety Committee.

10. Reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals.

- 10.1. The Financial Handbook is reviewed and updated regularly to ensure it remains fit for purpose. This clearly defines how decisions are taken and the processes and controls required for managing risk. The Financial Handbook is regularly reviewed to ensure that it continues to be aligned to the structure of the Constabulary and the OPCC. Procedure notes and manuals are in place for all key systems and are also reviewed regularly. A Scheme of Delegation sets out financial authorisation levels for police officers and staff throughout the organisation. A Medium-Term Financial Strategy is in place and is fully linked to the organisation's strategic priorities and objectives. At an operational level, rigorous and regular budget monitoring takes place, and a well-established fraud assurance programme is in place. Robust management of income collection and debt recovery continues. The Internal Audit of Core Financial systems and processes is included within the Annual Audit Plan.

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

- 11.1. Processes for ensuring compliance with relevant law and regulations are well established and work effectively. The Chief Finance Officer has statutory responsibilities in this regard, and Internal Audit provides an assurance function and an annual independent objective opinion on the control environment, comprising risk management, internal control, and governance.
- 11.2. All reports to the Chief Officer Team and Governance Boards together with all reports presented to the Commissioner must consider legal implications.

12. Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks.

- 12.1. Processes for determining the conditions of employment and remuneration of officers and staff within appropriate national frameworks are well established. Modernisation of police pay reports go to the Chief Officer Team detailing financial impacts, risks, and progress to date.
- 12.2. Regular equal pay reviews are undertaken and there is a focus on maintaining market competitive pay and benefits. The Constabulary operates an approved job evaluation scheme based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trades unions.

13. Identifying the development needs of senior officers and staff in relation to their strategic roles, supported by appropriate training.

- 13.1. The Constabulary has an Annual Development Audit, which has been designed to take a more proactive approach to identifying, managing, and monitoring work related and personal development objectives for all Police Officers and Police Staff.
- 13.2. Training programmes are available through the regional learning and development structure, the College of Policing, other professional bodies, and external suppliers where appropriate.

14. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation.

- 14.1. Derbyshire Constabulary is committed to ensuring our service meets the needs of the people of Derbyshire. Due regard has been taken of emerging stakeholder processes such as the Commissioner's Police and Crime Plan and public engagement across Derbyshire.
- 14.2. The 'Safer Together' Campaign has a comprehensive engagement strategy, facilitated by the use of the 'Derbyshire Alert' communications system as a means of consulting and sharing information with our communities.

15. Whistleblowing and receiving and investigating complaints from the public and handling citizen and other redress.

- 15.1. A confidential reporting policy is in place to enable officers and staff to report any concerns about malpractice or unlawful actions without fear of recrimination.
- 15.2. The Commissioner has made a commitment to putting things right and has a range of policies in order to deal with public complaints. Complaints against the Chief Constable are dealt with by the Commissioner; complaints against police officers or police staff that are under the direction of the Chief Constable are dealt with by the Chief Constable.
- 15.3. Complaint handling in Derbyshire Constabulary is monitored in regular meetings between the Head of Professional Standards Department and the Head of Governance & Compliance / Monitoring Officer of the OPCC or the Independent Police Complaints Commissioner.
- 15.4. The Code of Ethics, produced by the College of Policing, sets and defines the exemplary standards of behaviour for everyone who works in policing. The policing principles and standards of behaviour in the Code of Ethics promotes, reinforces, and supports the highest standards for everyone who works in policing in England and Wales.

16. Role of the Chief Finance Officer

- 16.1. CIPFA have published a 'Statement of the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable', which describes the role and responsibilities of the CFO and sets out the five key principles that define the core activities and behaviours that underpin the role and the organisational requirements required to support them. There is an expectation that organisations will comply with the statement or explain their reasons for not doing so.
- 16.2. The five key principles are that the CFO: -
 - Is a key member of the leadership team, helping it to deliver and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest.
 - Must be actively involved in and able to bring influence to bear on all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer-term implications, opportunities and risks are fully considered and align with the overall financial strategy.
 - Must lead and encourage the promotion and delivery of good financial management, so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
 - Must lead and direct a finance function that is resourced to be fit for purpose.
 - Must be professionally qualified and suitably experienced.
- 16.3. The Chief Finance officer undertakes the role in accordance with the arrangements detailed in the Home Office Financial Management Code and compliance with the CIPFA Financial Management code.

17. Standards of Behaviour

- 17.1. Codes of conduct are in place for police officers and police staff. Relevant officers in the Constabulary are also subject to professional codes of conduct for their particular profession. For example, the Chief Constable's Chief Financial Officer is bound by the code of the Chartered Institute of Public Finance and Accountancy (CIPFA), of which he is a member.
- 17.2. As a force, we are committed to the national Code of Ethics policing principles, a framework of ethical behaviour that the College of Policing introduced in 2014 to shape culture across forces. The force is clear on the standards it expects from its employees – as set out in the Code of Ethics. All new employees are made aware of this, and the wider behaviour expected along with how to raise concerns of potential corruption. All new joiners are given a PSD input during their initial training period by our prevention officer and covers everything from the standards of professional behaviour, code of ethics, notifiable associations, business interests etc. This is also reinforced to all employees on a regular basis, be this through lessons learnt or the outcomes of misconduct processes. These are communicated to all employees and where necessary, changes are made to relevant practices and procedures.
- 17.3. At least once a year, the Constabulary's policy on professional standards is reviewed by Professional Standards and assessed based on its effectiveness and discrepancies over that period. Derbyshire Constabulary expects all members of staff to always be honest, truthful, and sincere. We will uphold, administer, and enforce all laws without bias or prejudice in a just, consistent, and reasonable manner.

18. Review of Effectiveness and Conclusion

- 18.1. The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within Derbyshire Constabulary at least annually. This review is informed by the work of the Chief Finance Officer and Senior Leaders within Derbyshire Constabulary who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2023/24 the Commissioner has placed reliance on this review and the Annual Governance Statement of Derbyshire Constabulary.
- 18.2. The Head of Internal Audit Opinion has reported that **“On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.”** Of the 13 audits undertaken during 2023/24, where a formal assurance level was provided, five received a Substantial level of assurance and seven audits received a Moderate level of assurance. One audit, IT Key Security Controls, received a Limited level of assurance. A total of 33 new recommendations were made during the year at the Force and OPCC, with one recommendation categorised as High priority and 16 recommendations categorised as Medium priority. The recommendations raised were done so to enhance the existing framework or highlight areas of weakness within the current control environments. The Constabulary has already put in place actions and plans to address these weaknesses and implement the recommendations made by Internal Audit.
- 18.3. The Audit findings in respect of each review are summarised below.

Audit Area (2023/24 Audit Plan)	Assurance Level	Recommendations				Accepted	Not Accepted
		F	S	H	Total		
Savings Plan	Substantial	-	-	-	-	-	-
Payroll	Substantial	-	-	1	1	1	-
Business Continuity Follow Up	Substantial	-	-	1	1	1	-
Workforce Planning	Substantial	-	-	1	1	1	-
Victim Services	Substantial	-	-	-	-	-	-
Counter Fraud & Whistleblowing	Moderate	-	1	3	4	4	-
Governance	Moderate	1	2	1	4	4	-
Procurement & Contract Management Follow Up	Moderate	-	-	-	-	-	-
Core Finance	Moderate	-	2	-	2	2	-
Transport Follow Up	Moderate	-	1	4	5	5	-
Vetting	Moderate	-	2	-	2	2	-
Health & Safety - DRAFT	Moderate	-	3	2	5	5	-
IT – Key Security Controls -	Limited	-	3	2	5	5	-
Total		1	16	16	33	33	-

- 18.4. The External Audit of the draft Statement of Accounts for 2021/22 is still to be formally concluded by our auditors Ernst & Young LLP and therefore the Audit Certificate is yet to be issued. In their draft Audit Results Report for 2021/22, the External Auditor reported that they expect to issue an unqualified opinion on the Statement of Accounts and an unqualified conclusion on the Constabulary's arrangements for securing economy, efficiency, and effectiveness in use of resources.
- 18.5. With the external audit of the 2021/22 accounts still to be formally completed, the extent of any audit of the 2022/23 accounts is very limited. The external auditors have stated that they will focus on the completion of the Value for Money work for 2022/23 and plan to issue a draft interim VFM report as soon as these are concluded.
- 18.6. During 2023/24 His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) conducted a PEEL 2023–25 Inspection. The Inspection assessed how good Derbyshire Constabulary is in nine areas of policing and made graded judgements in eight of those areas. The Constabulary was graded '**Good**' at Preventing Crime and received a grade of '**Adequate**' in three areas and '**Requires Improvement**' in 4 areas:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Police powers and public treatment	Investigating crime	
		Managing offenders	Responding to the public	
		Developing a positive workplace	Protecting vulnerable people	
			Leadership and force management	

- 18.7. The Inspection report indicates that as a force we are making progress and found that the constabulary had responded and addressed many of the areas for improvement from the previous PEEL Inspection report (2022) and recognised that the scale of change needed means that some improvements will need more time to achieve. There are however important areas of policing - investigating crime, responding to the public and protecting vulnerable people, which still require improvement.
- 18.8. The Report highlighted that the constabulary needs to make sure its investigations are effective and properly supervised and that it needs to improve outcomes for victims of crime and make sure that victims are receiving the level of service they are entitled to. The constabulary isn't yet providing a good

service for the public in some key areas, such as responding to the public, investigating crimes and protecting vulnerable people.

18.9. The Constabulary is focused on improving its performance and the service we provide to the public. Areas for Improvement are aligned to governance boards for regular updates and with a requirement to demonstrate progress and improvement.

18.9 The HMICFRS Inspection highlighted the following areas for improvement:

Preventing and deterring crime and antisocial behaviour, and reducing vulnerability
Good

Police powers and treating the public fairly and respectfully
Adequate
<i>The constabulary needs to improve its officers' confidence in using stop and search as an investigative tactic</i>
<i>The constabulary needs to improve its training for recording the use of force, and better support officers to follow force policy and improve data quality</i>

Responding to the public
Requires Improvement
<i>The constabulary needs to improve the time it takes to answer emergency calls</i>
<i>The constabulary should attend calls for service in line with its published attendance times, make sure that deployment decisions are supervised effectively and update the caller when there are delays</i>
<i>The constabulary needs to better support officers to make the most of early evidence opportunities</i>

Investigating Crime
Requires Improvement
<i>The constabulary doesn't consistently achieve appropriate outcomes for victims</i>
<i>The constabulary should make sure there is supervisory oversight of investigations to make sure that all appropriate investigative opportunities are taken</i>
<i>The constabulary needs to make sure that it complies with the requirements of the Code of Practice for Victims of Crime</i>

Protecting vulnerable people
Requires Improvement
<i>The constabulary needs to make sure its domestic abuse risk assessment process considers the full range of risk and harm and the full context of previously reported incidents</i>
<i>The constabulary should consider vulnerable victims' experience of its services and actively work to make improvements based on their feedback</i>
<i>The constabulary should proactively monitor preventative orders to reduce the risk of reoffending and increase safeguarding to victims</i>

Managing offenders and suspects
Adequate
<i>The constabulary needs to improve how it oversees and monitors use of pre-charge bail and released under investigation</i>

Building, supporting and protecting the workforce
Adequate
<i>The constabulary needs to do more to support the development and inclusion of people from under-represented groups</i>

Leadership and force management
Requires Improvement
<i>The constabulary should make sure that problems and performance issues are raised to the appropriate level within the constabulary's governance structure</i>
<i>The constabulary should scrutinise the implementation of any changes to make sure they are achieving their intended aims</i>
<i>The constabulary should make sure that leaders at all levels are visible, so that staff and officers are appropriately supported and challenged</i>

18.10 Under Leadership and Force Management section of the Report, HMICFRS found that:

- The constabulary shows effective financial management. It makes the best use of the finance it has available, and its financial plans are well thought out and sustainable.
- There is a clear link between the constabulary's financial plans and its other plans and priorities.
- The medium-term capital plan shows that the constabulary invests in its services to achieve improvements in performance.
- The financial forecasts in the medium-term financial plan are based on realistic assumptions about future funding and expenditure.
- The constabulary's financial plans are affordable, but it will need to consider a potential exit from a private finance initiative.

19. Environmental Sustainability

19.1. The Constabulary has issued a Joint 'Net Zero and Sustainable Development Strategy' with Derbyshire Fire and Rescue Service. The strategy aims to ensure that the Force achieves its ambition for Net Zero emissions by 2050. Action plans have been formulated and a project tracker has been developed and is being implemented.

20. Declaration

20.1. This Annual Governance Statement demonstrates that a sound governance and decision-making framework exists in Derbyshire and is subject to regular review. Where significant governance or control issues are identified, an action plan is produced to address them'. We propose over the coming year to further enhance and embed our governance arrangements and respond to the HMICFRS areas for improvement. We are satisfied that these steps will ensure that Derbyshire Constabulary's governance processes continues to remain effective in a changing environment and that our decisions are open and accountable.

Signed:



Rachel Swann QPM
Chief Constable of Derbyshire
Constabulary

Date: 31st May 2024

Signed:



Jon Peatling CPFA
Chief Finance Officer
Derbyshire Constabulary

Date: 31st May 2024

DEFINITIONS

Accounting Period

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

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agency and Contracted Services

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

Budget

A statement of the Group's (financial) plans for a specific period of time. A budget is prepared and approved by the Commissioner prior to the start of the financial year. The Commissioner's budget is prepared on an out-turn basis which means that increases for pay and prices during the financial year are contained within the total budget figure.

Capital Adjustment Account

The capital adjustment account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. It provides a mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Expenditure

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

Capital Financing Requirement

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

Chief Constable

The Chief Constable is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

CIPFA

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

Commutations and lump sum retirement benefits

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

Contingent Assets/Liabilities

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

Corporate and Democratic Core

This represents the costs of delivering public accountability and representation in policy making and meeting our legal responsibilities.

Creditors

Amounts owed for work done, goods received or services rendered which have not been paid for by the end of the financial year.

Debtors

Sums of money due for work done or services supplied but not received at the end of the financial year.

Defined Benefit Scheme

A pension or other retirement benefit scheme, with rules that usually define the benefits independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passing of time or obsolescence through technological or other changes.

Fixed Assets - Intangible

Intangible assets are defined as 'non financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights', for example, software licences.

Formula Grant Distribution System

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

Group

The term Group refers to the Commissioner and the Chief Constable.

Impairment

A reduction in the value of a fixed asset below the amount shown on the balance sheet.

Leasing

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

(a) finance leases which transfer all of the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

(b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the revenue account.

Net Book Value

The amount at which Plant and Equipment are included in the balance sheet and being their historical cost or current value, less the cumulative amounts charged for depreciation.

Non Distributed Costs

The cost of discretionary benefits awarded to employees retiring early. These are overheads which are not charged or apportioned to activities within the service expenditure analysis in the Operating Cost Statement.

Police and Crime Commissioner (PCC)

The Police and Crime Commissioner (PCC), known as the 'Commissioner', is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

Provision

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

Receipts and payments

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

Revaluation Reserve

This reserve records the net gain (if any) from revaluations.