

**CHIEF CONSTABLE FOR DERBYSHIRE
DRAFT STATEMENT OF ACCOUNTS 2022/23**

SUBJECT TO AUDIT AND SUBJECT TO CHANGE

**CHIEF CONSTABLE FOR DERBYSHIRE
STATEMENT OF ACCOUNTS
YEAR END 31 March 2023**

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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 2023.

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 is contained within the Annual Governance Statement, which accompanies the Chief Constable's Statement of Accounts.

Overview

The last 12 months have observed significant positive change and development across the force. The transition to a new normality post-pandemic has brought a range of opportunities to work more efficiently through the utilisation of technology, with a greater focus on enabling our frontline officers and staff. The Police Officer Uplift Programme (PUP) has emphasised the need to maximise the effectiveness of our workforce, training and equipping them more effectively, whilst focusing on how we develop and retain them. It has also highlighted the value of strong leadership in setting standards for our workforce, to improve public trust and confidence. It has provided the opportunity to enhance and develop our capacity and capability across key risk areas. The force has exceeded the Uplift target, with there being 351 more officers than 2020.

There has been a significant period of change, with the implementation of a new force model through the creation of a Crime Directorate, and a focus on key risk areas such as our Contact Management department. Many areas have come into focus over the last 12 months and beyond, with the force promptly developing oversight and progress through dedicated portfolios in Violence Against Women and Girls (VAWG), and the Police Race Action Plan (PRAP).

We have maintained our commitment to attend every residential burglary, whilst investing in a dedicated investigative neighbourhood acquisitive crime function to improve service and bring more offenders to justice.

The purpose of these changes has been to improve the service we provide to the public. The public expect the police to fight crime, bring offenders to justice and protect the most vulnerable from harm, and to do so consistently.

Public confidence in policing is a recognised critical challenge. The impact of a series of events and reports into policing, has damaged the sense of legitimacy, which in turn undermines the trust and confidence our communities have in us. Improving this position is a continued focus for the force, as it is within the national policing arena. The work involved spans several areas of policing, however these are brought together under the leadership of the Deputy Chief Constable (DCC), with much delivery through the Culture Board. The appointment this year of an Assistant Chief Officer (ACO) Resources has been a positive development bringing greater leadership over strategic people issues and the behaviour of those within the organisation.

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 is 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 2,000 police officers, 200 PCSOs and 150 Specials/Volunteers and 1,500 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 2022/23 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 2022/23 and provide an overview of the most significant matters reported in the accounts.

The 2022/23 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 2022/23. 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 2022/23 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 2023, (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 2022/23, 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 2023 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 2022/23 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). The 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 his own AGS each year which must accompany the Chief Constable's Statement of Accounts.

Strategy and Resource Allocation

The revenue budget for 2022/23 was set at £212.258 million, which was an increase of 4.8% over 2021/22. 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 £129.953m, and locally raised Council Tax of £82.305m.

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).

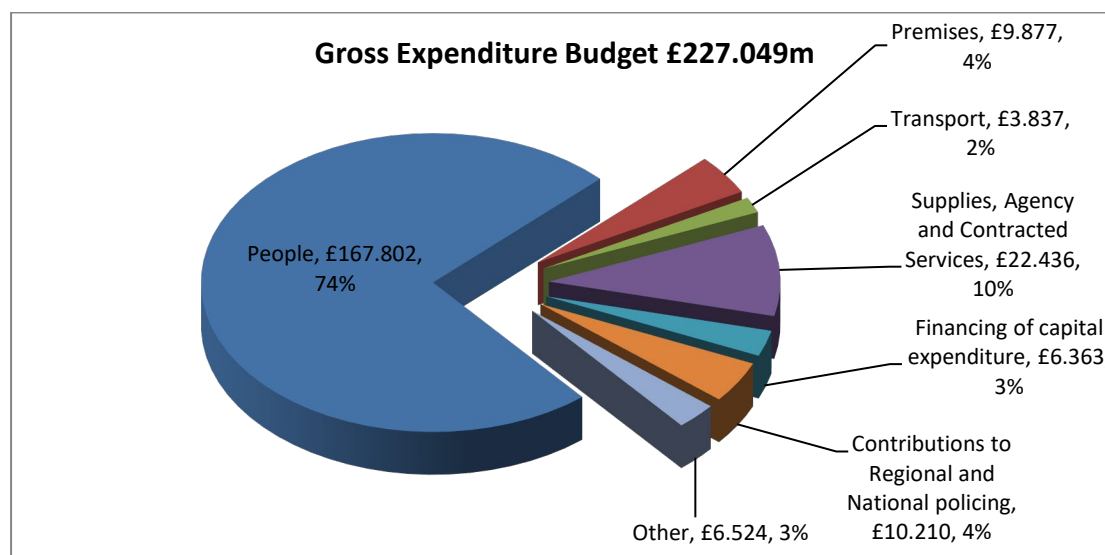
In addition to the £129.953m funding for the revenue budget, a grant of £29.507m was also received from the Home Office to cover the deficit on the police pension fund for the year.

The policing element of Council Tax for an average band D dwelling in Derbyshire was £251.60, an increase of £10 or 4.1% over 2021/22. This was the maximum increase the Commissioner could approve under the government's Precept Limitation regulations for 2022/23 without holding a local referendum.

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

Council Tax by Band	2021/22	2022/23
A	£ 161.07	£ 167.73
B	£ 187.91	£ 195.69
C	£ 214.76	£ 223.64
D	£ 241.60	£ 251.60
E	£ 295.29	£ 307.51
F	£ 348.98	£ 363.42
G	£ 402.67	£ 419.33
H	£ 483.20	£ 503.20

After taking into account all income sources, Derbyshire Police's gross expenditure budget was £227.049m 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 was sustained, much of this was directed towards meeting the government's pledge to recruit an additional 20,000 police officers by 2023.

The force scored a notable achievement in meeting its Uplift target for recruiting additional officers several months ahead of schedule. At 31st March 2023 it was employing 2,178 police officers, meaning it had recruited the 283 additional officers expected through the Home Office's original Uplift Programme, plus a further 68 through recruitment acceleration. The costs of 50 of the 68 accelerated 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 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. 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 are likely to be 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 2023/24 onwards. A major Savings Programme has therefore commenced to identify more sustainable reductions in costs.

More of a challenge was the recruitment and retention of staff into non-uniformed roles. This was partly due to the Constabulary's focus on police officer recruitment and partly due to the tight labour market conditions experienced throughout the economy. Monthly vacancy rates for police staff roles were generally in the range of 11% to 13% throughout the year, compared to the 4% allowed for in the budget. Measures to address this issue were put in place during the year and will continue throughout 2023/24.

The revenue funding agreed for 2022/23 included £4.351m to be allocated to investment in such things as up-to-date digital technology and modern buildings situated in the heart of communities which the Constabulary serves. While progress was made in some of the planned areas just over £3m of investment spending was deferred until 2023/24.

The Covid-19 pandemic was less impactful in terms of operational policing than in the previous two years. However, new working practices necessitated by the pandemic have become embedded and this entails some financial commitments which didn't previously exist. In addition, the Constabulary started to feel the effects of the re-opening of the world economy following the worst of the pandemic which, together with other events such as the war in the Ukraine, is continuing to create challenges for many organisations. These include increased vehicle fuel and utility costs and a difficult labour market in which to recruit and retain the best employees.

The continued impact of Covid-19 and other external factors will 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 2022/23, as set out in the table below shows an under-spend against budget of some £6.689m. However, this includes a number of items which may be considered outside of the day-to-day policing of Derbyshire: -

- **£1.531m Design Board funding.** This money is allocated for investment in upgrading major systems and technology and is committed to be spent in future years.
- **£1.596m Investment Fund funding.** Of this amount £1.100m is earmarked to provide new buildings for neighbourhood policing teams in the North of the county,
- **£0.667m Contributions to National Policing.** This is additional re-imbusement for resources provided to policing operations such as the Commonwealth Games held in Birmingham and HM the Queen's funeral.

Excluding these items, the underspend was £2.895m.

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 slightly below the national average for all police forces, which supports our investment and funding strategies that look to make the best use of internal resources first, so 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 the Other areas of costs and income.

Expenditure Heading 2022/23	Revised Budget £000's	Actual £000's	Variance £000's
Police Officer Pay & On Costs	110,885	113,249	2,364
Police Staff Pay & On Costs	53,639	49,964	(3,675)
Other Employee Expenses	922	1,111	189
Police Pensions	3,075	3,071	(4)
Premises	9,923	11,061	1,138
Transport	3,876	4,793	917
Supplies & Services	21,325	21,503	178
Investment Fund	1,859	-	(1,859)
Agency	272	401	129
Debt Charges	1,674	1,571	(103)
Revenue Contribution to Capital	4,314	4,689	375
Government Grants	(6,601)	(8,796)	(2,195)
General Income	(5,156)	(7,164)	(2,008)
Regional Units	10,210	10,146	(64)
Interest Receipts	(10)	(968)	(958)
Contributions to/from Reserves	(2,312)	(2,019)	293
BCU Fund	318	245	(73)
Expenditure on National Policing	-	(667)	(667)
Other Specific Grants	62	73	11
Partnerships	554	339	(215)
Total for Derbyshire Constabulary	208,829	202,602	(6,227)
Office of the Police and Crime Commissioner	3,429	3,266	(163)
Total 2022/23 Approved Budget	212,258	205,868	(6,390)
Council Tax Collection Account Surpluses	-	(299)	(299)
Total for Derbyshire Constabulary	212,258	205,569	(6,689)

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

- Police Officer Pay & Oncosts – £2.364m overspend.** This is split between two main headings as follows:

Salaries, allowances and other oncosts	£0.300m
Overtime costs	£2.064m

A further breakdown of the non-Overtime spend is as follows:

Basic pay	£0.821m
Housing and other allowances	£0.071m
Employers National Insurance	(£0.511m)
Employers Pensions Contributions	(£0.110m)
Apprenticeship Levy	£0.029m
Total	£0.300m

Although this overspend only equated to 0.3% against budget it was the outcome of a number of different factors which influenced costs in different directions.

The flat rate pay increase of £1,902 per officer awarded in September 2022 equated to an overall increase to payroll costs of approximately 5.5% taking into account the profile of officers in post and the Constabulary's rank structure. All things being equal this would have created an additional cost pressure of around £1.5m during the year compared to a 3% award allowed for in the budget. However, the impact

was offset by a number of factors and particularly by the government's decision to reverse the 1.25% Social Care Levy within National Insurance contributions from November 2022.

The Constabulary also took the decision to deliberately accelerate its recruitment programme for police officers during the year. This meant that not only did it reach its permanent Uplift target well ahead of schedule (283 additional officers above its pre-Uplift baseline), it also ended the year with a further 68 officers in addition to that target. 50 of these officers attracted additional grant-funding from the Home Office (£1.0m in total) as part of a re-allocation mechanism to address shortfalls elsewhere in the country. However, as we began the year considerably under the previous year's target the additional costs from the accelerated recruitment were largely compensated for by savings in the early months of the year.

The substantial overspend on Police Officer Overtime equated to an additional spend of 64% above the approved budget. The overspending occurred more or less continually throughout the year and across all operational areas of the Constabulary, as set out below:

Formation	£
North Division	£0.146m
South Division	£0.225m
Operational Support	£0.365m
Contact Management	£0.071m
Crime Support	£0.736m
Derbyshire Major Crimes	£0.077m
Criminal Justice	£0.232m
Other Formations	(£0.068m)
Total Formation overspends	£1.784m
Provision for Backdated claims	£0.280m
Total Force Overspend	£2.064m

Each formation 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. An Inspector-led review of all issues surrounding the planning for, authorisation and control of overtime expenditure was set up and reported its findings in May 2023. It is planned to implement a number of recommendations during 2023/24 aimed at reducing the requirement for overtime across the force

2. Police Staff Pay & Oncosts – (£3.675m) underspend.

Recruitment and retention of employees into police staff roles was a challenge, with vacancy rates in the region of 11-13% throughout the year, compared to the 4% target within the budget. A breakdown of the position across the main paygroups used for recording spend was as follows:

Pay Group	£m
PCSO's	(£1.522m)
Detective Staff Investigators	(£0.156m)
Force Contact Centre Staff	£0.029m
Enquiry Officers Staff	(£0.081m)
Driving Instructors / Trainers	(£0.228m)
Custody Detention Officers	(£0.144m)
All other Pay Groups	(£1.573m)
Total	(£3.675m)

PCSO recruitment was a particular issue with numbers paid through the payroll varying between 70 and 41 under the funded strength of 200. The Crime Directorate (£0.224m), Information Services (£0.367m) and Assets (£0.226m) were departments which experienced particularly high turnover in other police staff roles.

3. Other Employee Expenses - £0.189m overspend.

£0.087m of this variance reflected the Constabulary's ongoing requirements to provide external training courses for officers and staff. A further £0.077m was due to the cost of unexpected employee exit packages.

4. Premises – £1.138m overspend.

This was an area particularly impacted by the high levels of inflation which prevailed during the year. This impact was both direct – for example through increases in energy costs – and indirect for example through the indexation clauses within the Constabulary's PFI contracts. The main headings of Premises costs which overspent during the year were as follows: -

Repair and Maintenance work	£0.308m
Utility costs	£0.461m
PFI costs	£0.227m
Cleaning Contract / Specialist Cleaning	£0.227m
Other premises costs	(£0.085m)
Total	£1.138m

5. Transport - £0.917m overspend. Inflation also affected the costs of running the force's vehicle fleet, the main areas of overspend being as follows:

Maintenance, Tyres, etc	£0.389m
Vehicle Fuel	£0.141m
Insurance costs	£0.146m
Other fleet running costs	£0.054m
Total Fleet running costs	£0.730m
Officer / Staff mileage costs	£0.187m
Total Transport costs	£0.917m

The increased expenditure on maintenance costs arose from a combination of inflationary increases for labour and parts, an expanded fleet and some vehicles being retained for an extended period of time.

6. Supplies and Services – £0.178m overspend. This budget heading includes an unspent provision for new investment in technology overseen by the constabulary's Design Board of £1.531m. This provision has been transferred to an earmarked Reserve for future use. When this is excluded the overspend against ongoing Supplies and Services was £1.709m which occurred across a range of budget headings. The largest variances were:

Uniforms	£0.317m
Recovery of Vehicles	£0.152m
Professional / Consultants Fees	£0.271m
NPAS Recharge	£0.154m
Dangerous Dogs	£0.182m
Insurance costs	£0.247m

- The overspend on Uniforms reflects the number of police officer recruits coming into force during the year
- £0.181m of the overspend on Professional and Consultants Fees was incurred by Information Services in implementing updates to key IT systems.
- 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').

- 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.

7. Investment Fund – (£1.859m) underspend. The Precept approved for 2022/23 enabled £3.016m to be allocated to an Investment Fund, to be allocated to projects that expanded the Constabulary’s capabilities, addressed areas of identified threat and harm, and improved services to the public.

£0.665m was allocated directly to the Police Staff salaries budget to fund the permanent employment of 20 additional PCSO’s. The remaining £2.351m was kept within a central provision to fund a number of one-off projects identified as being priority. Several major ones – notably the building of a new Safer Neighbourhood Team hub – could not be progressed during the year and the funding is being earmarked for spend during 2023/24.

8. Debt Charges – (£0.103m) underspend. A reprofiling of the Capital Programme meant that it wasn’t necessary to take out any further long-term borrowing during the year as had been planned.

9. Revenue Contribution to Capital – 0.375m overspend. This reflects the implementation of a decision to provide all response officers with personal issue lap-tops to facilitate flexible and modernised working practices. The additional RCCO supplemented a contribution of £0.500m from an earmarked reserve to fund the roll out

10. Government Grants – (£2.195m) additional received. The majority of this additional grant was support towards police officers pay and recruitment costs, as follows:

Additional Uplift Recruitment	£1.040m
2022 Police Officers pay award	£0.990m

11. General Income – (£2.008m) additional generated. £0.566m of this figure resulted from the Constabulary’s activities in combatting economic crime under both PACE and POCA legislation. The remaining £1.442m was earned across a wide range of the Constabulary’s income generation activities which can fluctuate from year to year. The main areas included: -

Vehicle Recovery Charges	(£0.389m)
Cost Recovery Income	(£0.810m)
Court Compensation awards	(£0.171m)
Other Income	(£0.072m)
Total	(£1.442m)

The additional Cost Recovery income includes recharges to the East Midlands regional forces of £0.230m for support provided to the TSU, Legal and Forensics collaborations, as agreed during the year. The Constabulary’s Finance Department also received an additional £0.134m for its support to national policing activities

12. Interest Receipts – (£0.958m) underspend. The Constabulary’s treasury management activities benefited from the 10 consecutive interest rate rises implemented by the Bank of England’s Monetary Policy Committee between November 2021, when the budget was set, and the end of 2022/23. These saw Base Rates increase from 0.25% to 4.25% which fed through to rates obtainable by investing our long-term surplus cash balances.

13. Devolved Budgets to Local Command Teams (BCU Fund) – (£0.073m) underspend. The outturn reflects the delivery of specific projects and operations which neighbourhood policing units undertake in conjunction with their respective local authorities

14. Contributions to National Policing – (£0.667m) underspend. The Constabulary is required from time to time to contribute resources towards the policing of national events and operations. It receives re-imbursment for the full cost of employing these resources according to nationally agreed rates. This can generate additional income for the Constabulary depending on how it meets its

resource commitments. Major operations which Derbyshire contributed towards the policing of in 2022/23 included the Commonwealth Games in Birmingham and the Queen's funeral.

15. Partnerships – (£0.215m) underspend. The underspend partly reflects the timing of the delivery of specific partnership projects, but also the receipt of additional contributions from various partner agencies.

Capital Programme

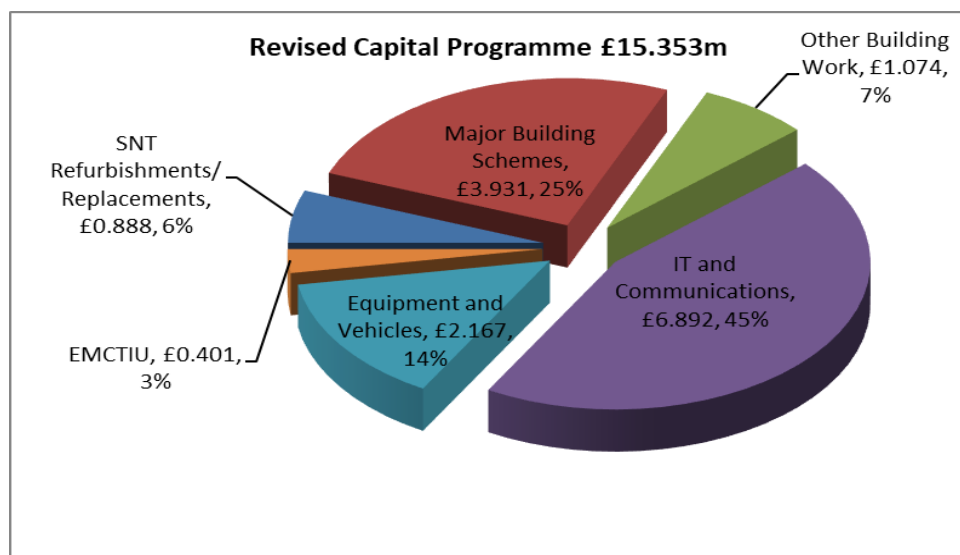
The Commissioner controls all land and buildings and Derbyshire Constabulary has use of all these assets. The Commissioner receives all the funding to finance the total Capital Programme.

This is used :-

- To replace police vehicles.
- To maintain its buildings.
- To ensure its IT systems are supported.
- To replace key items of equipment.

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

The Capital Programme for 2022/23 was originally set at £20.173m and as a consequence of scheme delays and changes in the capital programme, was revised to £15.353m in January 2023. The Revised Capital Programme was allocated as follows :-



Actual expenditure against the programme totalled £9.333m, which was made up of the following :-

Capital Programme	£m
SNT Refurbishment/replacements	0.852
Major Building Schemes	0.325
Other Building Schemes	0.479
Equipment and Vehicles	1.709
IT and Communications	5.787
East Midlands Counter-Terrorism Intelligence Unit	0.181
Total	9.333

This expenditure was funded by: Borrowing (£1.346m), External Grant and Contributions (£1.601m), Revenue Contributions (£6.212m) and Capital Receipts (£0.174m).

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 £0.205m, increasing total capital expenditure to £9.538m. This was funded from Reserve/Revenue Contributions (£0.164m) and grant (£0.041m).

Main Capital Underspends Compared to Budget

Major Building Schemes – A suitable site was found in the Chesterfield area for a new Divisional HQ and Custody Suite. A site masterplan has been developed. A deposit for the land was due to be paid in 2022/23, this will be paid in 2023/24 once conditional contracts are exchanged. A price has been agreed for early exit from the Private Finance Initiative (PFI), and the subsequent purchase of Ilkeston Police Station, this will now complete in 2023/24.

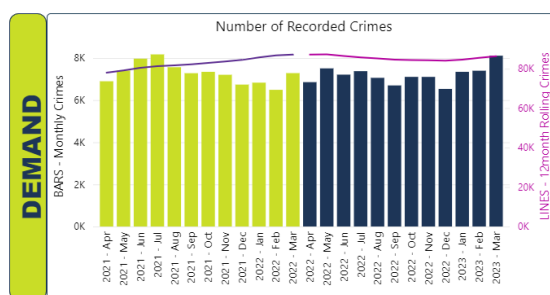
Other Building Schemes - This relates to various schemes including the Training Rig at Headquarters, works commenced in March to be completed by May. Also, kitchen refurbishments at the Contact Management and Resolution Centre were delayed due to re-tendering the scheme following issues with the original contractor.

Equipment and Vehicles – Orders have been raised for vehicles and various equipment but the goods will not be delivered until 2023/24. The main delay is due to supply chain issues.

IS Schemes – Major IS Schemes take more than one budget year to implement, furthermore several schemes have experienced supply chain issues and delays in delivery.

Non-Financial Performance

2022/23 saw a decrease in recorded crime of one percent, recording 86,043 crimes in total for the year, 1,113 fewer offences compared to the previous year. As per 2021/22 acquisitive crime figures remain low, with people working from home more, making them less vulnerable to burglary, vehicle crime and other types of theft.



Residential Burglary saw a slight increase of 0.9 percent compared with the previous year, whilst thefts from vehicles increased by 12 percent and thefts of vehicles increased by 23 percent. Theft from person saw an increase of nine percent, with personal robbery increasing by 23 percent and business robbery reducing by 39 percent. Both types of robbery occur in small numbers across Derbyshire with 39 business robberies and 683 personal robberies being recorded in the past 12 months. Shoplifting has increased by eight percent.

Behavioural crimes saw a mixed picture, with criminal damage, one of the largest volume crime types, decreased by 7 percent, stalking and harassment reduced by nine percent and public order decreased by three percent. Violence in general saw a decrease with violence without injury reducing by two percent and violence with injury seeing a three percent decrease. In general, sexual offences increased by two percent with rape increasing by five percent and other sexual offences increasing by one percent.

Domestic Abuse recorded crime, which is a subset of recorded crime as it sits across all crime types, totalled 17,512 crimes for the year, a reduction of seven percent, 1,343 fewer crimes.

There were 21,951 Anti-social behaviour incidents in the last 12 months, this was a 21 percent decrease compared with the previous 12 months. In the last year 44 percent of ASB incidents were resourced, with the average time spent dealing with incidents being 46 minutes.

A substantial proportion of the demand for Derbyshire sits outside of the areas covered above. Whilst the above references our recorded crime changes, there has been significant amounts of work in the Safeguarding arena too.

There have been 14,173 assessments for Safeguarding Adults, 18,338 Safeguarding Children referrals and 22,641 Domestic Abuse risk assessments, many of these cases, involve cyber and online crime. Modern slavery and human trafficking is an area where small numbers of victims are identified each year, but in the past year there have been increases seen. This is in part, due to partners identifying possible

victims in the community, after society become more comfortable with the cessation of lockdown regulations.

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. In addition to this, a large proportion of the investigation and prevention work in these areas is not visible to the public on a day to day basis. The complexity of these types of demand is growing all the time, with new and emerging areas being identified locally and nationally.

Future Outlook

Savings Plan

The force has established a Savings Programme to ensure that we make best use of our resources and identify efficiencies and savings. This sits under the Productivity and Efficiency Board chaired by the Deputy Chief Constable. We will continue to progress our resource allocation process to ensure that our resources are appropriately allocated to our services based upon a model that considers threat, risk and harm and aligned to our force priorities and the Police and Crime Plan. 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.

Cost of Living Increases

The underlying cause of the cost-of-living crisis is a combination of rising inflation and low wage growth. It has also been exacerbated by record-breaking energy price hikes and higher-than-normal fuel costs because of a combination of factors. The conflict in Ukraine is fuelling a rise in costs and supply shortages, which had not fully recovered from the Covid 19 Pandemic and the UK exit from the EU.

Despite significant budget increases, high inflation continues to have a significant impact on the cost of supplies and services including Fuel, Utility Costs and Pay Costs. Our 23/24 budget increased by over £9.4m to cover the expected inflationary increases, including a budget provision of 3% for Pay increases. With much focus on public sector pay settlements we have calculated that each additional 1% above a 3% pay award would create an in-year pressure of £1.0m and a £1.7m pressure in the 2024/25 Base Budget.

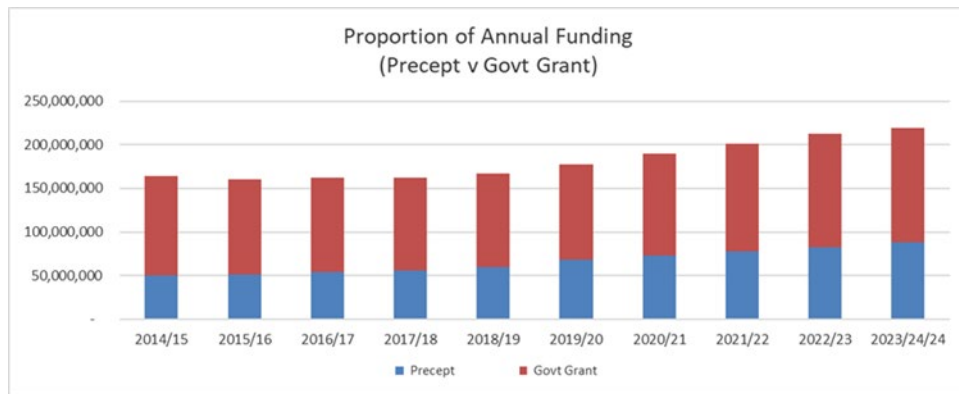
The cost-of-living crisis is also impacting on our suppliers, with several instances where critical supply chains are creating instability within the marketplace, particularly for Forensic services and Uniform supplies. We continue to support National Police Chiefs' Council, (NPCC) and BlueLight Commercial to plan for these scenarios to identify alternative options and funding implications.

2023/24 and Beyond

The Police Finance Settlement for 2023/24 occurred within the context of a very 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 and more recently, has been exacerbated by the invasion of Ukraine. These have had, and will continue to have, major consequences for the country's economic position and public finances for the foreseeable future.

The total Grant allocated to Derbyshire was £136.2m, representing an increase in cash support of £2.5m (1.9%) compared to 2022/23. This needs to be seen in the context of the £1,900 pay increases awarded to officers and staff in September 2022, equating to approximately 5.5% and 6.5% respectively, and the guidance issued by the Home Office that forces should plan for pay awards 'above 2%' next year as well. Additionally, key non-pay budgets have seen inflationary increases well above 2% in the past 12 months. For example, Utility costs (20%), Vehicle Fuel (28%), Vehicle Maintenance (10%) have all increased considerably over the past 12 months.

The Government Grant allocations continue to be the main source of funding for the Constabulary, with Council Tax precept income meeting the additional running costs for the force. The proportion of Grant to Council Tax has changed significantly during the past seven years, which has resulted in a greater proportion of funding through Council Tax, with now over 40% of our budget funded through Council Tax compared to 30% in 2014/15.



To balance the budget it was necessary for the PCC to maximise the precept increase and for the Chief Constable to identify cashable savings. Notwithstanding this, there was still a requirement to utilise earmarked reserves of £0.289m

It is acknowledged by the force that even with a £15 Council Tax increase in 2023/24, a rigorous and structured process for identifying further savings will be required to enable balanced budgets to be set for 2024/25 to 2026/27. This will be immensely challenging, especially given that a substantial proportion of the overall budget is allocated to police officer costs which is effectively ring-fenced under the Government's Uplift strategy. It is vital that Derbyshire Police 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.

The Savings Programme will help 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 effectively through the alignment of resources to risk and demand. The Chief Constable, in consultation with the PCC, will continue to review any in year underspends and the use of any carry forwards to protect and maintain current service levels and to consider options for delivering services in a more efficient and effective way.

Pensions

Pension costs are accounted for in accordance with the 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 £1,671m in 2022/23 (2021/22 £2,492m). This amounts to a significant reduction of £821m 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.

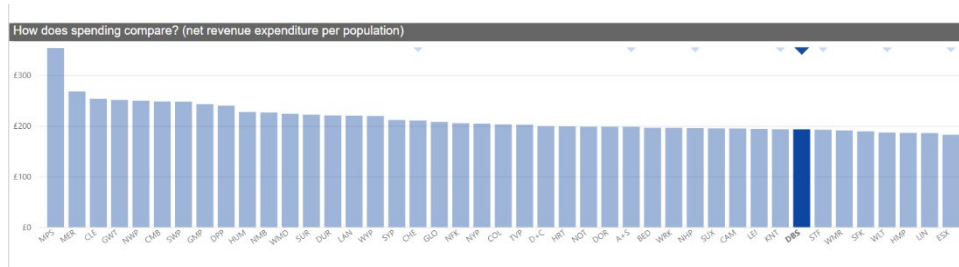
Value for Money

The Constabulary continues to be one of the lowest spending forces per head of population in the country, in part due to savings secured through working nationally, regionally, and locally with our partners, helping to deliver value for money (VFM) to taxpayers through:

- Average council tax charges
- Lower than average net spend per head of population
- Lower than average reserves
- A strong track record of delivering savings

- Outcomes from officers, communities and technology investment.

The 2022 HMICFRS Value for Money profiles reports Derbyshire as being the eighth lowest (36th out of 43 forces) funded force per head of population. Our Net Revenue Expenditure per Head of Population for 2022/23 was £193.53, considerably lower than the national average for all forces.



Source: HMICFRS Value for Money Profiles 2022

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 is a joint Head of Strategic Assets and 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

31st August 2023

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 2023 and of its income and expenditure for the year ended the 31 March 2023.



Signed
Jon Peatling CPFA
Chief Finance Officer
Date: 31st August 2023

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 2022/23) 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.

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 2023.

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 Unitised 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 rota 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

For 2022/23 the new standards that need to be reported relates to Definition of Accounting Estimates (Amendments to IAS 8), Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) and Updating a reference to the Conceptual Framework (Amendments to IFRS 3). Note 17 in the accounts discloses information relating to the impact of the accounting changes.

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 2022/23 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 2023 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 an increase in the pensions liability of 7.5% (£129m). If pension increases were to be 0.5% higher per year this would increase the liability by 7.5% (£127m).</p> <p>However, the assumptions interact in complex ways. For example, during 2022/23 the Police Pension Scheme liability increased by £131.5m as a result of experience changes and decreased by £817.3m as a result of the updating of actuarial assumptions for financial reasons (In 2021/22 the equivalent increased by £9.4m and decreased by £30.8m 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.

2021/22				2022/23		
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	239,163	239,163	Policing Services	0	234,260	234,260
0	476	476	Corporate and Democratic Core (Chief Constable)	0	549	549
0	0	0	Non Distributed Costs	0	72	72
0	239,639	239,639	Net Cost of Services before revaluations/funding	0	234,881	234,881
0	(191,664)	(191,664)	Intra-group Funding	0	(206,293)	(206,293)
0	47,975	47,975	Cost of Policing Services	0	28,588	28,588
0	23,991	23,991	Other Income and Expenditure	0	36,965	36,965
0	71,966	71,966	Deficit on the Provision of Services	0	65,553	65,553
0	(71,089)	(71,089)	Other Comprehensive Income and Expenditure	0	(889,846)	(889,846)
0	877	877	Total Comprehensive Income and Expenditure	0	(824,293)	(824,293)
		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 30.

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 2022				Chief Constable For the year ended 31 March 2023		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
268,511	(29,348)	239,163	Policing Services	273,098	(38,838)	234,260
476	0	476	Corporate and Democratic Core	549	0	549
0	0	0	Non Distributed Costs	72	0	72
268,987	(29,348)	239,639	Cost of Policing Services before revaluations/funding	273,719	(38,838)	234,881
(221,012)	29,348	(191,664)	Intra-group funding	(245,131)	38,838	(206,293)
47,975	0	47,975	Cost of Policing Services	28,588	0	28,588
263	0	263	Losses on the Disposal of Non-Current Assets	246	0	246
1,662	0	1,662	Levies to national police services	1,708	0	1,708
(1,662)	0	(1,662)	Intra-group Fund adjustment (Levies to national police services)	(1,708)	0	(1,708)
			Financing and Investment Income and Expenditure			
50,055	0	50,055	Police Pensions Interest Cost	66,226	0	66,226
			Taxation and Non-Specific Grant Income			
0	(26,327)	(26,327)	Police Officer Pension Grant	0	(29,507)	(29,507)
98,293	(26,327)	71,966	Deficit on the Provision of Services	95,060	(29,507)	65,553
		(71,089)	Actuarial (Gains) or Losses on Police Pension			(889,846)
		(71,089)	Other Comprehensive Income and Expenditure			(889,846)
		877	Total Comprehensive Income and Expenditure			(824,293)

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-22		Note	31-Mar-23
£000			£000
14,581	Plant and Equipment	11	18,104
1,077	Intangible Assets	12	514
<u>15,658</u>	Long-Term Assets		<u>18,618</u>
3,875	Short-Term Debtors - Intra group Debtor		7,866
0	Cash and Cash Equivalents		0
<u>3,875</u>	Current Assets		<u>7,866</u>
(3,875)	Short-Term Creditors - Intra group creditor		(7,866)
(2,810)	Short-Term Creditors - Accumulated Absences		(3,184)
<u>(6,685)</u>	Current Liabilities		<u>(11,050)</u>
(2,492,372)	Other Long-Term Liabilities - Pension Scheme	10a	(1,670,665)
<u>(2,492,372)</u>	Long-Term Liabilities		<u>(1,670,665)</u>
<u>(2,479,524)</u>	Net Assets/(Liabilities)		<u>(1,655,231)</u>
1	Unusable Reserves - Revaluation Reserve	16	1
15,657	Unusable Reserves - Capital Adjustment Account	16	18,617
(2,492,372)	Unusable Reserves - Pension reserve	16	(1,670,665)
(2,810)	Unusable Reserves - Accumulated Absences Reserve	16	(3,184)
<u>(2,479,524)</u>	Total Reserves		<u>(1,655,231)</u>

Certification

The financial statements were authorised for issue on the 31st August 2023.

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)

MOVEMENT IN RESERVES STATEMENT 2021/22 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 2021		0	0	(2,478,647)	(2,478,647)
Surplus or (deficit) on the provision of services (accounting basis)		(71,966)	(71,966)	0	(71,966)
Other comprehensive income and expenditure		71,089	71,089	0	71,089
Total Comprehensive Income and Expenditure		(877)	(877)	0	(877)
Adjustments between accounting basis and funding basis under regulations					
- Depreciation and Impairment of non-current assets		4,857	4,857	(4,857)	0
- Net gain or loss on sale of non-current assets		263	263	(263)	0
- Amount by which pension costs calculated in accordance with the code (IAS19) are different from the contributions due under the pension scheme		(860)	(860)	860	0
- Capital expenditure funded by PCC Intra-group funding		(3,875)	(3,875)	3,875	0
- Charges for employee benefits		492	492	(492)	0
Total Adjustments between accounting basis and funding basis		877	877	(877)	0
Increase in Year		0	0	(877)	(877)
Balance as at the 31 March 2022 carried forward		0	0	(2,479,524)	(2,479,524)

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-22 £'000		31-Mar-23 £'000
71,966	Net Deficit on the Provision of Services	65,553
	Adjust Net Deficit on the Provision of Services for Non-cash Movements	
(3,824)	Depreciation of Non-Current Assets	(3,898)
(1,033)	Amortisation of Intangible Assets	(762)
3,875	Capital expenditure funded by PCC Intra-group funding	7,866
(492)	Increase in Creditors - accumulated absences	(374)
(70,229)	Pension Liability	(68,139)
(263)	Carrying Amount of Non-Current Assets Sold	(246)
<u>(71,966)</u>		<u>(65,553)</u>
	Adjust for Items Included in the Net Deficit on the Provision of Services that are	
0	Investing and Financing Activities	0
0	Net Cash Flows (used in)/from Operating Activities	0
0	Investing Activities	0
0	Financing Activities	0
<u>0</u>	Net (Increase) or Decrease in Cash and Cash Equivalents	<u>0</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 29) takes net expenditure that is funded from resources and reconciles it to the Comprehensive Income and Expenditure Statement (CIES page 30). 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

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 2021/22	Net Change for the Pensions Adjustments 2021/22	Other Differences 2021/22	Total Adjustments 2021/22
2021/22	£'000	£'000	£'000	£'000
Policing Services – Chief Constable	982	46,501	191,680	239,163
Corporate and Democratic Core Chief Constable	-	-	476	476
Net Cost of Services before revaluations/funding	982	46,501	192,156	239,639
Intra-group funding	-	-	(191,664)	(191,664)
Net Cost of Services	982	46,501	492	47,975
Other operating expenditure	263	-	-	263
Financing and Investment income & expenditure	-	50,055	-	50,055
Taxation & Non-specific grant income & expenditure	-	(26,327)	-	(26,327)
Net Deficit on General Reserve Balance	1,245	70,229	492	71,966

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	Net Change for the Pensions Adjustments 2022/23	Other Differences 2022/23	Total Adjustments 2022/23
2022/23	£'000	£'000	£'000	£'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

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 2021/22		Chief Constable 2022/23
£'000	Financial Resources of the Commissioner consumed at the request of the Chief Constable	£'000
88,895	Police Pay & Allowances	96,113
77,147	Police Staff Pay & Allowances	75,065
1,725	Other Employee Expenses	2,015
52,920	Police Pensions (Current Cost) -see note 9	43,900
9,414	Premises	11,520
4,233	Transport	5,309
20,981	Supplies & Services	23,064
7,417	Agency & Contracted Services	10,442
6,237	Depreciation & Cost of using Commissioner's Property	6,035
18	Revenue Expenditure Funded from Capital under Statute	184
0	Non Distributed Costs	72
268,987 (29,348)	Income from fees/charges and Special Government Grant	273,719 (38,838)
239,639	Net Cost of Policing Services	234,881

In 2022/23 the Police and Crime Commissioner increased the band D council tax by £10 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.

Our police officer recruitment was accelerated to increase the establishment as part of the National Officer Uplift strategy. The Uplift target was met well ahead of schedule with the force being over established at the end of the year. The £1,902 flat rate pay increase per Police Officer for 2022/23 increased overall payroll costs by 5.5%. Additional grants of £4m were received from the Home Office to contribute to the costs of the additional officers and the pay award.

Police Staff Pay & Allowances include the Current Service Cost of pension benefits which decreased by £3.7m compared to 2021/22 (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 2022/23, £117,307 was spent on rental payments for Hired Photocopiers (£121,958 in 2021/22). £180,605 was spent in 2022/23 on rental payments for Livescan units (an electronic system for taking fingerprints). £144,649 was spent in 2021/22. 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: -

	£'000	
	2021/22	2022/23
Within 12 Months	306	298
Later than 1 year and not later than 5 years	939	851

Land and Buildings

A number of buildings are leased and are accounted for as an operating lease. In 2022/23, £1,116,165 was paid for the lease of land and buildings (£1,029,964 in 2021/22).

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

	£'000	
	2021/22	2022/23
Within 12 Months	1,103	1,180
Later than 1 year and not later than 5 years	4,400	4,634
More than 5 years	11,831	11,653

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 2022/23 was £15,619 (£18,909 in 2021/22). A further £141,726 was received for mast rental in 2022/23 (£104,739 in 2021/22).

Note 5 Officers Remuneration

The table below provides disclosure of the remuneration of Senior Officers and relevant Police Officers whose salary is £50,000 or more per year. During the year there were a number of changes in the chief officer team, further information is shown in the notes to the table below.

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.

Post Holder Information	Note	2021/22					Employer pension £	Total Remuneration 2022/23 £
		Salary £	Allowances £	Other payments £	Benefits in kind £ (£)			
Chief Constable (CC)	1	156,693	2,910	739	-	48,575	208,917	
Deputy CC Derbyshire	2	129,264	5,369	50	-	40,072	174,755	
Deputy CC Collaboration	3,4	129,264	-	660	-	39,143	169,067	
Temp ACC Crime & Territorial Policing		106,592	6,250	-	-	33,044	145,886	
Temporary ACC Operational Support		110,136	6,250	-	-	28,442	144,828	
Joint Director of Finance and Business Services	5	101,913	-	-	10,062	14,166	126,141	

Note 1 - As the total remuneration for 2021/22 has exceeded £150k the regulations require that Ms R Swann be named.

Note 2 - As the total remuneration for 2021/22 has exceeded £150k the regulations require that Ms K Meynell be named.

Note 3 - As the total remuneration for 2021/22 has exceeded £150k the regulations require that Mr P Gibson be named.

Note 4 - The Temp Deputy Chief Constable Collaboration was appointed on the 15/07/2021 as Permanent Deputy Chief Constable Collaboration.

Note 5 - 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 is wider than in Fire.

2022/23							
Post Holder Information	Note	Salary £	Allowances £	Other payments £	Benefits in kind £	Employer pension £	Total Remuneration 2022/23 £
Chief Constable (CC)	1	157,802	2,910	900	-	48,919	210,531
Deputy CC Derbyshire	2	92,667	2,475	209		28,064	123,415
Deputy CC Derbyshire	3	39,843	1,307	310		12,352	53,812
Deputy CC Collaboration	4,5	119,595	-	601	-	37,074	157,270
Temp ACC Crime & Territorial Policing	6	101,694	3,383	-	-	31,525	136,602
Temp ACC Crime & Territorial Policing	7	63,983	533			19,018	83,534
ACC Operational Support	8,9	118,058	5,487	-	-	30,640	154,185
Joint Director of Finance and Business Services	10.11	73,680	-	77,093	6,837	9,720	167,330
Assistant Chief Officer Resources	12	90,868	1,239			12,630	104,737
Chief Finance Officer	13	78,423	1,239			10,901	90,563

Note 1 - As the total remuneration for 2022/23 has exceeded £150k the regulations require that Ms R Swann be named.

Note 2 - The Deputy Chief Constable left the force on the 11/12/2022.

Note 3 - A new Deputy Chief Constable was appointed on the 12/12/2022.

Note 4 - As the total remuneration for 2022/23 has exceeded £150k the regulations require that Mr P Gibson be named.

Note 5 - 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.

Note 6 - The Temporary ACC Crime and Territorial Policing reverted back to their substantive role on 05/09/22. The above costs include their substantive role as Chief Superintendent.

Note 7 - 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.

Note 8 - The ACC Operational Support was appointed to the position permanently on 13/01/2023.

Note 9 - As the total remuneration for 2022/23 has exceeded £150k the regulations require that Ms M Shooter be named.

Note 10 - 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.

Note 11 - As the total remuneration for 2022/23 has exceeded £150k the regulations require that Mr S Allsop be named.

Note 12 - 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.

Note 13 - 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.

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 2021/22	No. Of Employees 2022/23
£50,000 - £54,999	31	42
£55,000 - £59,999	22	22
£60,000 - £64,999	9	10
£65,000 - £69,999	5	6
£70,000 - £74,999	2	4
£75,000 - £79,999	3	-
£80,000 - £84,999	3	2
£85,000 - £89,999	2	3
£90,000 - £94,999	3	2
£95,000 - £99,999	2	2
£105,000 -£109,999	-	-
£110,000 - £114,999	1	-
£115,000-£119,999	-	1
£125,000-£129,999	1	1
TOTAL	84	95

Exit Packages

The total cost of the exit packages in the current year is £77,093. The cost of this redundancy was partially met by the Fire Authority as it was a joint role funded 70% by the Constabulary and 30% by the Fire Authority.

2021/22				2022/23				
Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £	Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £
-	1	1	9,936	£0 - £20,000	-	-	-	-
-	1	1	33,109	£20,000 - £40,000	-	-	-	-
-	-	-	-	£60,000 - £80,000	-	1	1	77,093
				Less Contribution from Fire Authority				(23,128)
-	2	2	43,045	TOTAL	-	1	1	53,965

Note 6 External Audit Fees

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

	2021/22 £'000	2022/23 £'000
Scale fees payable	11	11
Extra fees payable for audit of previous years	6	29
Reduction in fees following PSAA referral (relating to 2019/20)	(5)	-
TOTAL	12	40

Also in 2022/23 £6,357 grant (£5,954 in 2021/22) 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 7 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.

2021/22			2022/23	
Jointly Controlled Operations	Derbyshire Police	Comprehensive Income and Expenditure Statement	Jointly Controlled Operations	Derbyshire Police
£'000	£'000		£'000	£'000
34,419	7,941	Employees' Expenses	36,819	8,478
555	121	Premises	709	155
665	146	Transport	818	180
4,899	1,207	Supplies and Services	4,997	1,355
3,759	849	Agency and Contracted Services	3,693	834
1,783	392	Capital Charges	981	214
		Revaluation Losses	174	38
46,080	10,656	Gross Operating Expenditure	48,191	11,254
(1,337)	(300)	Other Income	(1,184)	(274)
(11)	(1)	Profit/(Loss) on Disposal of Fixed Assets	(19)	(2)
44,732	10,355	Net Operating Expenditure Financed by:-	46,988	10,978
(38,724)	(9,076)	Contributions from Partners	(41,173)	(9,750)
(4,870)	(1,062)	External Grants	(5,592)	(1,219)
(357)	(78)	Capital Grants & Contributions	(187)	(41)
781	139	(Surplus) / Deficit for the year	36	(32)

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 %	Gross Exp £'000	Total Income £'000	(Surplus) / Deficit £'000
EM SOU – SOC (incl. EMSOU TSU)	Specialist Operations	All 5 forces	Jan 2003	21.8	6,636	(6,679)	(43)
EMSOU Major Crime – Command Team	Co-ordination of Major Crime investigations	All 5 forces	Sept 2011	21.8	178	(183)	(5)
EMSOU Forensics	Forensic analysis and identification	All 5 forces	April 2014	21.8	2,218	(2,168)	50
EM Legal Services	Specialist Legal advice and services, incl Insurance	All 5 forces	April 2014	21.8	438	(434)	4
EM CHRS – Learning & Development	Co-ordination of regional training provision	Derbys, Leics, Northants, Notts	April 2012	25.11	338	(344)	(6)
EM CHRS – Occupational Health	Occupational Health Services	All 5 forces	April 2012	21.8	470	(475)	(5)
HR Service Centre	Transactional HR services	Derbys, Leics	June 2014	50.0	899	(922)	(23)
Emergency Services Network (ESN)	Communications Network	All 5 forces	July 2017	22.6	77	(81)	(4)
Totals					11,254	(11,286)	(32)

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 8 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 7) and partnership arrangements with Derbyshire Fire and Rescue Service.

Note 9 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 2019 which set contribution rates for the 3-year period commencing on the 1 April 2020 and a further valuation as at the 31 March 2022 has set new rates for the 3-year period commencing on the 1 April 2023.

The 2022/23 total employer contribution of £8.586m consisted of £8.525m in 'regular' contributions and £0.061m in 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 (£1.465m paid in 2022/23).

In total these 2 elements equated to a contribution rate of 16.9% of pensionable pay for 2022/23.

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 2022/23 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 is due to begin from 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 2022/23 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 2022/23 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 44).

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 2022/23 a Top up grant of £29.507m was received from the Home Office to supplement the employer's contributions paid into the account which amounted to £23.612m (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 is due to determine a revised employer's contribution rate with effect from the 1 April 2024.

In addition to the standard contribution, individual payments totalling £0.821m 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 £2.250m and these were paid from the Comprehensive Income and Expenditure Account. The Pensions Fund Account is shown on page 54.

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: -

Local Government Pension Scheme	2021/22	2022/23
Comprehensive I&E Statement	£'000	£'000
Cost of Services		
• Current service cost *	26,463	22,740
• Past Service cost (incl curtailments)		72
Financing and Investment Income and Expenditure		
• Net Interest cost	3,685	4,246
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	30,148	27,058
Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement		
• Re-measurements of surpluses/deficits		
- Return on scheme assets (excluding the amount included in the net interest expense)	(17,207)	18,860
- Actuarial losses/(gains) arising from changes in demographic assumptions	(1,174)	(2,823)
- Actuarial losses/(gains) arising from changes in financial assumptions	(43,935)	(206,829)
- Other experience changes	12,597	25,556
Total Re-measurements	(49,719)	(165,236)
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(19,571)	(138,178)
Movement in Reserves Statement Expenditure		
• Reversal of net charges for post-employment benefits in accordance with the code	19,571	138,178
Actual amount charged against the General Reserve Balance for pensions in the year		
• Employers' contributions payable to scheme plus added years	8,435	8,614
• Retirement benefits payable to pensioners	-	-

Police Pension Scheme	2021/22	2022/23
Comprehensive I&E Statement	£'000	£'000
Cost of Services		
• Current service cost	52,920	43,900
Financing and Investment Income and Expenditure		
• Net Interest cost	46,370	61,980
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	99,290	105,880
Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of surpluses /deficits		
• Actuarial losses/(gains) arising from changes in demographic assumptions	-	(38,760)
• Actuarial losses/(gains) arising from changes in financial assumptions	(30,810)	(817,330)
• Other experience changes	9,440	131,480
Total Re-measurements	(21,370)	(724,610)
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	77,920	(618,730)
Movement in Reserves Statement Expenditure		
• Reversal of net charges for post-employment benefits in accordance with the code	(77,920)	618,730
Actual amount charged against the General Reserve Balance for pensions in the year		
• Employers' contributions payable to scheme	24,513	26,683
• 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 have advised us 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 is no requirement to allow for this legal challenge in your 2022/23 accounting disclosures.

Note 10 Assets and Liabilities in relation to Post-employment benefits (a)

Note 9 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:

	Funded liabilities: Local Government Pension Scheme £'000	
	2021/22	2022/23
Opening Balance as at the 1 April	(483,620)	(480,622)
Current Service Cost	(26,463)	(22,740)
Past Serve Cost (incl curtailments)	-	(72)
Interest on pension liabilities	(9,888)	(13,466)
Contributions from scheme participants	(3,253)	(3,310)
Remeasurement gains and (losses):		
• Actuarial gains/(losses) arising from changes in demographic assumptions	1,174	2,823
• Actuarial gains/(losses) arising from changes in financial assumptions	43,935	206,829
• Other experience changes	(9,836)	(25,556)
Benefits paid	7,329	7,228
Deficit as at the 31 March	(480,622)	(328,886)

	Police Pension Scheme £'000	
	2021/22	2022/23
Opening Balance as at the 1 April	(2,317,862)	(2,344,942)
Current Service cost	(52,920)	(43,900)
Interest on pension liabilities	(46,370)	(61,980)
Contributions from scheme participants	50,840	56,190
Remeasurement gains and (losses):		
• Actuarial gains/(losses) arising from changes in demographic assumptions	-	38,760
• Actuarial gains/(losses) arising from changes in financial assumptions	30,810	817,330
• Other – experience gains and (losses)	(9,440)	(131,480)
Deficit as at the 31 March	(2,344,942)	(1,670,022)

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:

	Local Government Pension Scheme		Police Pension Scheme		Total	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Present value of the defined benefit obligation	(480,622)	(328,886)	(2,344,942)	(1,670,022)	(2,825,564)	(1,998,908)
Fair Value of Scheme Assets	333,192	328,243	-	-	333,192	328,243
Net liability arising from defined benefit obligation	(147,430)	(643)	(2,344,942)	(1,670,022)	(2,492,372)	(1,670,665)

The liabilities show the underlying long-term commitments that the Chief Constable must pay for post-employment (retirement) benefits. The total liability of £1,670.665m has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet. Some £1,670.022m 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 Chief Constable 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 2024 are £9.086m. Expected contributions for the Police Pension Scheme in the year to the 31 March 2024 are £54.106m.

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: -

	Local Government Pension Scheme £'000 2021/22	Local Government Pension Scheme £'000 2022/23
Opening fair value as at the 1 April	308,250	333,192
Interest Income	6,203	9,220
The return on plan assets, excluding the amount included in the net interest expense	17,207	(18,860)
Contributions from employer	8,369	8,609
Contributions from employees into the scheme	3,253	3,310
Benefits/transfers paid	(7,329)	(7,228)
Other Experience	(2,761)	-
Closing fair value of scheme assets at the 31 March	333,192	328,243

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 loss of £9.640m (2021/22 a gain of £23.410m).

Local Government Pension Scheme assets comprised: -

	2021/22				2022/23			
	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
Cash and cash equivalents	-	14,973	14,973	4%	-	9,652	9,652	3%
Equity Securities								
Consumer	1,319	-	1,319	1%	1,030	-	1,030	0%
Manufacturing	848	-	848	0%	411	-	411	0%
Energy and Utilities	419	-	419	0%	302	-	302	0%
Financial Institutions	635	-	635	0%	412	-	412	0%
Health and Care	874	-	874	0%	570	-	570	0%
Information Technology	1,193	-	1,193	0%	680	-	680	0%
Other	11,663	-	11,663	4%	9,608	-	9,608	3%
Equities sub-total	16,951	-	16,951	5%	13,013	-	13,013	3%
Debt Securities								
Corporate Bonds	20,633	22,732	43,365	13%	18,701	23,364	42,065	13%
UK Government Bonds	27,962	-	27,962	8%	26,542	-	26,542	8%
Other Bonds	5,915	-	5,915	2%	5,459	-	5,459	2%
Debt Securities sub-total	54,510	22,732	77,242	23%	50,702	23,364	74,066	23%
Property								
UK Property	1,789	24,475	26,264	8%	776	25,131	25,907	8%
Private Equity	6,227	9,767	15,994	5%	5,001	10,961	15,962	5%
Other Investment Funds								
Equities	99,128	55,186	154,314	47%	55,798	98,505	154,303	47%
Infrastructure	6,962	20,492	27,454	8%	6,590	28,750	35,340	11%
Other Investment Funds sub-total	106,090	75,678	181,768	55%	62,388	127,255	189,643	58%
Total Assets	185,567	147,625	333,192	100%	131,880	196,363	328,243	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 2022.

The main assumptions used in their calculations have been: -

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2022/23	2021/22	2022/23
Mortality assumptions:	Years	Years	Years	Years
Longevity at 65 for current pensioners:				
Men	21.3	21.0	22.1	21.9
Women	24.3	24.0	23.8	23.5
Longevity at 65 for future pensioners				
Men	22.2	21.8	23.8	23.5
Women	25.8	25.5	25.4	25.0
Financial Assumptions	%	%	%	%
Rate of CPI inflation	3.15	2.95	3.00	2.60
Rate of increase in salaries (Long Term)	4.15	3.95	4.75	3.85
Rate of increase in pensions	3.15	2.95	3.00	2.60
Rate of CARE revaluation	-	-	4.25	3.85
Rate for discounting scheme liabilities	2.75	4.75	2.65	4.65
Take up option to convert annual pension into retirement grant: pre-April 2008 service	50	60	n/a	n/a
post-April 2008 service	75	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.

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 2022 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 31/03/23					
		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	7,009	13,155	1,101	6,002
		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	129,000	41,000	16,000	127,000

Note 11 Plant and Equipment

Movements in 2022/23

	Operational	Non-Operational	
	Vehicles, Plant, Furniture Equipment	Assets Under Construction-Equipment	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
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
Depreciation and Impairments			
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)
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

Movements in 2021/22

	Operational	Non-Operational	
	Vehicles, Plant, Furniture Equipment	Assets Under Construction-Equipment	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
At the 1 April 2021	36,350	874	37,224
Additions	3,522	353	3,875
Derecognition – Disposals	(1,032)	-	(1,032)
Derecognition – Other	(3,471)	-	(3,471)
Reclassifications – other	-	(263)	(263)
At the 31 March 2022	35,369	964	36,333
Depreciation and Impairments			
At the 1 April 2021	(22,168)	-	(22,168)
Depreciation charge	(3,824)	-	(3,824)
Derecognition – Disposals	825	-	825
Derecognition – Other	3,415	-	3,415
At the 31 March 2022	(21,752)	-	(21,752)
Net Book Value as at the 31 March 2022	13,617	964	14,581
Net Book Value as at the 31 March 2021	14,182	874	15,056

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 2023 is 703. 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 25).

Note 12 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 £'000	
	2021/22	2022/23
Balance as at the 1 April		
Gross carrying amount	7,251	7,349
Accumulated amortisation	(5,404)	(6,272)
Net carrying amount as at the 1 April	1,847	1,077
Additions	-	176
Reclassifications	263	23
Derecognitions	-	-
Amortisation in year	(1,033)	(762)
Balance as at the 31 March	1,077	514

Note 13 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.

2021/22 £'000		2022/23 £'000
	Capital Financing Requirement	
	Capital investment	
3,875	<i>Plant and Equipment</i>	7,690
-	<i>Intangible assets</i>	176
3,875	Total Capital Investment	7,866
	Sources of Finance	
(3,875)	<i>Intra Group funding</i>	(7,866)
-	Closing Capital Financing Requirement	-

Note 14 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 2023, together with an estimate for further claims relating to 2022/23. On this basis a provision of £2.220m 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 2023, together with an estimate for further claims relating to 2022/23. On this basis a provision of £0.461m 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 has now been received on how the claims should be calculated which has resulted in the amount increasing to £0.630m.

Provisions	Liability Insurance £'000	Vehicle Insurance £'000	Backdated Overtime £'000	Total Provisions £'000
Balance as at the 1 April 2022	2,302	505	350	3,157
Provision in Year	486	104	280	870
Expenditure in year	(568)	(148)	-	(716)
Transfer to/from Insurance Reserve	-	-	-	-
Balance as at the 31 March 2023	2,220	461	630	3,311

Provisions are split between short term (£1.369m) and long term (£1.942m) in the balance sheet. Short-term provisions cover liabilities that are expected to be settled within 12 months of the balance sheet date.

Note 15 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

The Chief Constable has no contingent liabilities as at 31 March 2023.

Contingent Assets

The Chief Constable has no contingent assets as at 31 March 2023.

Note 16 Unusable Reserves

Unusable Reserves	31 March 2022 £'000	31 March 2023 £'000
Revaluation Reserve	1	1
Capital Adjustment Reserve	15,657	18,617
Pensions Reserve	(2,492,372)	(1,670,665)
Accumulated Absences Account	(2,810)	(3,184)
Total Unusable Reserves	(2,479,524)	(1,655,231)

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	2021/22 £'000	2022/23 £'000
Balance as at the 1 April	16,902	15,657
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 	(3,824)	(3,898)
	(1,033)	(762)
	(263)	(246)
Net written out amount of the cost of non current assets consumed in the year	(5,120)	(4,906)
Intra Group Funding	3,875	7,866
Balance as at the 31 March	15,657	18,617

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	2021/22 £'000	2022/23 £'000
Balance as at the 1 April	(2,493,232)	(2,492,372)
Transfer of Police Staff 1 April		
Actuarial gains or losses on pensions assets and liabilities	71,089	889,846
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.	(129,438)	(132,938)
Employer's pensions contributions and direct payments to pensioners payable in the year	59,209	64,799
Balance as at the 31 March	(2,492,372)	(1,670,665)

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	2021/22 £'000	2022/23 £'000
Balance as at the 1 April	(2,318)	(2,810)
Settlement or cancellation of accrual made at the end of the preceding year	2,318	2,810
Amounts accrued at the end of the current year	(2,810)	(3,184)
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	(492)	(374)
Balance as at the 31 March	(2,810)	(3,184)

Note 17 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

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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

IFRS16 Leasing Standard

The CIPFA/LASAAC Local Authority Accounting Code Board has agreed to further defer the implementation of IFRS 16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) until the 2024/25 financial year. This aligns with the decision at the Government's Financial Reporting Advisory Board to establish a new effective date of the 1 April 2024 for the implementation of IFRS16.

Note 18 Authorisation of Accounts for issue

The 2022/23 Statement of Accounts were authorised for issue by the Chief Finance Officer on the 31st August 2023. All events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

Note 19 Post Balance sheet events

There are no post balance sheet events.

POLICE PENSION FUND ACCOUNT

2021/22 £'000		2022/23 £'000
	Contributions Receivable :	
(21,998)	Employer's actuarial rate	(23,537)
(339)	Employer's ill health retirement capital charges	(821)
(642)	Active members - 1987 Scheme	-
(35)	Active members - 2006 Scheme	-
(8,794)	Active members - 2015 Scheme	(10,078)
	Transfers In :	
(370)	Transfer values receivable	(111)
	Benefits Payable :	
49,102	Pensions	51,627
9,135	Commutations and lump sum retirement benefits	12,371
	Payments to and on account of leavers :	
13	Refunds of contributions	56
255	Transfer values payable	-
26,327	Sub-total : Net amount payable for the year	29,507
(26,327)	Additional contribution from the Police and Crime Commissioner to fund the deficit for the year	(29,507)
0	Net amount payable/receivable for the year	0
	<u>Net Assets Statement</u>	
	Current assets	
4,180	Pensions paid in advance	4,610
	Current Liabilities	
(845)	Unpaid pension benefits	(258)
(3,335)	Surplus for year payable to Police and Crime Commissioner	(4,352)
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. The last re-valuation that has been implemented took place as of the 31 March 2016 and was used to set an employer contribution rate from April 2019 of 31.0% (previously 24.2%) of pensionable pay.

A further valuation took place as at 31 March 2020 which was due to inform a new contribution rate as from April 2023. However, as part of its announcement concerning the implementation of measures to remedy the age discrimination within its pension reforms on 4 December 2021, HM Treasury also delayed the introduction of revised employer contribution rates to 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 2022/23 a contribution of £29.507m 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 Queen'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 of 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. During the year the Chief Constable approved the creation of a new role of Assistant Chief Officer for Resources, as a key member of the Chief Officer Team, to lead and develop Enabling Service functions across the Force. The role is supplemented with a professionally qualified Chief Financial Officer (Section 151 Officer) for Derbyshire Constabulary and replaces the previous arrangements of Joint Director of Finance for both the Chief Constable and Derbyshire Fire and Rescue Service.
- 2.6. 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).

- 2.7. 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.
- 2.8. 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 2023 and is expected to be up to the date of the approval of the Statement of Accounts 2022/23.
- 3.3. This statement has been prepared for the 2022/23 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. The Constabulary also carries out regular performance reviews, where each Chief Officer holds the Division or Department to account for their performance. This has been further augmented by the introduction of Chief's Assurance Board, building on the Performance Assurance Board to provide additional focus on overall policing priorities and a Design Board to approve and oversee significant projects. The Design Board, consisting of the Strategic Leadership Team, also review business cases and priorities, to assess investment in relation to systems and technology. There is also a Productivity and Efficiency Board to look at investment and savings plans including ensuring the Force's resources are targeted appropriately and it functions efficiently and effectively. These boards are made up of key representatives of the Constabulary and Police and Crime Commissioners Office.



- 4.3. 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 seven Priorities Boards. 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 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. The strategic risks are subject to 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 planning for Brexit and experience through the pandemic also involved working with a wide range of partners across Derbyshire.

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 OPCC structure. 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 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.

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 Project 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 visits 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 2022/23 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 Significant in its overall adequacy and effectiveness. This opinion is provided on the basis that the framework of governance, risk management and control is adequate and effective”** One limited assurance opinion was issued during the year 2022/23, in respect of the Business Continuity audit, where certain weaknesses and exceptions were highlighted by the internal audit work. These matters have been discussed with management and all of the recommendations have been, or are in the process of being addressed, as detailed in the individual reports.

18.3. In accordance with the Internal Audit Plan, 9 in depth audit reviews were completed during 2022/23. The Audit findings in respect of each review are summarised below.

Audit Area	Assurance Level
Core Financials	Significant
Payroll	Significant
Risk Management	Significant
Business Continuity	Limited
Retention	Satisfactory
Management of Policies and Procedures	Satisfactory
Contract Management	Significant
Firearms Licensing	Significant
IT: Agile Working	Satisfactory

18.4. 2022/23 represented the final year of the regional Mazars contract for the 5 regional Police Forces and Police & Crime Commissioners within the East Midlands Region. Following a thorough procurement exercise, a new contract has been awarded with Mazars. Having the same internal auditors for all of the regional Forces will enable a comprehensive and holistic internal audit plan to be delivered across all collaborative services.

18.5. 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.

18.6. During 2022 Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) assessed Derbyshire Constabulary through the PEEL (Police Effectiveness, Efficiency and Legitimacy) programme of inspections. The Inspection assessed how good Derbyshire Constabulary is in ten areas of policing. The Constabulary received a **'Requires Improvement'** grade in 5 areas:

Outstanding	Good	Adequate	Requires improvement	Inadequate
		Preventing crime	Investigating crime	
		Recording data about crime	Responding to the public	
		Treatment of the public	Protecting vulnerable people	
		Managing offenders	Developing a positive workplace	
			Good use of resources	

18.7. The Inspection found that the force is continuing to move forward and recognised how much work had been required to rebuild key foundations in our service, whilst being very clear on the work and improvements still required.

18.8. 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 Crime & Anti-Social Behaviour
Adequate
The constabulary needs to appropriately staff its neighbourhood policing model to meet demand
The constabulary needs to provide structured training for neighbourhood policing staff, so that staff have the right skills to do their job

Recording Data About Crime
Adequate
The constabulary is poor at recording crime when anti-social behaviour is reported
The constabulary needs to improve the recording of equality data

Treatment of the Public
Adequate
The constabulary should improve its engagement with all its diverse communities

Managing Offenders
Adequate
The constabulary should improve the management of apprehending outstanding suspects and offenders
The constabulary should review its sex offender management process to make sure that deviation from national guidance clearly articulates any resulting risk and how risk will be mitigated

Investigating Crime
Requires Improvement
The constabulary should make sure investigation plans are created where applicable, with supervisory oversight ensuring that all investigative opportunities are taken
The constabulary needs to make sure it complies with the requirements of the Code of Practice for Victims of Crime. This includes offering the opportunity to give victim personal statements and completing a victim needs assessment
The constabulary should make sure that there is an auditable record of the decision of the victim and their reasons for withdrawal of support from the investigation. The constabulary should make sure it documents whether evidence-led prosecutions have been considered in all such cases

Responding to the Public
Requires Improvement
The constabulary needs to attend calls for service within its published attendance times, and fully update victims when this doesn't happen
The constabulary needs to improve how it conducts and records risk assessments to better safeguard victims and preserve evidence
The constabulary needs to work with other organisations to make sure that the most appropriate agencies take ownership of or provide the right support for some types of demand

Protecting Vulnerable People
Requires Improvement
The constabulary needs to improve the appropriateness and quality of its public protection notices. It needs to do this to reduce unnecessary demand which causes delays
The constabulary needs to improve the effectiveness of its multi-agency working arrangements
The constabulary should improve its understanding of vulnerability demand and make sure it has the right resources to safeguard the public

Developing a Positive Workplace
Requires Improvement
The constabulary should make sure that a fair, ethical and inclusive culture is embedded throughout the organisation
The constabulary should improve its provision of preventative wellbeing measures for its staff
The constabulary should improve how it manages staff training and development

Good Use of Resources
Requires Improvement
The constabulary should review its governance structure to make sure that each meeting has a purpose and is aligned to performance, and that the current operating model can deliver the force strategy effectively
The constabulary should use data more effectively to better understand current demand
The constabulary should make sure it understands its own capability and capacity and makes best use of its resources

18.10 Under the Strategic Planning, Organisational Management and Value for Money section of the Report, HMICFRS found that:

- The constabulary understands future demand and is planning to make sure it has the resources in place to meet future needs
- The constabulary makes the best use of the finance it has available
- The constabulary seeks opportunities to improve services through working collaboratively
- The constabulary can demonstrate it is continuing to achieve efficiency savings and some improved productivity

HMICFRS has identified action and evidence required against the three AFIs under the area of Good Use of Resources. These are shown in the table below. Improvement plans have been implemented and tracked through regular updates to the HMICFRS Force Liaison Lead.

Good Use of Resources	
Requires Improvement	Action to be Taken
The constabulary should review its governance structure to make sure that each meeting has a purpose and is aligned to performance, and that the current operating model can deliver the force strategy effectively.	Force Liaison Lead (FLL) to conduct reality testing (Insp rank and above) to ensure they are supported when issues are raised into governance. FLL to attend governance boards. Evidence of accountability for actions. Evidence of clarity of purpose between the boards.
The constabulary should use data more effectively to better understand current demand.	Evidence Required by HMICFRS: Access to demand strategy / Policy Documents Access to Governance Boards Evidence of using and trusting data Evidence of consistent usage of data across the Force, esp SNT (AFIs 3, 5) Ongoing work around the partnership data aspect of the demand strategy
The constabulary should make sure it understands its own capability and capacity and makes best use of its resources.	Evidence required by HMICFRS: Access to Force strategy document Evidence that skills matrix is completed and maintained Evidence of centralised oversight of all change projects and clear understanding of interdependencies FLL to conduct reality testing with staff from HR and business change to evidence the necessary staff numbers and skills Access to telematics of the fleet

18.11 Since the publication of the HMICFRS PEEL Report, the Force has implemented a new force model, with the Crime Directorate, and changes on the North and South Divisions, which bring together resources and increases supervision to ensure a force-wide approach to improving our investigations.

There continues to be significant investment in our control room, with new technology, improved processes, increased resources and training to better manage demand and ensure those who call us in their time of need get help in a timely and consistent way.

We are working hard to ensure continuous improvement; and will be bolstering our frontline, focusing on local policing and taking action when calls for service are needed.

We are confident that the improvements we have made to date can be sustained and embedded into our core processes. A Performance Assessment Tracker has been introduced to report progress against the AFI's and is reviewed on a monthly basis. The HMICFRS will be reviewing our position during 2023 culminating in 2 weeks of intense inspection fieldwork in November 2023. This preparation is being driven by the Deputy Chief Constable with ongoing briefings and review meetings.

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 await sign off 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 our governance arrangements. We are satisfied that these steps will ensure that Derbyshire Constabulary's governance processes continues to remain effective in a changing environment. We will continue to monitor their implementation and operation.

Signed:



**Chief Constable of Derbyshire
Constabulary**

Date: 31st August 2023

Signed:



Chief Finance Officer

Date: 31st August 2023

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.