



Lincolnshire
POLICE & CRIME COMMISSIONER

SAFER TOGETHER

Lincolnshire Police and Crime Commissioner

Financial Statements

2021/22

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Police and Crime Commissioner for Lincolnshire
PCC Group and PCC Statement of Accounts 2021/22

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Introduction to the Financial Statements

Police and Crime Commissioner Marc Jones

Content TBD.

Annual Governance Statement 2021/22

Below are details of the Police and Crime Commissioner for Lincolnshire's governance arrangements in operation during 2021/22 including plans for the financial year 2022/23.

1. INTRODUCTION

- 1.1. Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.
- 1.2. All Police and Crime Commissioners and Chief Constables are required by regulation to produce an Annual Governance Statement (AGS). This is a document which accompanies the statement of accounts and describes how good our governance arrangements have been over the last 12 months and sets out areas for development.

2. SCOPE OF RESPONSIBILITIES

- 2.1. The Police and Crime Commissioner for Lincolnshire ("the Commissioner") is responsible for ensuring his business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2. The Commissioner has a duty under the Policing Protocol Order 2011 to secure value for money on behalf of the public that he serves.
- 2.3. In discharging this overall responsibility, the Commissioner is required to put in place proper arrangements for the governance of his affairs and which facilitate the exercise of his functions. This includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the Commissioner places reliance on the Chief Constable of Lincolnshire Police to support the governance and risk management processes.
- 2.4. The Lincolnshire Police Annual Governance Statement is signed by the Chief Constable in his own set of accounts and supports the group governance arrangements.
- 2.5. The Commissioner has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is available on the Commissioner's website at <http://www.lincolnshire-pcc.gov.uk/Transparency/Corporate-Governance.aspx> or can be obtained from the Office of the Police and Crime Commissioner for Lincolnshire, Police Headquarters, Deepdale Lane, Nettleham, Lincoln, LN2 2LT. Telephone 01522 947192 or email lincolnshire-pcc@lincs.pnn.police.uk.
- 2.6. This statement explains how the Commissioner has complied with the Code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1. The governance framework comprises the systems and processes, and culture and values utilised in the discharge of the Commissioner's statutory functions. It enables the Commissioner to monitor the achievement of his policies and strategic plans (as outlined in the Community Safety, Policing and Criminal Justice Plan for Lincolnshire and associated strategies) and to consider whether those plans have led to the delivery of appropriate services and value for money.

- 3.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it 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 Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them effectively, efficiently and economically.
- 3.3. The governance framework has been in place for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

4. THE GOVERNANCE FRAMEWORK

- 4.1. The governance regime introduced by the Commissioner gives effect to the provisions of the Police Reform and Social Responsibility (PR&SR) Act 2011. This framework was designed so that:
- where statutory powers provide for non-operational decision making that rests with the Commissioner, the Commissioner may give consent for certain decisions to be reached by the Chief Constable;
 - there is clarity on which statutory powers of the Commissioner have been delegated to the Commissioner's staff;
 - the decision making structure provides for effective management of resources;
 - proportionate control mechanisms are in place in order to secure probity in the use of public resources and value for money;
 - the Commissioner can be assured of the highest standards of openness, transparency, integrity, respect for others and corporate governance in the exercise of functions;
 - the Commissioner is seen to be accountable to the people of the area for the delivery of the service.
- 4.2. By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Lincolnshire Police. It is however the Commissioner who is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.
- 4.3. The key elements of the systems and processes that comprise the governance arrangements put in place for the Commissioner and the Chief Constable are measures:
- for identifying and communicating the Commissioner's vision, purpose and intended outcomes;
 - for reviewing the Commissioner's vision and its implications for governance arrangements;
 - for measuring the quality of services for users, for ensuring they are delivered in accordance with the Commissioner's objectives and for ensuring that they represent the best use of resources;
 - for defining and documenting the roles and responsibilities of the Commissioner and Force and the senior officers of each, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinizing Force activity;

- for developing, communicating and embedding codes of conduct, defining the standards of behaviour for officers and staff;
- for reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- for undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities and Police*;
- for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- for whistle blowing and for receiving and investigating complaints from the public and handling redress;
- for identifying the development needs of senior officers in relation to their strategic roles, supported by appropriate training;
- for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- for incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Commissioner's overall governance arrangements.

4.4 The governance framework has been adopted by the Commissioner and the Chief Constable. The Commissioner's Code of Corporate Governance together with the Governance Framework is available at: <http://www.lincolnshire-pcc.gov.uk/Transparency/Corporate-Governance.aspx>

5. REVIEW OF EFFECTIVENESS

- 5.1. The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.
- 5.2. This review has been informed by the work of the Chief Financial Officer (CFO) and the Chief Executive (CE), who also undertakes the roles of Monitoring Officer and Head of Paid Service. In addition, the work of the internal auditors, plus members of the Commissioner's staff, who have the responsibility for the development, maintenance and operation of the governance environment also inform the review. Comments made by the internal and external auditors and other review agencies and inspectorates are also considered as part of this review.
- 5.3. The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC) that meet at least 4 times a year. The JIAC provides advice on matters relating to the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable. The JIAC is subject to an annual self-assessment.
- 5.4. The JIAC has received and considered independent reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Head of Internal Audit provides an opinion for each of the Police and Crime Commissioner and Chief Constable corporations sole, based on the work undertaken in the year, on the adequacy and effectiveness of the assurance framework, risk management, internal control and governance, in compliance with the Public Sector Internal Audit Standards (PSIAS).

- 5.5. For the Police & Crime Commissioner corporation sole, the following opinion was provided for:2020/21 opinion text to be entered here and cross referenced to location in accounts
- 5.6. For the Chief Constable corporation sole, the following opinion was provided for:2020/21 Opinion to be entered here and cross referenced to location in accounts
- 5.7. The External Auditor provides an opinion on the financial statements and value for money and cross referenced to location in accounts.
- 5.8. There are a number of internal groups that meet on a regular basis to enable the Commissioner to carry out effective monitoring and review of the Force's performance and assess progress made against the objectives stated in the Police and Crime Plan. The Public Assurance Meetings (PAM) consider police performance (Crime) and the Police and Crime Strategic Board considers financial, people, estates and ICT resources, as well as long term strategy development, significant and emerging risk areas and the Chief Constable's report. The Professional Standards Governance meeting reviews matters relating to the conduct of police officers and staff.
- 5.9. During the 2020/21 financial year, governance arrangements have been flexed in response to the Covid-19 pandemic and the change in working arrangements required by government. Most meetings have been undertaken virtually, using web conferencing technology and, where appropriate, being live streamed to the internet. Internal controls have been modified to ensure they remain effective during periods of remote working.
- 5.10. The effectiveness of the governance framework has been reviewed by the Commissioner's Executive Team¹ in the year 2021/22. The review has included:
- the internal audit reports, including: governance (decision making) and delivery of the police and crime plan;
 - review of the Commissioner's risk strategy, risk appetite, associated processes and overall approach to risk management;
 - the code of corporate governance and the annotated code providing sources of evidence;
 - the Commissioner's Decision Making Framework and practical application of the significant public interest policy statement;
 - the Commissioner's Publication Scheme and approach to ensuring that information is publicly available and transparent;
 - the Integrated Scheme of Governance (ISG) that includes the Scheme of Consent, Commissioner's and Chief Constable's Scheme of Delegation and the Financial and Contract regulations;
 - consideration of the Commissioner and Chief Constable's joint assurance map;
 - ongoing development and review of the Commissioner's Operational Delivery Monitoring Plan;
 - review and monitoring of Lincolnshire Police performance (both organisational and operational) through the governance meeting structure and written and oral briefings;
 - external auditors and their formal reporting;
 - feedback received from the JIAC.

¹ Chief Executive, Chief Finance Officer

- 5.11. Assurance on the effectiveness of the Commissioner's regulatory framework has been provided by the CE who, as Monitoring Officer, has a legal duty to ensure the lawfulness and fairness of decision-making. Specialist legal advice is available to the Monitoring Officer as required.
- 5.12. Assurance on the effectiveness of the Commissioner's financial controls has been provided by the CFO who is designated as the responsible officer for the administration of financial affairs under section 151 of the Local Government Act 1972. Systems are in place to ensure the lawfulness and financial prudence of decision-making and to fully discharge the responsibilities of the role. The financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the CFO of the Police and Crime Commissioner and the CFO of the Chief Constable (2014).
- 5.13. The ISG was first published in 2014 to reflect the new governance arrangements arising from the PRSR Act 2011. The JIAC has been consulted on the scheme and its content is reviewed annually. Prompted by internal audit, a mandatory ISG training package has been developed for all relevant staff. The training package is designed to allow staff positively to attest that they are cognisant of the policies relating to the scheme and the financial and contract regulations. This 'e-learning' package is delivered through the National Centre for Applied Learning Technologies (NCALT).
- 5.14. The Commissioner's risk management arrangements are well developed and embedded. The JIAC reviews the Commissioner's risk management strategy on an annual basis and monitors the Commissioner's strategic risk register and the joint assurance map quarterly. The Executive team consider and review risks on a monthly basis through management meetings. The risk registers and assurance framework are aligned and drive improvement activity where assurance on the effectiveness of controls needs to be strengthened.
- 5.15. The Commissioner is committed to promoting fairness and equality and ensuring that people are treated with respect and dignity at all times. The monitoring and review of equality and diversity issues is carried out through a member of the Commissioner's staff attending the bi-monthly Equality and Diversity Board meetings for which minutes and actions are recorded. The Commissioner also has oversight of the Chief Constable's approach to stop and search activity. The Police and Crime Panel in Lincolnshire exist to scrutinise the Commissioner (not the Chief Constable), to promote openness in the transaction of PCC business and to support the Commissioner in the effective exercise of his functions. In Lincolnshire, the Commissioner and his senior staff have attended every meeting of the Police and Crime Panel.
- 5.16. The Commissioner published his Annual Report in TBC 2022 and presented it to the Police and Crime Panel. The Annual Report demonstrates how the Commissioner has carried out his legal duties, sets out what has been achieved over the year and reports on the progress that has been made in meeting the objectives set out in the Police and Crime Plan. The audited Financial Statements are published on the PCC's website to complement the Annual Report which is available at: <https://lincolnshire-pcc.gov.uk/transparency/what-our-priorities-are-and-how-we-are-doing/annual-reports/>
- 5.17. The Commissioner has had a bespoke media and communications contract in place with a specialist provider since November 2016 and the contract was reprocedured in 2021. This arrangement allows the Commissioner to have a service tailored and responsive to his specific requirements. In addition, the OPCC supplements this arrangement with social media content based on awareness of local and national communication campaigns.
- 5.18. The Commissioner engages in widespread consultation on a range of subjects, key examples include, the annual budget, and the development of his Police and Crime Plan. A major consultation was again undertaken by the Commissioner in December 2020

following the success of the previous year's county-wide 'Crime & Policing Survey'. This seeks the views of Lincolnshire residents on a range of subjects including their priorities for policing and their own personal experience and perception of crime. The bespoke survey has been designed to provide insights from across a broad range of respondents representative of Lincolnshire residents. The survey will help to guide the Commissioner's funding priorities and inform key decisions faced by the Commissioner.

- 5.19. The Commissioner is committed to being accessible to the public through a wide range of channels. Over the course of the year, the Commissioner received just under 2300 pieces of correspondence (excluding routine correspondence from Policing Bodies), and 26 Freedom of Information (FOI) Requests². In addition, The Commissioner uses social media particularly his Twitter profile, which he uses to enhance his public visibility and reach. For example he has attracted over 7,700 Twitter 'followers' since taking office in May 2016. This demonstrates an effective link between the public and the elected individual charged with governance. The Commissioner is also committed to openness and transparency and maintains a dedicated section on his website to meet his statutory obligations in this area, including the publication of expenses, salaries of senior staff and expenditure over £500 and a list of assets held. In addition, the Commissioner also publishes a quarterly integrated performance report provided by the force, as part of the supporting information for the Public Assurance Meetings. This report consists of statistical indicators and a narrative report from the Chief Constable providing contextual explanation of the data, and a guidance document explaining the performance measures used. This provides incremental information on the forces' performance against key areas of the Commissioners Community Safety, Policing and Criminal Justice Plan. As a consequence of this comprehensive approach to transparency the OPCC has been awarded the 2021 Transparency Quality Mark certificate by CoPaCC the body responsible for evaluating police transparency.
- 5.20. Lincolnshire Police and the Commissioner have a joint Anti-fraud and Corruption strategy and Policy in place which have been reviewed during the year. Quarterly meetings ensure that current and emerging risks and issues in relation to anti-fraud and corruption are regularly discussed and reviewed and the JIAC are kept abreast of any issues arising. In addition, a joint fraud risk register has been developed to help in proactively identifying and assessing current and emerging fraud risks and potential actions to mitigate the risks identified.
- 5.21. The Commissioner and Chief Constable adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in 2014. The OPCC and Force are members of the Lincolnshire Counter Fraud Partnership (LCFP) which involves working with key partners to share information and expertise to help both organisations maintain their vigilance in tackling fraud and corruption.
- 5.22. The Commissioner has ensured he has arrangements in place for receiving and handling complaints from the public that are aligned with the changes in complaints legislation that came into force from the 1st February 2020.
- 5.23. CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. A self-assessment of the PCC's compliance with the code has been undertaken, considered by the JIAC, and an action plan developed to ensure full compliance during 2022/23.

² Total number of requests in the period April 2021 to March 2022

- 5.24. The Chief Constable has undertaken his own review of governance and his own Annual Governance Statement has informed and supports this statement.
- 5.25. The Commissioner has been advised on the implications of the result of the review of the effectiveness of the governance framework by the executive team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

6. SIGNIFICANT GOVERNANCE ISSUES

- 6.1. The Risk Register is a tool that identifies the risks that would prevent or distract the Commissioner from achieving his objectives. During the year a number of governance issues emerged that were not identified within the risk register
- 6.2. Alongside the Risk Register, the joint assurance map is recognised by the Commissioner and the Chief Constable as a vital tool for effective corporate governance. It provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues; it also provides a cohesive and comprehensive view of assurance across the risk environment. The assurance map and the Joint Assurance Review (JAR) meetings, held quarterly, provide much of the evidence base for this annual governance statement. Independent assurance is also provided by the JIAC.
- 6.3. The Commissioner's significant governance issues are detailed below, sourced from the joint assurance map and Commissioner's risk register. They include an outline of the actions taken or further work that is required to address the issues and whom has responsibility for these.

The risk of failure of government to address Lincolnshire's case for a fairer share of national funding

- 6.4. During the latter part of 2016/17, the Home Office initiated a process for fundamental review of the national police funding formula; the Commissioner's CFO participated in this work as a member of the Technical Working Group. Consultation on the conclusion of this work was placed on hold. In 2021, the Home Office initiated a further review of the police funding formula with the stated aim of putting in place a revised approach before the end of the current Parliament (2024). The PCC, as Chair of the APCC, is a member of the Sector Steering Group (SSG) for the current review. Both the PCC and Chief Constable are supportive of revision of the national police funding formula; previous attempts at reform suggested that Lincolnshire might benefit by around £8 million annually.
- 6.5. Whilst the PCC's medium term financial plan is in balance across the period, as a result of both additional government grant in support of the national police officer uplift programme and increased council tax receipts, a fairer share of government grant is considered essential to ensure that the Force can continue to deliver an appropriate level of service into the medium term.

The risk of failure to achieve and demonstrate efficiencies and value for money

- 6.6 The Commissioner and Chief Constable both have a statutory duty to make the best use of resources available to them. The Police and Crime Plan commits to obtaining value for money from all funding and avoiding waste. The capital programme continues to support this by investing in technology which improves operational efficiency such as improved Mobile Data, a new Command & Control system and Fleet telematics. Investment decisions and benefits realisation are undertaken by the Force Capability

Board and monitored by the Police and Crime Strategic Board; independent assurance is gained through HMICFRS via the Efficiency pillar of their PEEL inspection programme. The Financial Strategy includes performance measures relating to both financial health and financial performance, supported by a number of plans and policies.

- 6.7 Following the cessation of the G4S contract from 1 April 2022, a Priority Based Budgeting exercise will be undertaken during 2022/23 in order to ensure that resource allocation within the Force is consistent with current priorities.

The risk of failing to plan for the effective transition from the current commercial contract arrangements

- 6.8 In 2020 following a comprehensive assessment, the Commissioner decided that best value for money would not be achieved by pursuing an extension to the G4S partnership. He was clear that this did not reflect on the partnership to date which has been successful and has continued in place until March 2022. The transition from G4s has been managed as the 'Future Services Project'. Reflecting the strategic importance of the project the Chief Constable is the SRO and the Board has representation from the Force, OPCC, (CFO and CX) and external expert advisors. The focus has been on a seamless transition of people and services together with a strong emphasis on shaping the whole Force to reflect the significant change and develop an effective organisation fit for the coming years. Risks are being actively managed via the Programme Board to support the transition. Governance arrangements between the Force and OPCC will change significantly and a shared approach to developing the refreshed approach is being taken and new strategic delivery plans from the Force will be the cornerstone of accountability arrangements going forward. The risk of failing to ensure that G4S objectives are delivered - With the resources available
- 6.9 The Commissioner's strategic partnership continues to deliver appropriate services and savings. It will not be extended (see 6.7 above) The current governance structures led by the OPCC continue to operate robustly over the full breadth of the contract.
- 6.10 G4S have, on behalf of the PCC and Force, overseen the procurement of a new Command and Control system that will be at the heart of the Force's continued transformation of efficiency and effectiveness updating operational capability, information and data management and the capacity to provide a better service to the people of Lincolnshire from within the available resources. The project has been challenging and remains behind schedule. Going live is now planned for Autumn 2022. There remains confidence that, once delivered, the new Command and Control system will facilitate significant improvements and efficiencies in Force operations. Following detailed discussions and to manage risk, delivery and cost, G4s have agreed to remain for a further six months following the end of the main partnership contract to see through the delivery and 'go-live' of the new Command and Control system.

The risk of failing to maintain or develop beneficial regional collaborations

- 6.11 Regional Collaboration has seen a successful year with the appointment of a new regional DCC and broad agreement on budgets. Lincolnshire's PCC has chaired the regional Board through a period of significant change with three new PCCs (Leicestershire, Nottinghamshire and Derbyshire), changes in OPCC officers and changes at Chief Officer level requiring skilled and effective chairing of meetings. Tensions remain over the size and composition of regional resources, but an effective and active dialogue is underway. More Chief Officer changes are expected in the coming year, but a no nonsense focus on open and evidence based decisions will support effect navigation of any changes.

The risk of the force not delivering operational effectiveness

6.12 As indicated at 6.8 above the operational effectiveness of the Force will be dependent on successfully taking on the responsibilities previously managed by G4s and reshaping the whole Force to improve its operational effectiveness. The renewed vigour that the Chief and his senior team have put into strategic and operational planning has provided a strong basis for future planning. Strong focus on better policing outcomes in many areas including roads policing, crime fighting, homicide reduction, rural crime issues have all been evident alongside the planning for the reintegration of over 500 staff. The coming year will be another challenging one and the PCC and Chief (and their teams) will continue to work closely together.

Failure to maintain a strong working relationship with the Police and Crime Panel

6.13 The Police and Crime Panel is a key part of the governance landscape for police and crime commissioners and the Lincolnshire PCC and his staff have worked persistently and consistently over many years to maintain a strong, appropriate and professional relationship. That relationship has been tested in the last two years following issues outstanding from the recruitment process for Chief Constable that could not be completed in 2020 and the subsequent investigation and referral by the Police and Crime Panel to the Independent Office of Police Conduct (IOPC). The completion of the IOPC investigation should clear the way for outstanding issues to be addressed and pave the way for a stronger working relationship going forward.

7. INSPECTORATE FINDINGS

- 7.1 The PEEL Inspection programme conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) scrutinises all 43 police forces in England and Wales and examines their Efficiency, Effectiveness and Legitimacy providing comparable grades for each of the 43 forces in England and Wales.
- 7.2 The most recent PEEL inspection grades were received by the force in February 2020 these grades relate to the forces' performance in 2018/19. Lincolnshire Police received an overall grading of "Good". The forces' Effectiveness was also graded as "Good" with its Efficiency being graded as "Requires improvement" and its Legitimacy also graded as "Good".
- 7.3 The next graded PEEL inspection of Lincolnshire police will not take place until the autumn of 2022.
- 7.4 The commissioner is required by law to publish his response to all force specific HMICFRS inspection reports following their publication, these responses are available on the PCC's website at <https://lincolnshire-pcc.gov.uk/transparency/what-our-priorities-are-and-how-we-are-doing/hmic-inspections/>
- 7.5 The force's progress against 'areas for improvement' and recommendations made in inspections continues to be tracked and progress monitored by the force through its HMICFRS tracker. This document is regularly reviewed as part of the Commissioners "holding to account" governance processes and the force provide a summary report on outstanding remedial activity for review by the JIAC. HMICFRS operate a 'register of recommendations', to ensure that all recommendations both thematic and force specific have been addressed and remedial work has been fully completed to their satisfaction.
- 7.6 HMICFRS changed the way in which they inspect forces for the year 2021-22, adopting an intelligence-led risk-based inspection framework. This blended approach now incorporates traditional face-to-face on-site fieldwork along with proven remote information gathering processes introduced during the pandemic. In addition, the

grading of judgements will also change to include a new grade of “Adequate” creating a five-tier structure. The new structure will separate the very good from the barely good. HMICFRS’s intention is to encourage those forces that are currently stable in ‘good’ to continue to improve. The aim is to make it clearer where HMICFRS consider improvements are needed, and better reflect force performance, by adding more nuance to judgments. The new 5 tier grading system is as follows:

- **Outstanding** - The force has substantially exceeded the characteristics of good performance
- **Good** - The force has demonstrated substantially all the characteristics of good performance.
- **Adequate** - The force has demonstrated some of the characteristics of good performance, but we have identified areas where the force should make improvements.
- **Requires improvement** - The force has demonstrated few, if any, of the characteristics of good performance and we have identified a substantial number of areas where the force needs to make improvements.
- **Inadequate** - We have causes for concern and have made recommendations to the force to address them.

7.7 A significant part of the risk assessment for each force will depend on the information gleaned from the Force Management Statement (FMS). Each Force is required to produce an FMS and submit it to HMICFRS in May each year.

7.8 The force believes the FMS to be an important tool in the corporate planning process as it contains a self- assessment evaluating the following 4 years across 4 key areas:

- a) The demand likely to be faced by the force;
- b) The condition, capacity, capability, serviceability, performance and security of supply of the workforce and other assets such as ICT;
- c) The force’s plan to improve efficiency;
- d) The force’s financial income.

and so the force completed production of its 4th FMS in June 2022.

7.9 Outside of the PEEL regime the force received the following inspections in 2021-22:

7.9.1 Serious and Organised Crime (SOC) – this inspection examined the regional approach to tackling SOC and the forces’ role, and contribution, to the regional effort via the Regional Organised Crime Unit (ROCU) we await the findings of this inspection.

7.9.2 Digital Forensics – this national thematic inspection was conducted alongside that of the SOC inspection, to reduce the burden on selected forces. As a thematic inspection the in-force findings are anonymised and no force specific judgements or gradings are produced or published.

7.10 We propose over the coming year to continue our plans to address all of the above matters to further enhance our governance arrangements. We will address the need for improvements that are identified during our review of effectiveness, and we will monitor their implementation and operation as part of our next annual review.

SIGNED

Marc Jones
Police and Crime Commissioner for
Lincolnshire

Malcolm Burch
Chief Executive to the Police and
Crime Commissioner for Lincolnshire

Date

Date

Chief Finance Officer's Narrative Report

The Narrative Report to the financial statements provides a guide to the most significant matters reported in the accounts and includes key performance information, a comparison of outturn figures to the budget and highlights significant areas of expenditure and major changes.

Introduction

I am pleased to present the Statement of Accounts for the Police & Crime Commissioner for Lincolnshire for the financial year 2021/22. This Statement of Accounts sets out the overall financial position of the Police & Crime Commissioner for Lincolnshire (PCC Group) for the year ended 31 March 2022.

The PCC Group is responsible for providing policing services to a population in excess of 710,000 dispersed across a large geographical area of 590,000 hectares.

The PCC Group:

- Sets its own budget;
- Holds its own Reserves;
- Receives a share of Police Grant paid by the Home Office;
- Also receives Legacy Council Tax Grants from the Home Office;
- Determines and receives precepts for the proportion of the budget to be met by the residents of Lincolnshire as part of the overall council tax collected by District Councils.

Central Government funding provides the PCC Group with the majority of its income required to police Lincolnshire. The remainder is mostly met from local council tax payers.

In his written statement the Minister confirmed that the total core grant for Lincolnshire was now £67.5m, an increase of £4.0m (6.3%). In addition, a ringfenced allocation of £0.8m was available to Lincolnshire on achievement of the uplift target and in accordance with the grant conditions. The pension top-up grant allocation (£1.2m) was maintained in 2021/22 at the same level as for 2020/21 and would be reconsidered at the next spending review.

The PCC increased the council tax precept by the maximum amount allowed by government without triggering a local referendum. The precept referendum limit allowed an increase of up to an additional £15 per annum for a Band D property (or appropriate proportion for other property bands). This increase in the precept provided an additional £3.3m in council tax receipts when compared with 2020/21.

A Victims Services Grant was confirmed by the Ministry of Justice with Lincolnshire's allocation was £0.88m in 2021/22. The budget includes commensurate ring-fenced expenditure.

The police grant settlement covered just one year. A review of the way in which Government grant is distributed between force areas (funding formula review) has been delayed and will not now be implemented before the next spending review in 2022/23 at the earliest.

As the county came out of the restrictions of the pandemic restrictions clear effect on the world economy became apparent. Issues with the world supply chain alongside the war in Ukraine further contributed to major challenges effecting governments spending plans. The need for clear and robust plan and adequate levels of reserves are now more important than ever.

Governance

The PCC is responsible for the totality of policing within Lincolnshire, with the Chief Constable being responsible for operational policing.

The PCC is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To discharge this accountability the PCC and Senior Officers must put in place proper procedures for the governance and stewardship of the resources at their disposal.

The annual review of Governance and Internal Control is included within the arrangements for producing the Annual Governance Statement, which forms part of these Financial Statements, and includes the governance arrangements of the Chief Constable.

Organisation

The PCC receives all funding and income and makes all payments for the PCC Group. Under a detailed Scheme of Delegation an annual budget is provided, following consultation with the Chief Constable, for fulfilling requirements for policing Lincolnshire in accordance with the Police and Crime Plan.

All Police Officers and the majority of police staff (other than a small number relating to the PCC's Office, Victim Lincs staff, and regional support arrangements) are in the Chief Constable's employment. The Financial Statements reflect the cost of providing operational policing in the Chief Constable's accounts with the PCC's accounts showing a commensurate transfer of resources to the Chief Constable.

The Strategic Partnership contract (with G4S Policing Services) is formally held by the PCC for the provision of a wide range of operational and support functions to the Chief Constable. This has been accounted for in full in the PCC's accounts as that is where the contractual, budgetary and management control resides. The PCC has made the decision not to extend the contract for a further five years. The current contract expires on 31st March 2022. Most the services will transfer back to the Force on 1st April with the exception of cleaning and custody services which will be contracted externally.

Lincolnshire Police is one of five regional forces in the East Midlands and works closely on various collaborations to provide an efficient service. More detail and how the regional accounts are accounted for in these Financial Statements is provided in Note 37.

The Commissioner's Priorities

The new Community Safety, Policing and Criminal Justice Plan for Lincolnshire April 2021 to March 2025 sets out the actions that the PCC will be taking to help ensure communities stay safe. This is available on the PCC's website www.lincolnshire-pcc.gov.uk

The key principles within the Police and Crime Plan are:

- Community safety and prevention in partnership
- Listening, responding and being accountable
- Protecting and supporting victims and the vulnerable
- Policing that works

Performance

The achievements for the year are summarised below under the headings of the Key Principles of the Community Safety, Policing and Criminal Justice Plan for Lincolnshire.

Community safety and prevention in partnership

“I plan to bring all partners together to work to reduce crime. This includes councils, health services, probation, voluntary and community organisations, the public and the courts. Public money is always precious and the more we do together the safer we all will be. Prevention is critical to success. Spending time and money after a crime is committed and harm has been done is less effective than working to stop crime through good prevention. We need to focus on those crimes and offenders that cause the most harm and reduce their impact”

Successes have been achieved in the following areas -

1. **Lincolnshire Women’s Strategy** – the PCC has collaborated with the Safer Lincolnshire Partnership and other key partners to create a strategy designed to support women and girls at risk of entering, or already caught up in, the justice system. The document was developed after interviews with women who, themselves had experience of the system. A concordat committing to “work together to improve outcomes for Lincolnshire women and girls at risk of entering or who have already entered the criminal justice sector” has already been signed by 22 agencies and work is on-going to develop the services they need, at the times in their lives when those services will have the biggest impact.
2. **Twinning Project** - The PCC funded the Twinning Project, a programme designed to deliver football-based programmes into Lincoln Prison to improve the skills and employability of prisoners whilst simultaneously improving their mental health, physical health and all-round wellbeing. This will enable prisoners to obtain a qualification which will help improve their life chances and ultimately help them gain employment upon release – reducing the likelihood of reoffending. The programmes are delivered over a period of 6 – 12 weeks and will be offered to three cohorts of 16 individuals over the year (48 in total).
3. **Safer Streets fund – Lincoln and Ingoldmells** – the PCC has played a key role, alongside partners from across the county, in securing two successful bids for Safer Streets funding totalling nearly £700,000. The two projects in Ingoldmells and Lincoln involve the extension and upgrading of CCTV, enhanced security lighting, education and harnessing new technology to keep communities safe. The two successful bids bring the total additional money secured for Lincolnshire to almost £1million after a successful bid in Gainsborough in 2020.
4. **The Lincolnshire Environmental Crime Partnership (ECP)** – was first established in the Autumn of 2020 following a summit held by the PCC to address fly-tipping. The partners have now signed an information sharing agreement to share intelligence relating to fly-tipping – the first such agreement in England. The partners have supported the launch of Operation Asgard to seize offenders’ vehicles and collaborated in Operation Clean Sweep designed to disrupt and intervene against waste crime.
5. **The IAM Lincolnshire and PCC Young Driver Project** – was launched in 2019 as a project to help improve the motoring skills of young drivers. The PCC provided funding

for 50 drivers under 25 to take an advanced driving course free of charge but the offer attracted nearly double the number of applicants, so the PCC agreed to extend the offer into the following year. As a result of significant disruption caused by Covid the project was not fully completed until last year, but all the original young drivers taken on in November 2019 have now completed their courses. Since the project launched 39 young drivers have passed their Advanced Driver Course (14 of whom achieved a F1RST) and two young drivers have become observers.

6. **Supporting victims of sexual assault** – the PCC secured £65,000 to put in place fast track counselling sessions for adult victims and survivors of sexual violence who have attended the Sexual Assault Referral Centre. In addition, the PCC supported a successful bid for £16,000 to deliver dedicated counselling for male victims of sexual violence.
7. **New Safer Together Team** – the newly established team has been distributing key community safety, crime prevention and campaign messages through the Lincolnshire Alert system as well as providing face to face information to local communities. A range of community projects are being supported, including Good Neighbour Schemes around the county. The Team is currently developing local models for youth engagement which will launch in April 2022.
8. **Mutual Gain** – with financial support from the PCC Lincolnshire Police launched a new initiative, called Mutual Gain, designed to give communities in Lincolnshire the support they need to make a difference. The project involved four World Café events - held at Sutton Bridge, Sleaford, Skegness, and South West Ward, Gainsborough – to bring people together to discuss their needs, concerns, and opportunities for change. Feedback from the sessions has been collated and analysed and the next steps are now being considered.
9. **Joint Diversionary Panel** - Lincolnshire Youth Offending Service worked with Lincolnshire Police to develop a new way of responding to young people who come to the attention of the police as a result of their behaviour and in September 2017 they launched the Joint Diversionary Panel (JDP) as a way of dealing with some incidents without needing to go to court.

The PCC funded an evaluation of the initiative, carried out by the University of Lincoln, and the report was released in April 2021. The overall findings concluded that the JDP provided “a robust and effective process for making informed decisions about young people in conflict with the law, which prevents their unnecessary criminalisation; and diverts them into supportive and preventative interventions”.

Listening, responding and being accountable

“Everyone deserves a say in what we do and I will listen and respond to voices across the county and will engage with all communities. I have given the Deputy PCC a specific remit to challenge and support on engagement and rural community safety. I will use his role to hold partners as well as the police to account for what they do so that all public money is used wisely to provide effective, responsive services that are not a one size fits all solution. I understand that difficult choices will need to be made and I know that I am directly accountable to the people of Lincolnshire”

Successes have been achieved in the following areas -

1. **Public opinion survey** – The OPCC has, as in previous years, carried out a statistically robust research project to investigate the views and opinions of residents from across Lincolnshire.

The survey was launched in November 2021 and participants were able to complete the survey online; in addition, paper versions of the survey were distributed by the Safer Together Team and some face-to-face interviews were conducted. For the first time participants were given the option to complete the survey in one of five alternative languages to English and the survey used an ‘accessibility’ design format in an effort to make it accessible to all.

Once again, the number of people completing the comprehensive survey has topped 3,000. The results of the research have always played a significant role in guiding decisions made about policing priorities across the county and have helped the PCC form his proposals on Council Tax levels every year.

2. **Personal engagement** - the PCC continues to make accessibility a priority and during lockdown has continued to engage with many individuals, organisations and groups who are dedicated to making their communities better places to live. During 2021/22 he participated in almost 100 meetings and events both in person and virtually.

Over the course of 2021/22 the OPCC has received over 2,500 pieces of correspondence (excluding routine correspondence from policing bodies), and 29 Freedom of Information requests. In addition, the PCC is an avid user of social media which is used to enhance public visibility and reach. For example, the PCC has published 100 tweets and attracted 1000 ‘followers’ since taking office in May 2016.

3. **Representing Lincolnshire on the national stage** – in May 2021 the PCC was elected as the chair of the national Association of Police and Crime Commissioners for the next two years – the first PCC to be elected for more than a single year. The role involves representing all Police and Crime Commissioners in discussions with national organisations and Government for the next two years and will ensure that the issues important to Lincolnshire are voiced at a national level.

4. **Partnership working** – a great deal of the work undertaken by OPCC is actually devoted to the “crime” element of the title rather than the “police” element.

In that capacity there is an enormous amount of work that goes on to seek, establish and improve partnerships with other agencies and organisations to ensure the public sector provides the most effective and efficient services for our communities possible.

The PCC and the OPCC team are engaged with, and sit on boards for, a wide range of organisations such as Safer Lincolnshire Partnership, National Rural Crime

Network, child protection agencies, various health and wellbeing boards – each designed to help deliver joined up services for the residents of the county.

6. **Public Assurance Meetings (PAM)** – the PCC holds regular meetings with the Chief Constable to review police performance and in 2019 took the decision to open the meetings to the public – to provide the opportunity for residents to be well informed and ask questions about the performance of their police force.

To comply with lockdown rules the PAM meetings have been moved online but this format is still enabling residents to access regular data on police performance, statistics on crime, police response, demand, how quickly the force processes cases and their outcomes. The meeting is recorded and all papers and the audio recording are made available on the PCC website:

<https://lincolnshire-pcc.gov.uk/transparency/public-assurance-meetings/public-assurance-meeting-archive/>

7. **Youth Commission on Police, Crime and Community Safety** - A ground-breaking project was launched in 2020 to ensure young people have a voice in how Lincolnshire is policed. The county's first ever Youth Commission was established to enable young people aged 14 to 25 to be consulted on policing, crime and community safety issues.

In its second year the Commission released a report outlining six priority issues that should be tackled by partners including mental health, stopping abuse, diversity and inclusion, safer communities, exploitation and violence and the relationship between young people and the police.

The report encompassed research and feedback from a consultation which reached more than 1,300 16 to 25-year-olds across the county.

8. **Lincolnshire Independent Custody Visiting Scheme** – Police and Crime Commissioners have a statutory duty to run an independent custody visiting scheme, in which local members of the public volunteer to serve as Independent Custody Visitors (ICVs) making regular, unannounced visits to police custody suites to check on the rights, entitlements and wellbeing of detainees as well as the conditions they are held in.

In response to the COVID-19 pandemic, physical visits to custody suites were suspended in March 2020 to ensure the safety of volunteers and to minimise the spread of the virus. Following relaxation of government restrictions, physical visits to custody suites recommenced in July 2021.

A total of 192 visits (52 remote and 140 physical) were scheduled for 2021-22 with 134 visits (44 remote and 90 physical) having been successfully completed by the end of January 2022. Just over 91% of persons (74% remote and 93% physical) detained in police custody who were available at the time a visit was conducted, gave their consent to speak to an ICV.

9. Informing the public how Council Tax is spent – every year the PCC publishes information on how the extra council tax raised through the precept will be invested in front line policing and community safety. Last Spring, for the first time in Lincolnshire, members of the public received this information in hard copy along with their Council tax bills for 2020/21. This year the project was repeated to ensure that the information is available to all.

10. **New Police and Crime Plan 2021 to 2025** – the new plan was developed in consultation with a range of partners across and the county and launched in 2021. It can be viewed on the website here ????

Protecting and supporting victims and the vulnerable

“No one chooses or wants to be a victim of crime. If you are a victim I will work with other agencies to ensure the best possible service is available to help you cope and to recover from the experience and work with partners in the criminal justice system to meet your needs. The court system should deliver timely justice and support those affected by crime so that trust grows that the criminal justice system is on their side. All involved must work together to ensure that those who are more vulnerable to crime are identified and helped to prevent them from becoming victims in the first place”.

Successes have been achieved in the following areas -

1. **Violence Reduction Programme** - To support the development of a Lincolnshire Violence Reduction Programme the PCC has commissioned Lincolnshire County Council Public Health to undertake a needs assessment and evidence review. This intelligence gathering will then inform the development of a three-year Violence Reduction Strategy for Lincolnshire that underpins an early intervention and prevention programme that works.
2. **Child Sexual Abuse pathway** - Lincolnshire was selected as one of three pilot areas to test implementation of a newly developed Child Sexual Abuse pathway- a resource that aims to help multi-agency professionals to identify and navigate the actions they can and should take, and the interventions they can provide, to effectively identify and respond to a child’s safeguarding needs when there are concerns of child sexual abuse. A new Service Delivery Manager has been recruited to promote effective working relationships between all partners, professional groups and voluntary organisations.
3. **Tackling frauds and scams** - the PCC and the Force have committed to funding a Fraud Prevent and Protect co-ordinator for a further two years to 2024. A pilot fraud engagement session was held in Hogsthorpe in response to a request from the local community and was such a success plans are being developed to roll-out similar sessions across the county. The Safer Together Team have successfully completed their Friends Against Scams training and continue to raise awareness of new types of scams through their public engagements and through the Lincolnshire Alert system. The OPCC is an active member of the Fraud Core Priority Group of the Safer Lincolnshire Partnership, and this group has now commenced work on evaluating the impact of “no cold call” zones.
4. **Enhanced Digital Forensics unit** – with financial support from the PCC the Force has agreed to increase the officer numbers dedicated to tackling digital and on-line crime, with more officers joining the Digital Forensic Unit to tackle the increased use of digital technology by criminals.
5. **Additional Covid funding** - During the Covid-19 pandemic my office was successful in securing an additional £390,000 of funding to support services helping victims of domestic abuse and sexual violence.

Policing that works

“Effective enforcement, help and assistance when you need it are critical to policing that works. I will hold the Chief Constable to account for the services he provides and ensure he continues to innovate and transform the service and gives the frontline officers the ‘right tools for the job’” to respond to the diverse needs of our communities. The welfare of Lincolnshire Police officers and staff is a key concern for me and a continued and meaningful focus must be maintained to ensure the wellbeing, resilience and reputation of the Force. I will continue to fight for a sustainable future for Lincolnshire Police to ensure we have the money to support effective policing and crime prevention in this county”.

Successes have been achieved in the following areas -

1. **Appointment of new Chief Constable** – in January of 2021 new Chief Constable Chris Haward joined the force after an exhaustive recruitment process. The new chief moved from his previous role as head of the East Midlands Special Operations Unit (EMSOU) where he has led on Major Crime Investigations, tackling Serious and Organised Crime, covert policing and Counter Terrorism. In his time at EMSOU – the largest police collaboration in the UK – the unit saw an increase in operations completed, arrests made, and convictions secured.
2. **Creation of a dedicated roads policing team** - A dedicated Roads Policing Team was established in May 2021 and by the Spring of 2022 will comprise of 18 Constables and two Sergeants who will provide pro-active capacity to help reduce deaths and serious injuries on our roads, deter criminal use of the roads and support local policing response. We continue to work closely with the Lincolnshire Road Safety Partnership (LRSP) in the areas of enforcement and prevention.
3. **Rural Crime Action Team** – the new specialist enforcement team was established and consists of a team of seven officers tasked with tackling crimes such as drug offences, specialist rural equipment thefts, theft of lead from our historic churches and illegal hunting and hare coursing. The team will be linked to and support our existing Neighbourhood Teams and provide a greater and more flexible capability to support local problems, with capacity to investigate the wider criminality of travelling criminals as well as providing reassurance and confidence to our rural communities.
4. **Tasers and firearms response teams** – during the year more officers were provided with tasers and the number of firearms response teams increased to better respond to serious incidents that pose the highest risks to our communities. The number of officers currently trained in taser is 275 in total compared to around 220 in 2019. Three new Taser trainers took up post in the Spring of 2021 and this will enable the Force to boost the number of officers trained to carry Taser to 350 by October 2022.
5. **Single Online Home** - SOH offers the public an easy-to-use, national digital contact service where they can communicate effectively with their local police. It enables the public to carry out a range of tasks, from reporting incidents to finding crime in their local area. Additionally, it allows the public to report via an online channel thus diverting demand away from 101, helping the Force to meet priority and urgent demand. The first phase of Single Online Home (SOH) went live on 8th December 2021.
6. **Future Services Programme** - The Future Services Programme was initiated following the decision in 2020 not to extend the Service Delivery Agreement with G4S.

The key outcome for the Programme is “to ensure a positive and smooth transition from the Strategic Partnership with G4S to a new, sustainable operating model for Lincolnshire Police”. The programme scope includes a total of sixteen service areas that are currently provided by G4S. Decisions in principle have been made to insource these service areas apart from two, namely custody and cleaning. These services are subject to further exploration for options for delivery including outsourcing.

The vision for the programme includes the creation of a unified 'one family' culture, enhance quality of service, improve operational capability and capacity, and respond to policing challenges.

7. **New body worn cameras** – in the summer new personal issue body worn cameras started being deployed to Response, Neighbourhood Policing Teams and Armed Response with pool devices available for others. The Axon Body 3 Camera represents significant investment and comes with improved functionality, such as the ability to share the footage by secure link to the CPS. The video cameras automatically activate when Taser is drawn and have automated activation when the warning equipment is used in the cars.
8. **Hare coursing** - Lincolnshire was the National Policing Lead for Hare Coursing, and long-term work was focussed on Legislation change, which is starting to make real progress – on 12th May 2021 the Government announced the Animal Welfare Action Plan, which includes “introducing new laws to crack down on illegal hare coursing”. This is a direct result of the work the OPCC and partners have been involved in for the past two years, and a key step forward.
In July the Force hosted a meeting of the 20 Operation Galileo forces at Grantham to coordinate action against the key offenders across the country for the 2021/22 Season.
9. **New Skegness Training Centre** – the PCC, alongside Lincolnshire Police, invested in a new officer training centre on the East Coast after securing £1m in additional funding from the Government. The transformation of the former Skegness Magistrates Court into a state-of-the-art training and conferencing centre for Lincolnshire Police means new recruits will no longer have to travel to Lincoln for training and it will help recruit and retain local officers. In addition, officers will spend less time travelling and more time in communities and Skegness will benefit from seeing recruits across the town providing even more visible uniformed presence.
10. **Increase in officer numbers** – taking advantage of the Government’s uplift programme and as a result of prudent financial planning the PCC was able to fund the recruitment of an additional 100 officers by March this year – with a further 67 planned for 2022.

Key Crime Statistics

The effect of the pandemic on damping down most crimes now seems to have come to end and it is important to remember the context for the crime figures for 2021/22.

Not only are we seeing a return to normal life post lockdown – and with it the re-emergence of certain crime types – but the numbers are also being compared with unusually low crime statistics creating unusual spikes. In the 12 months to March 2022 overall crime rose to total of 55,212 – a rise of 12.5% - but due to a spike in certain violent offences the crime harm index (a measurement of crime rates in which crimes are weighted based on how much "harm" they cause) rose by 22.5%.

Some of the increases are also, in part, due to a focus on improving crime recording-

- The number of burglaries grew with the number of overall burglaries at 3,159 (a rise of 3.95%) and burglaries of residential properties up to 1,912 (a rise of just 0.2%).
- Theft cases overall were up by 12.9%, with a total number of 9,411. Thefts from person grew to 149 (up 27.3%) but thefts from vehicles fell to 1,155 (fall of 1.28%). However, thefts of vehicles increased to 793 – a 31% rise.
- Other crimes which reduced during the year were drug offences (down 22.24% to 1,388) and anti-social behaviour (down 34.7% to 15,745).
- Arson and criminal damage grew by 12.9% to 6,470 and crimes against society were up by 9.9% to 1,330.
- Violent and sexual crimes also experienced a rise year-on-year. Much has been done to encourage the public in reporting sexual crimes and it may be this has had an effect on increased recording of such crimes.
- There were 13 homicides in the county – an increase of 8.3% - and violence against the person increased by 15.4% to 22,712. Of these cases violence without injury constituted the majority these cases at 8,759 (24% up). Stalking and harassment cases totalled 7,625 – an increase of 3.5%. Robbery increased by 30.9% to 347.
- Sexual offences overall increased to 2,467 (a rise of 35.7%) and rape cases increased to 949 (an increase of 29.8%). The force continues to work with the Crown Prosecution Service (CPS) to support victims and in the last three months of 2021 83% of suspects have been charged - the 2nd highest rate in the UK. This has led to a 66% conviction rate at court.

Over the 12-month period the force has, on average per month, issued the following tickets - speed 112, seatbelts 40, mobile phones 35, dangerous driving 44 and drink/drug driving 97.

The new project allowing the public to upload dashcam footage of incidents of dangerous driving is showing encouraging signs of growing use. In September, for instance, there were 138 submissions compared to just 10 in February.

Across the year there were 637 mental health detainees dealt with by the force – and dealing with mental health incidents continues to put significant strain on resources.

During the year the force received 139,214 calls for service – a slight dip of 0.75% on the previous 12 months. More than 90% of these were dealt with within 10 seconds. This is an excellent result given that call lengths have increased due to the introduction of new processes to get more detailed information at the time of the call.

There has been an encouraging increase in the number of crimes reported online (as opposed to via the telephone) with the 5,841 representing a 37.5% increase.

The Force Urban Response time target for urgent calls is under 15 minutes and over the last 12 months 69.1% of urgent incidents have been attended within this time. The Force Rural Response time target is under 20 minutes and in the last 12 months 66.3% of urgent incidents have been attended within this time.

Lincolnshire Police received 1,038 complaints in the 12 months to March – an increase of 8.7%.

Further information about Force performance together with a detailed local breakdown is available through the Chief Constable's website at www.lincs.police.uk and the crime mapper website Police.uk

Gender Pay Gap

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 came into effect on 31 March 2017, which requires public sector authorities with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. Lincolnshire Police employs around 1,500 people and is therefore subject to this duty.

It is important to understand that pay for both police officers and staff is determined nationally and to recognise that gender pay reporting is not the same as equal pay. Equal pay is ensuring equal pay for equal work; however, gender pay reporting compares hourly rates of pay and any bonuses staff may receive by gender, seeking to expose any imbalance.

Based on the results, steps will be taken, where possible, to minimise or readdress any identified inequities going forward.

Our Pay Gap Information

These figures are calculated using the standard methodologies laid out in current legislation:

Published mean and median information				
	Male	Female	Gap	Percentage
Mean hourly rate	£18.90	£17.28	£1.62	8.55%
Median hourly rate	£19.76	£16.76	£3.00	15.18%
Total employees - salary quartile bands				
	Lower	Lower-middle	Upper-middle	Upper
Male proportion	49.49%	51.4%	69.72%	71.25%
Female proportion	50.51%	48.60%	30.28%	28.75%
Published bonus information*				
	Male	Female	Gap	Percentage
Mean bonus	£152.78	£160.00	-£7.22	-4.73%
Median bonus	£100.00	£100.00	£0	0%
Proportion receiving a bonus	1.89%	0.81%		

*Bonuses are usually paid for 'unpleasant tasks', or for additional work or responsibilities. Chief Officers do not receive bonuses.

Summary

Lincolnshire Police remain committed to ensuring fairness, inclusivity and the equal treatment of all employees regardless of protected characteristics, and therefore we are pleased to have a gender pay gap based on the median hourly rate which is 0.22% lower than the national average of 15.4% ([Office of National Statistics](#)).

The Chief Officer team remain determined to tackle the under-representation of women through all grades and ranks and provide every opportunity for women to progress.

Throughout this period the organisation has employed 108 females, 43 of those as new constables, and promoted 15 through the ranks. This has resulted in a slight increase in the percentage of our female workforce. The Force remains committed to ensuring fairness and inclusivity within Lincolnshire Police and acknowledge the many benefits this brings to our organisation.

Financial Performance

Analysis of Revenue and Capital Expenditure

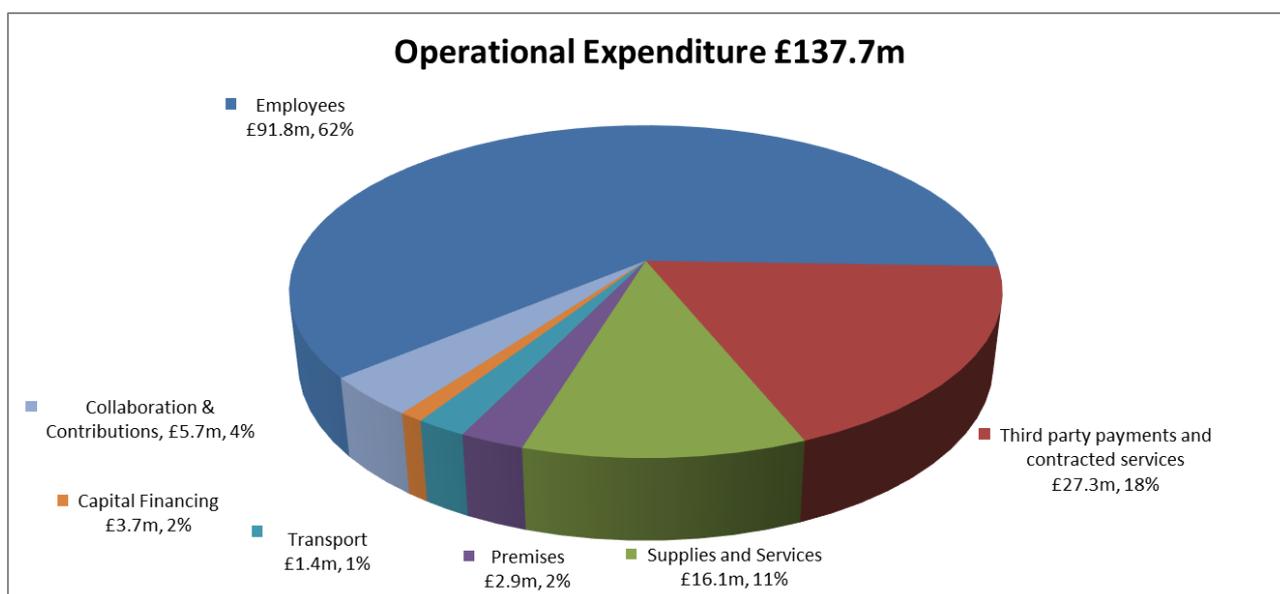
Total operational expenditure for the 2021-22 financial year was £137.7m compared with £131.9m for the previous financial year. Total operational expenditure is less than expenditure shown in the financial statements because it excludes regional costs, pension costs and other adjustments for statutory reporting purposes. The Pensions accounting are purely technical accounting costs relating to IFRS19. The table below shows those items which are excluded from total operational expenditure

2020/21 £000	Total Net Operational Expenditure	Note No.	2021/22 £000
185,605	Gross Expenditure as per Financial Statements	5	204,978
(42,813)	Pensions Accounting	44.3	(56,433)
486	Capital Accounting	28	383
(662)	Accumulated Absence	30	25
(454)	Collection Fund	31	-
(17)	Regional Reserves Transfer	7	(75)
142,145	Gross Operational Expenditure		148,878
(10,270)	Fees, Charges and Other Service Income		(11,206)
131,875	Total Net Operational Expenditure		137,672

The table and pie chart over page provide further analysis of the main components of total operational expenditure.

- Employee Spend: Spend on police officers, police staff and police community support officers amounted to 62% of total spending.
- Third party payments and contracted services: This represents 18% of the total spending and includes the G4S strategic partnership that provides back office and operational support service provision.
- Supplies and Services: Spend represents 11% of total spending and includes supplier payments for a wide variety of supplies and services used by the PCC/Force on a daily basis.
- Capital Financing: The cost of financing the capital programme undertaken by the PCC/Force represent 2% of the total spend.
- Premises: 2% of the total spend is made on the Force estate which includes 37 stations and the Force HQ which is now shared with the Fire Service.
- Transport: Spend on vehicle and travel costs undertaken by the PCC/Force represents 1% of total spend.
- Collaboration and Contributions: Spend which represents 4% of the total spend on Regional and National collaboration and initiatives.

2020/21 £m	Operational Expenditure	2021/22 £m	Ratio for year
86.8	Employees	91.8	62%
28.6	Third party payments and contracted services	27.3	18%
11.7	Supplies and Services	16.1	11%
4.6	Capital Financing	3.7	2%
3.1	Premises	2.9	2%
1.4	Transport	1.4	1%
6.0	Collaboration & Contributions	5.7	4%
142.2	Total Gross Operating Expenditure	148.9	100%
-10.3	Less Sales, Fees and Charges	-11.2	
131.9	Total Net Operating Expenditure	137.7	



Income

Total Income for 2021/22 was £137.7m compared with £131.9 for 2020/21. Total income is less than the income shown in the financial statements because it excludes Police Pension Payments grant, recharged income, capital receipts and regional contributions. The table below shows those income items that are excluded from total income.

2020/21 £000	Income	2021/22 £000
(173,343)	Income as per Financial Statements	(181,870)
25,264	Pension Top-Up Grant	21,914
1,135	Recognised Capital Grant and Contributions	1,544
-	Council Tax Collection Fund	487
318	Gains on the disposal of assets	135
10,270	Fees, Charges and Other Service Income	11,206
(136,356)	Total Income	(146,584)
4,480	Transfer to/(from) Reserves	8,912
(131,875)	Total Income including transfer to reserves	(137,672)

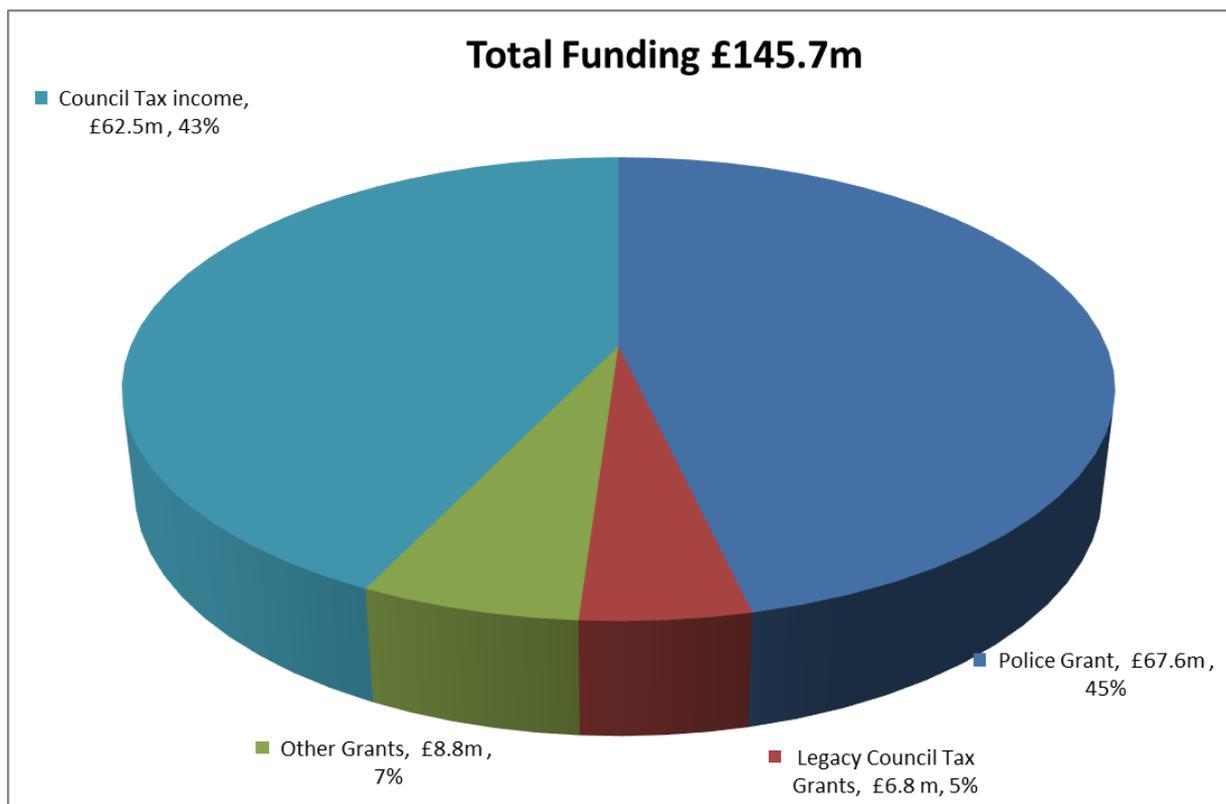
Total Income comprises of Central and Local Funding, together with other income, mainly in respect of the regional custody contract managed by Lincolnshire.

The table and pie chart over page provide further analysis of the main components of total funding (which forms the main part of the income):

- Central Funding– the majority of funding is from central government grants, including Police Grant and Legacy Council Tax grants;
- Local Funding – 43% of funding is provided by local council taxpayers.

Government grants for 2021/22 increased by £7.5m and there was a greater burden on local taxpayers with the precept raising an additional £3.3m in year.

2020/21 £m	Total Funding	2021/22 £m	Ratio for year
	Central Funding:		
63.5	Police Grant	67.6	45%
6.8	Legacy Council Tax Grants	6.8	5%
5.4	Other Government Grants	8.8	7%
	Local Funding:		
59.2	Council Tax income	62.5	43%
134.9	Total Funding	145.7	100%



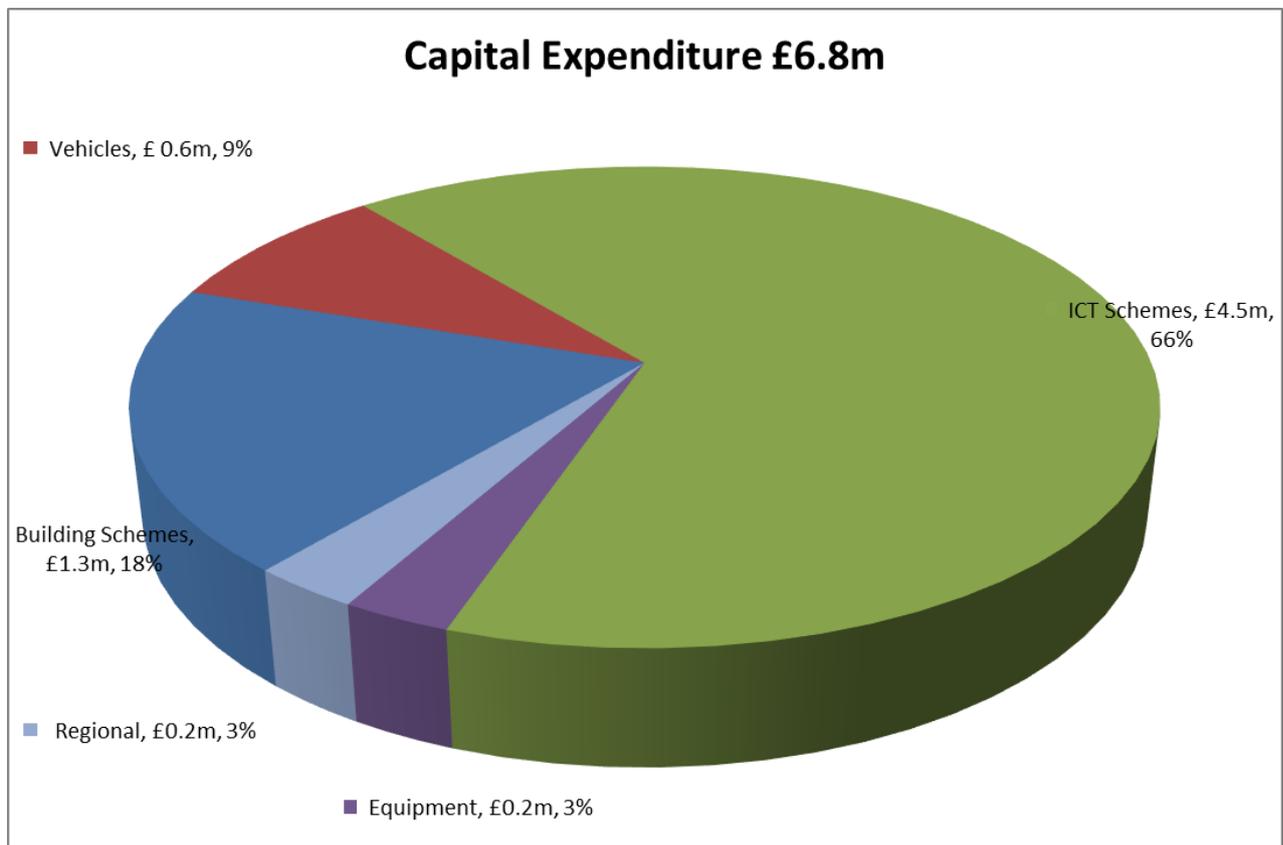
The table below shows how the Funding has been utilised in year to meet the expenditure incurred –

2020/21 £000	Reconciliation between Funding / Income	2021/22 £000
134.9	Total Funding	145.7
1.4	Add Other Income	0.9
-4.5	Transfer to reserves	-8.9
131.8	Expenditure in Year	137.7

Capital Expenditure

Capital expenditure represents money spent on acquiring, upgrading and improving assets and major operational equipment. It relates to the provision of assets which will bring long-term benefit to the PCC Group. The table below sets out the capital investment made in 2021/22:

2020/21 £m	Capital Expenditure	2021/22 £m	Ratio for year
2.9	Buildings Schemes	1.3	19%
2.0	Vehicles	0.6	9%
0.8	ICT Schemes	4.5	66%
0.4	Equipment	0.2	3%
0.1	Blue Light Project	-	0%
0.1	Speed Cameras	-	0%
0.2	Regional	0.2	3%
6.5		6.8	100%



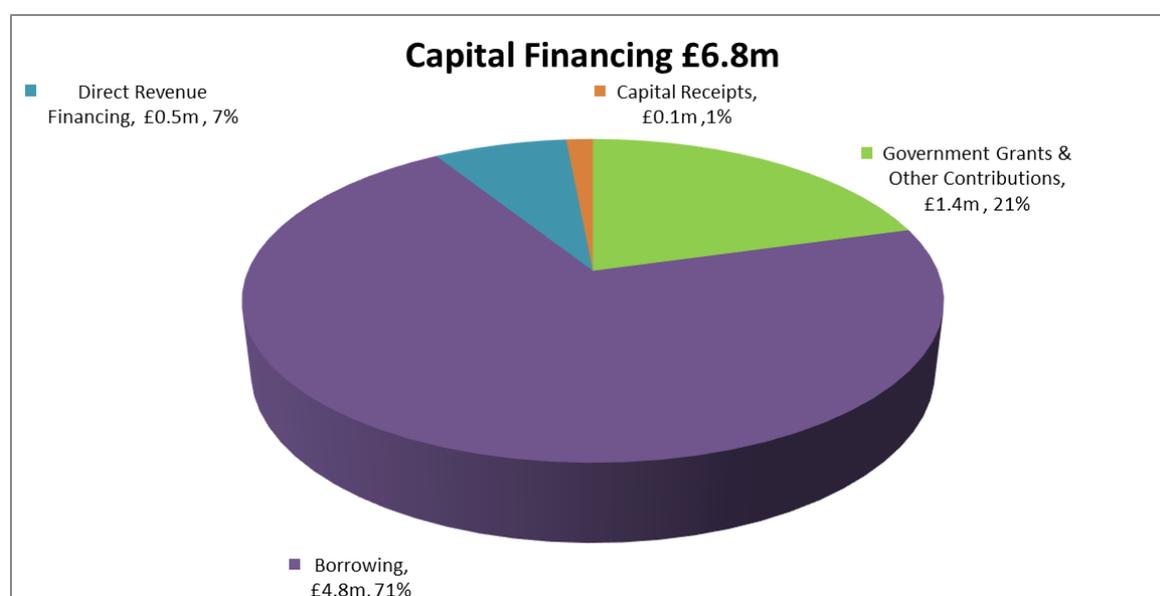
The PCC has approved a capital programme of £5.213m for 2022/23, and includes:

- £1.7m investment for ICT transformation;
- £1.0m investment in the Force estate improvements and maintenance;
- £1.9m replacement programme for vehicles.

Capital Financing

The PCC Group's capital programme in 2021/22 was financed through grants, contributions from revenue, capital receipts, internal cash balances and external borrowing.

	2020/21 £m	Capital Financing		2021/22 £m	Ratio for year
	1.1	Government Grants & Other Contributions		1.4	21%
0.2		Borrowing - External	-		
3.5		Borrowing - Internal	4.8		
	3.7	Total Borrowing		4.8	71%
	1.4	Direct Revenue Financing		0.5	7%
	0.3	Capital Receipts		0.1	1%
	6.5			6.8	100%



Balance Sheet

The balance sheet shows the financial position as at the end of the financial year, with previous figures for comparison. It shows, in particular, the value of the assets owned, and any sums owed to and by the PCC Group. The Balance Sheet can be reviewed in the main statements to the accounts.

The figures are dominated by the inclusion of the pension liability which is explained in detail in the pension notes.

Performance against Budget

In February 2021, the PCC approved a net revenue budget for 2021/22 of £140.036m of which £130.066m was funded from Police Grant and Council Tax receipts.

A summarised statement of the actual net expenditure for the year attributable to the taxpayer is set out below and compared to the approved original budget for the year:

2021/22	Budget £m	Actual £m	Variance £m
Services			
PCC	36.619	32.710	(3.909)
Chief Constable Delegated Budget	101.991	103.601	1.610
Joint Services	1.427	1.361	(0.066)
Total Service Expenditure	140.036	137.672	(2.365)
Funding			
General Police Grant	(67.553)	(67.553)	0.000
Legacy Council Tax Grants	(6.834)	(6.834)	0.000
Special Grant	0.000	(5.483)	(5.483)
Police Uplift Programme	(0.832)	(0.899)	(0.067)
Other Government Grants	(2.059)	(2.445)	(0.386)
Council Tax Precept	(62.512)	(62.512)	0.000
Total Funding	(139.790)	(145.726)	(5.936)
Other Income			
Other Income	(0.224)	(0.858)	(0.634)
Total Income	(0.224)	(0.858)	(0.634)
Total Funding and Other Income	(140.014)	(146.584)	(6.570)
Total (Surplus) / Deficit	0.022	(8.912)	(8.934)
Financed by Reserves			
Net transfer (from) / to Reserves	(0.022)	8.912	8.934
	0.00	0.00	0.00

The final outturn showed a total underspend of £8.9m against budget, comprising of £6.6m additional funding. This surplus was transferred to reserves as part of the yearend process.

Of the £6.6m additional income received, £5.9m was because of government grants awarded after the budget was set:

- Special Grant – £5.5m;
- Other Government Grants - £0.4m.

Total service expenditure was less than the original budget by £2.365m for the Group this differed from budget for the following key reasons.

- The original budget provided for development funding of £3.8m, the majority of which (£2.8m) was non-recurrent. At the time of setting the budget, plans were insufficiently developed to allocate these funds to individual budget heads; the funding was retained by the PCC and was to be released upon the production of business cases. In the event, whilst a range of service developments was agreed and delivered in 2020/21, delayed implementation, including as a result of the Covid19 pandemic, meant that £1.8m of the available funds was not spent and, as a result, was carried forward into 2021/22.
- Capital Financing underspent by £0.7m due to slippage in the Capital Programme.
- There were underspends within the Chief Constable's delegated budget, including £1m overspend on police officers as a result of bring forward the recruitment of new officers into the financial year. A further overspend was reported in support staff salaries of £0.9m due to an increase in new posts within year. There was also an underspend in the regional accounts of 0.4m.

Reserves

All reserves are held by the PCC; a number of these reserves are held to manage operational risks within the Chief Constable's budget.

Earmarked reserves as at 31 March 2022 total £23.1m (including regional reserves) and are held for specific expenditure or contingencies. Movements in Earmarked Reserves are detailed in Note 7.

As at 31 March 2022 the PCC held a General Reserve of £6.0m. There are currently no plans to utilise the reserves to support the revenue budget.

An assessment in February 2022 indicated the range of required risk-based reserves at £6.4m - £13.8m, the mid-point of which is £10m. This is set against forecast risk-based reserves of £9.6m: General Reserve £5.9m, Major Incident Reserve £1.9m, Victim's Major Incident Reserve £0.3m, Insurance Reserve £1m and staffing related reserves £0.5m.

Principal Risks

The principal risks facing the PCC Group are detailed in the Annual Governance Statement included within these Financial Statements.

Outlook for 2022/23 and beyond

There is a balanced budget for 2022/23 this includes the following funding:

- Increased police grant for Lincolnshire of £3.7m (5.6% increase)
- An allocation of pension top-up grant of £1.2m
- A precept increase of £4.0m (3.75%) based on an increase of an additional £9.99 per annum for a Band D property in line with the precept referendum limit imposed by government.

The main principles on the setting of the budget are as below:

- The baseline budget for police officers was set at a strength of 1,186 FTE. This was based on a targeted establishment of 1,020 FTE plus the first tranche of the national uplift of a further 50 officers, the second tranche of 49 FTE, and 67 FTE in the third and final tranche. Whilst the additional officers are welcome, it should be noted that the mandated introduction of PEQF (Police Education Qualifications Framework) has an impact on actual deployable officers;
- The current establishment of PCSOs is 85 FTE. With minor fluctuations, the budget is based on maintaining this establishment;
- The Police Staff budget has been based on 2020/21 establishment fully costed with a vacancy factor of 5% included to allow for staff turnover. This budget will increase when the Strategic Partnership budget is disaggregated to individual services from 1 April 2022;
- A provision for pay awards arising in 2022/23 has been included at 2.5%.

The Medium-Term Financial Plan includes provisional service budgets proposed for 2023/24 to 2025/26. Forecasting beyond 2022/23 is challenging particularly as future grant allocations are uncertain. The Minister's statement does not refer to the timing of the Core Grant Distribution Review (funding formula review).

The government's future intention in relation to grant funding allocations and limitations of council tax increases remains unclear. Therefore, estimates have been made on prudent assumptions; there remains the risk that the anticipated income will be lower than assumed in the forecast.

On current assumptions the budget is balanced across the MTFP with use of reserves and a plan for efficiency savings included. This is based on maintaining the resources available for police officers/PCSOs and maintaining the number of police staff.

There is a risk relating to the expiry, in March 2022, of the contract term for the provision of operational and back-office support services by Lincolnshire's strategic partner. The programme of work to give effect to the decision to end the Strategic Partnership at the conclusion of the 10-year term is nearing completion. The initial plan is for a 'soft landing' in April 2022, however there is a financial risk because the operating model post 2022/23 is not yet fully formed.

Nevertheless, financial balance is indicated across the medium term as a result of increased contributions from Lincolnshire council taxpayers, use of reserves and efficiency savings.

Alongside increased government funding for the national police officer uplift programme, improved service delivery to the people of Lincolnshire will be achieved by significant investment in ICT infrastructure and the implementation of a class-leading Command & Control system which should provide the platform to unlock significant operational benefits through the better use of resources and data. In addition, the budget allows for investment in a Business Intelligence tool which is intended to provide a better understanding of demand further increasing productivity.

Improving productivity and achieving a fairer share of government funding for Lincolnshire remain key to maintaining safe levels of policing in the medium term.

Continuing sound financial control and planning will also be important to delivering financial balance into the medium term as there is still no certainty around future funding settlements especially if finances become tighter in a bid to balance public spending.

Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force 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 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Police and Crime Commissioners and Chief Constables 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 police force 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. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

The pandemic has not yet had the negative impact on council tax receipts which was expected at the start of 2021/22. There was a very slight increase of 0.34% in the tax base for 2021/22. The Government has also been proactive in supporting authorities with regard to council tax funding by setting the following funding initiatives –

- Local Government Finance Settlement – announced in the 2020 Spending Review, this funding for Local Council Tax Support Schemes enables councils to continue to reduce council tax bills for those least able to pay. This funding is paid directly by MHCLG to PCCs and is designed to compensate for decreased precept revenue as a result of tax base reductions resulting from the pandemic.
- Collection Fund Deficits – the MHCLG also announced that any repayment of collection fund deficits arising from 2021/22 must be spread over the next three years; rather than the usual one. The Government will compensate authorities for 75% of irrecoverable losses in council tax income for 2021/22. Funding will be paid directly to PCCs in 2021/22, with the obligation that PCCs will meet the total costs from the 2021/22 deficit over the next three years. Two Lincolnshire District Councils declared a deficit, totalling £0.132m. The cost pressure therefore for the PCC for the next three years to 2023/24 is £0.033m pa.

It has been assumed that the tax base will increase by 0.5% per annum across the Medium-Term Financial Plan (MTFP). This is considered to be prudent level of increase given the anticipated longer-term impact of the COVID-19 pandemic, rising interest rates and inflationary pressures.

Explanation of Financial Statements

These Financial Statements have been compiled in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting 2021/22.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2021/22; which in turn is underpinned by International Financial Reporting Standards.

These Financial Statements set out the PCC Group income and expenditure for the year and its financial position at 31 March 2022. It comprises core and supplementary statements, together with disclosure notes.

A glossary of terms can be found at the end of this publication.

The PCC Group position reflects the consolidated accounts of the PCC and the Chief Constable. Where the PCC Group position differs from the PCC position this is made clear in the accounting statements and notes. A separate set of accounts is produced for the Chief Constable for Lincolnshire.

All assets, liabilities and reserves continue to be held in the main by the PCC. However, those specifically relating to accounting entries within the Chief Constable entity are included in the Chief Constable's accounts. Pension liabilities have been split between the PCC and Chief Constable accounts.

Core Statements

- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- Movement in Reserves Statement – this shows the movement on the various reserves held by the Force, from the start of the financial year to the end of the year. This is analysed into usable reserves (those that can be applied to fund expenditure) and other unusable reserves.
- Balance Sheet – this represents the financial position as at the balance sheet date of the assets and liabilities recognised. The net assets are matched by the two categories of the reserves held.
- Cash Flow Statement – this shows the changes in cash and cash equivalents during the period. It shows how they are generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by the way of taxation and grant income. Investing activities represent the extent to which cash outflows contribute to the resources for future service delivery.

Supplementary Statements

- Annual Governance Statement – the PCC publishes an Annual Governance Statement in accordance with the Delivering Good Governance guidance in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015.
- Statement of Responsibilities – this explains the responsibilities for the financial affairs and how these responsibilities are carried out.
- Notes to the Accounts – the notes show details supporting each of the main accounting statements, together with additional information to explain the financial transactions. Note 1 contains the Accounting Policies. The purpose of these policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

- Police Officer Pensions, Home Office Memorandum Account – this summarises the transactions relating to retirement benefits paid to police officers and how these costs are financed.
- Expenditure and Funding Analysis – this shows how annual expenditure is used and funded from resources. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.

Relationship between Accounting Statements

The different accounting statements are linked in several important ways. The relationship between the Comprehensive Income and Expenditure Statement and the movement in the PCC Group's total reserves is shown in the Movement in Reserves Statement.

The Cash Flow statement reconciles to the balance on the Comprehensive Income and Expenditure Statement for the year and the movement in the Balance Sheet cash and cash equivalents.

The Expenditure and Funding Analysis shows how the expenditure is allocated for decision making purposes between the directorates within the Force.

Signed by Julie Flint

Julie Flint CPFA MSc
Chief Finance Officer to the
Police and Crime Commissioner for Lincolnshire



Independent Auditor's Report to the Police and Crime Commissioner for Lincolnshire

Group Expenditure and Funding Analysis 2021/22

This is a note to the Core Statements.

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources. It shows how the expenditure is allocated for decision making purposes between the PCC, CC and Joint Services. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			Note	Group	2021/22		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000			Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
24,633	(293)	24,340		Police and Crime Commissioner	21,182	(3,471)	17,711
121,653	(15,189)	106,464		Chief Constable	124,463	(1,525)	122,938
1,365	-	1,365		Joint Services	1,350	-	1,350
147,651	(15,482)	132,169		Cost of Services	146,995	(4,996)	141,999
879	608	1,487	8	Other Operating Expenditure	964	4,192	5,156
1,806	32,279	34,085	9	Financing and Investment Income and Expenditure	1,994	34,783	36,777
(154,800)	(679)	(155,479)	10	Taxation and Non-Specific Grant Income	(158,793)	(2,031)	(160,824)
(4,464)	16,726	12,262	4	(Surplus) or Deficit on the Provision of Services	(8,840)	31,948	23,108
3,332				Opening General Fund Balance as at 31 March	5,979		
4,464				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	8,840		
(1,817)			7	Net transfers (to)/from Earmarked Reserves	(8,840)		
5,979				Closing General Fund as at 31 March	5,979		

PCC Expenditure and Funding Analysis 2021/22

This is a note to the Core Statements.

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources. It shows how the expenditure is allocated for decision making purposes between the PCC, CC and Joint Services. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			PCC				2021/22		
Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Note		Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		
£000	£000	£000			£000	£000	£000		
24,633	(293)	24,340		Police and Crime Commissioner	21,182	(3,471)	17,711		
482	-	482		Joint Services	680	-	680		
25,115	(293)	24,822		Cost of Services	21,862	(3,471)	18,391		
2	608	610	8	Other Operating Expenditure	(4)	4,192	4,188		
1,806	299	2,105	9	Financing and Investment Income and Expenditure	1,994	422	2,416		
(154,800)	(679)	(155,479)	10	Taxation and Non-Specific Grant Income	(158,793)	(2,031)	(160,824)		
123,413	-	123,413	12	Expenditure - Intra Group financing	126,101	-	126,101		
(4,464)	(65)	(4,529)	4	(Surplus) or Deficit on the Provision of Services	(8,840)	(888)	(9,728)		
3,331				Opening General Fund Balance as at 31 March	5,979				
4,464				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	8,840				
(1,817)			7	Net transfers (to) / from Earmarked Reserves	(8,840)				
5,979				Closing General Fund as at 31 March	5,979				

Group Comprehensive Income and Expenditure Statement 2021/22

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC Group raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21			Note	2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
32,488	(8,148)	24,340		29,209	(11,498)	17,711
115,209	(8,744)	106,464		131,659	(8,721)	122,938
1,365	-	1,365		1,357	(7)	1,350
149,062	(16,892)	132,169		162,225	(20,226)	141,999
2,420	(933)	1,487	8	5,953	(797)	5,156
34,123	(38)	34,085	9	36,800	(23)	36,777
-	(155,479)	(155,479)	10	-	(160,824)	(160,824)
185,605	(173,342)	12,262		204,978	(181,870)	23,108
-	(902)	(902)	27	-	(2,484)	(2,484)
307,711	-	307,711	29	-	(145,217)	(145,217)
307,711	(902)	306,809		-	(147,701)	(147,701)
493,316	(174,244)	319,071		204,978	(329,571)	(124,593)

There were no acquisitions or discontinued operations in the current year or preceding year.

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 requires that the Comprehensive Income and Expenditure Statement (CIES) reflects the internal management reporting and decision making arrangements of the organisation.

The 10 year strategic partnership contract managed by the PCC came to an end at 31 March 2022 and has been included within the annual statements for the PCC in line with the above arrangements. The cost relating to the G4S strategic partnership of £24.0m for 2021/22 (2020/21: £23.2m) is included in the Group Comprehensive Income and Expenditure Statement shown above. See note 2 for more information.

The year-to-year variance on actuarial (gains) or losses on the pensions assets and liabilities relates largely to losses arising on changes in financial assumptions due to market conditions.

PCC Comprehensive Income and Expenditure Statement 2021/22

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC Group raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
32,488	(8,148)	24,340		29,209	(11,498)	17,711
482	-	482		682	(2)	680
32,970	(8,148)	24,822		29,891	(11,500)	18,391
			Cost of Services			
931	(321)	610	8	4,327	(139)	4,188
2,143	(38)	2,105	9	2,439	(23)	2,416
-	(155,479)	(155,479)	10	-	(160,824)	(160,824)
123,413	-	123,413		126,101	-	126,101
159,457	(163,986)	(4,529)		162,758	(172,486)	(9,728)
			(Surplus) or Deficit on the Provision of Services			
-	(902)	(902)	27	-	(2,484)	(2,484)
7,323	-	7,323	29	-	(8,301)	(8,301)
			Actuarial (Gains) or Losses on Pension Assets and Liabilities			
7,323	(902)	6,421		-	(10,785)	(10,785)
			Other Comprehensive Income and Expenditure			
166,780	(164,888)	1,892		162,758	(183,271)	(20,513)
			Total Comprehensive Income and Expenditure			

There were no acquisitions or discontinued operations in the current year or preceding year.

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 requires that the Comprehensive Income and Expenditure Statement (CIES) reflects the internal management reporting and decision making arrangements of the organisation.

The 10 year strategic partnership contract managed by the PCC came to an end at 31 March 2022 and has been included within the annual statements for the PCC. The cost relating to the G4S strategic partnership of £24.0m for 2021/22 (2020/21: £23.2m) is included in the Group Comprehensive Income and Expenditure Statement shown above. See note 2 for more information.

Group Movement in Reserves Statement 2021/22

The Movement in Reserves Statement shows the movement in the year on the reserves held by the PCC Group, analysed into usable reserves and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the PCC Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the PCC Group.

Group	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Earmarked Reserves £000	General Fund Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Balance at 31 March 2020	-	12	12,439	3,332	15,782	(1,411,881)	(1,396,099)
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	(12,262)	(12,262)	-	(12,262)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(306,809)	(306,809)
Total Comprehensive Income and Expenditure	-	-	-	(12,262)	(12,262)	(306,809)	(319,071)
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	16,726	16,714	(16,714)	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	-	(12)	-	4,464	4,452	(323,523)	(319,071)
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	-	(12)	1,817	2,647	4,452	(323,523)	(319,071)
Balance at 31 March 2021 carried forward	-	-	14,256	5,979	20,234	(1,735,405)	(1,715,171)
Movement in Reserves during 2021/22							
Surplus or (Deficit) on the provision of services	-	-	-	(23,108)	(23,108)	-	(23,108)
Other Comprehensive Income and Expenditure	-	-	-	-	-	147,701	147,701
Total Comprehensive Income and Expenditure	-	-	-	(23,108)	(23,108)	147,701	124,593
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	188	-	31,948	32,136	(32,136)	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	-	188	-	8,840	9,028	115,565	124,593
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	8,840	(8,840)	-	-	-
Increase/(Decrease) in 2021/22	-	188	8,840	-	9,028	115,565	124,593
Balance at 31 March 2022 carried forward	-	188	23,096	5,979	29,262	(1,619,840)	(1,590,578)

PCC Movement in Reserves Statement 2021/22

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the PCC, analysed into usable and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the PCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the PCC.

PCC	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020 carried forward	-	12	12,439	3,331	15,782	(9,406)	6,376
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	4,529	4,529	-	4,529
Other Comprehensive Income and Expenditure	-	-	-	-	-	(6,421)	(6,421)
Total Comprehensive Income and Expenditure	-	-	-	4,529	4,529	(6,421)	(1,892)
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	(65)	(77)	77	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	-	(12)	-	4,464	4,452	(6,344)	(1,892)
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	-	(12)	1,817	2,647	4,452	(6,344)	(1,892)
Balance at 31 March 2021 carried forward	-	-	14,256	5,978	20,234	(15,750)	4,484
Movement in Reserves during 2021/22							
Surplus or (Deficit) on the provision of services	-	-	-	9,728	9,728	-	9,728
Other Comprehensive Income and Expenditure	-	-	-	-	-	10,785	10,785
Total Comprehensive Income and Expenditure	-	-	-	9,728	9,728	10,785	20,513
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	188	-	(888)	(700)	700	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	-	188	-	8,840	9,028	11,485	20,513
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	8,840	(8,840)	-	-	-
Increase/(Decrease) in 2021/22	-	188	8,840	-	9,028	11,485	20,513
Balance at 31 March 2022 carried forward	-	188	23,096	5,978	29,262	(4,266)	24,996

Group and PCC Balance Sheet as at 31 March 2022

The Balance Sheet shows the value of the assets and liabilities recognised by the PCC Group and the PCC. For each entity the net assets are matched by the reserves held. Reserves are reported as Usable and Unusable Reserves. Unusable reserves include reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021				31 March 2022		
PCC £000	Group £000	Note		PCC £000	Group £000	
49,389	49,389	13	Property, Plant and Equipment	51,718	51,718	
1,536	1,536	15	Intangible Assets	977	977	
25	25	21	Long-Term Debtors	24	24	
50,950	50,950		Long-Term Assets	52,719	52,719	
-	-	19	Assets Held for Sale	1,506	1,506	
389	389	20	Inventories	398	398	
14,622	14,622	21	Short-Term Debtors	14,858	14,858	
8,907	8,907	22	Cash and Cash Equivalents	14,216	14,216	
23,918	23,918		Current Assets	30,978	30,978	
(1,104)	(1,104)	46	Short-Term Borrowing	(1,087)	(1,087)	
(14,482)	(14,482)	23	Short-Term Creditors	(14,489)	(14,489)	
(3,391)	(3,391)	18	Other Short Term Liabilities	-	-	
(1,298)	(1,313)	24	Short-Term Provisions	(732)	(747)	
(201)	(201)	11	Revenue Grants Receipts in Advance (< 1 yr)	(5)	(5)	
(20,476)	(20,491)		Current Liabilities	(16,313)	(16,328)	
(28,201)	(28,201)	46	Long-Term Borrowing	(27,298)	(27,298)	
(21,707)	(1,741,271)	44	Pension Liabilities	(15,090)	(1,630,574)	
-	-	18	Other Long-Term Liabilities	-	-	
-	(76)	24	Long-Term Provisions	-	(75)	
(49,908)	(1,769,548)		Long-Term Liabilities	(42,388)	(1,657,947)	
4,484	(1,715,171)		Net Assets	24,996	(1,590,578)	
20,234	20,234	25	Usable Reserves	29,262	29,262	
(15,750)	(1,735,405)	26	Unusable Reserves	(4,266)	(1,619,840)	
4,484	(1,715,171)		Total Reserves	24,996	(1,590,578)	

These audited accounts were signed on 28/07/2022.

Signed by Julie Flint

Julie Flint CPFA MSc
Chief Finance Officer

Group and PCC Cash Flow Statement 2021/22

The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC Group during the financial year. The statement shows the cash and cash equivalents by operating, investing and financing activities. The net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC Group are funded by way of taxation and grant income or from the recipients of services provided by the PCC Group. Investing activities represent the cash outflows relating to resources that contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting commitments to future cash flows by providers of capital to the PCC Group.

2020/21		Note	2021/22	
PCC £000	Group £000		PCC £000	Group £000
(4,529)	12,262		(9,728)	23,108
(8,669)	(25,462)	32	(11,293)	(44,128)
321	321	33	139	139
(12,877)	(12,879)		(20,882)	(20,881)
6,102	6,102	35	6,878	6,878
4,022	4,022	36	8,693	8,693
(2,755)	(2,755)		(5,310)	(5,310)
6,151	6,151	22	8,906	8,906
8,906	8,906	22	14,216	14,216

Police and Crime Commissioner for Lincolnshire

Notes to the Accounts

The notes below provide additional explanation or support for the information contained within the main financial statements for the PCC Group and PCC (Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement). Where the balances and transactions explained are the same between the PCC Group and PCC the note will only provide one explanation, where there are differences between the PCC Group and PCC balances, the notes will outline both in the required detail.

Values are rounded to nearest £1,000 unless specified otherwise. Please note some slight rounding differences may occur.

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the PCC's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The PCC is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards.

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

All accounting policies that are material to the production of the accounts are described in this section.

1.2. Prior period adjustments, Changes in Accounting Policies and Estimate 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 PCC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.3. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.4. Non-Current Assets – Property, Plant and Equipment

Property, plant and equipment are tangible items that are:

- Held for operational use, for rental to others, or for administrative purposes; and
- Expected to be used during more than one period.

Classification

Property, plant and equipment is classified under the following headings in the PCC's balance sheet:

- Operational Assets:
 - Land and Buildings;
 - Vehicles, Plant, Furniture and Equipment;
- Non-Operational Assets:
 - Surplus Assets; and
 - Assets Under Construction.

Initial Recognition

- Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the PCC Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits

or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

- **Measurement**

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the PCC Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the PCC Group.

De Minimis Level

The PCC has a de minimis level of £10k for recognising property, plant and equipment. This means that any item or scheme which meets the above criteria which is greater than £10k will be treated as capital. Items below £10k may also be considered for capital expenditure on a case-by-case basis. This relates to initial recognition and subsequent expenditure on assets.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses. Where considered appropriate, the cost of the replacement is capitalised if it meets the criteria for recognition above.

Where material the carrying value of the component replaced is de-recognised. Where the value is not known the value of the enhancement is used as a proxy. Indexation is used to deduce historic cost and a revaluation reserve. De-recognition costs are charged initially against any revaluation reserve for the asset and then to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Measurement after Recognition – Valuation Approach

Property, plant and equipment assets are valued on the basis recommended by CIPFA and in accordance with the Practice Statements in the Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors (RICS), in particular UK Practice Statement 1.1 – 1.3. The PCC may rely on the advice of other relevant expert managers to value other assets.

Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. All operational and non-operational land and properties were subjected to a full revaluation exercise at 1 April 2019. This valuation has been updated as at 31 March each year since, by way of a desktop revaluation of all assets.

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

All valuations are in accordance with the capital accounting rules.

1.5. Operational Assets

1.5.1. Land and Operational Properties:

Where the assets are considered by the Valuers to be specialist in nature (for example custody suites in operational police stations) they are valued at current value with depreciated replacement cost (DRC) methodology, reflecting their value to the PCC in their current use. Due to the specialist nature of these buildings, the DRC value is normally higher than open market value. Where the assets are not considered to be specialist in nature, they are valued at current value, determined as the amount that would be paid for the asset in its existing use (EUV). This requirement is met by providing a valuation on the basis of existing use value (EUV) in accordance with UKPS 1.3 of the RICS Valuation Standards.

It should be noted that the Blue Light Campus, Lincoln's new joint fire, police and ambulance station on South Park is considered as wholly specialised by the Valuers and is therefore valued at DRC.

1.6. Non-Operational Assets

1.6.1. Surplus assets

Assets which the PCC no longer operates or are no longer used for service delivery, but are not investment properties or meet the definition for held for sale. They are valued at fair value and measured and depreciated in line with the operational asset class. Current value, determined as the amount that would be paid for the asset in its existing use (EUV), is used.

1.6.2. Assets Under Construction

Assets Under Construction are held at historical cost. When these assets are operationally complete, they will be reclassified into the appropriate asset class and valued under the adopted approach.

1.7. Valuation Programme

In years when there is a full revaluation (every 5 years) the steps to account for assets involve valuing assets at the start of the financial year, and then considering impairment issues at the end of the year.

In all other years, the year-end valuation encompasses all changes in value, whether from additions, disposals, changes in market value, impairment or other consumption of economic benefits.

The next full valuation will be carried out in 2024/25.

1.8. Component Accounting for Property, Plant and Equipment

1.8.1. The PCC's Componentisation Policy

The Code requires that:

- Land and buildings should be accounted for separately;
- Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

1.8.2. Identifying Components

Consideration should be given to the potential impact of different asset lives on depreciation calculations. These will be large value items where asset lives are greatly exaggerated by ignoring the fact that parts of the asset need regular replacement over the life of the main asset.

Only those components with material values and significantly different useful lives are classified as separate components in the asset register. Only assets with a value of at least £500k are reviewed for potential components.

Component assets will have their own life applied as appropriate and the table below should be used where a valuation has not been provided at the time of capitalisation.

The table should also be used to apply useful existing life for MRP calculations. (N.B. It may not be prudent to charge MRP over the life of an existing building).

Component	Asset Life
Structure	50 years
Roof	35 years
Windows	45 years
Mechanical and Engineering	15 years

1.8.3. Subsequent Capital Expenditure

The process of improving and renovating existing buildings means that some parts of the structure need to be derecognised before capitalisation of the new expenditure can take place. The steps will be:

- Treat the subsequent expenditure as an addition, with the appropriate new asset life value;
- De-recognise the original asset, treat as a loss on disposal;
- Adopt method for appropriate value for de-recognition for part of a component such as part of a roof. May take value of replacement part to be proxy value of old part but will need to discount back to start of asset life;
- Compare the valuation of the asset with its new carrying value for impairment or revaluation.

1.8.4. Revaluation Reserve

Each component will be separately recognised in the revaluation reserve and hence easy to identify for any future asset replacement.

1.9. Revaluation Gains and Losses

Movements in value arising from revaluation of assets are reflected in the value of the assets held on the balance sheet.

1.9.1. Recognizing a Revaluation Gain or Loss

Increases as a result of revaluations are debited to the appropriate asset account, with the opposite entry going to the Revaluation Reserve to recognise unrealised gains, except to the extent where it reverses a previous revaluation loss that was charged to a service revenue account within the Comprehensive Income and Expenditure Statement. In this case the revaluation gain will first be used to offset the previous loss and any further gain is then taken to the Revaluation Reserve. Component assets are treated as separate assets and therefore revalued separately. Revaluation gains charged to Surplus or Deficit on Provision of Services are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Decreases as a result of revaluation which are not specific to one asset but affect several are revaluations losses rather than impairments. The decrease is recognised in the Revaluation Reserve up to the balance in respect of each asset affected and then in Surplus or Deficit on Provision of Services. Any such charge taken to Surplus or Deficit on Provision of Services is then transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

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

1.10. Depreciation

Depreciation is charged on all assets with a finite useful life which is determined at the time of acquisition. (The life may be revalued by valuers, in accordance with the revaluation program). Depreciation is charged against assets from after the month they are capitalised, to the month that they are disposed, decommissioned or reach the end of their useful life.

The policy on useful asset life at acquisition is as follows:

Asset category	Asset life*	Comments
Operational buildings	50 yrs	May vary from 25 to 75 years, due to revaluation or other justification to change the life at acquisition. Justification to use a life other than 50 years will be provided for audit purposes. See section 1.8 for component policy and asset useful lives.
Vehicles	3 - 5 yrs	This reflects the longer UEL of the assets in the force.
ICT equipment	5 - 8 yrs	This covers the operational day to day ICT equipment. Special projects and new Implementations will be covered by specialist and other projects.
Specialist equipment	10 - 15 yrs	This covers all other projects e.g. IT projects and office refurbishment and other assets over £10,000 not covered by the above. Justification of life used to be provided to ensure consistency.

*at acquisition

Depreciation is calculated as the current value of the asset divided by the useful existing life of the asset. Revaluation gains are depreciated along with the historic cost of the asset. The difference between current value depreciation and the depreciation that would have been chargeable based on the historic cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

For surplus assets awaiting disposal, depreciation is not charged to services. No depreciation is charged on Land, Assets Under Construction and Assets Held for Sale. Depreciation of an asset begins when the asset becomes available for use and ceases when the asset has been de-recognised.

New assets that enhance or improve an existing asset will take the remaining life of that asset for depreciation purposes. Where an asset is componentised the component assets will have their own life applied as appropriate. See section 1.8 for componentisation policy.

1.11. Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale. An item of property, plant and equipment shall be de-recognised on disposal; or when no future economic benefits are expected from its use or disposal.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where specialised equipment assets have reached the end of their useful economic life and have a net book value of zero, these will be retired in the following year and subsequently removed from the fixed asset register.

1.12. Impairment of Non-Current Assets

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, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in 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.

1.13. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the PCC will be able to generate future economic benefits or deliver service

potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the PCC can be determined by reference to an active market. In practice, no intangible asset held by the PCC meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired, any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

1.13.1. De Minimis Level

The PCC has no de minimis level for recognising intangible assets. This relates to initial recognition and subsequent expenditure on assets.

1.14. Charges to Revenue for the use of Non-Current Assets

Police services and central support services are charged with a capital charge for all non-current assets used in the provision of services to record the real cost of holding fixed assets during the year. The total charge covers:

- The annual provision for depreciation;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible assets.

The PCC is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make a prudent annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is known as the Minimum Revenue Provision.

1.15. Minimum Revenue Provision

The PCC makes provision for the repayment of debt in accordance with the Local Authorities (Capital Finance and Accounting, England, Amendment) Regulations 2008. This requires the PCC to set a Minimum Revenue Provision (MRP) which it considers to be prudent.

The accounts are charged with a capital charge for all non-current assets used in the provision of services. The total charge covers:

- The annual provision for depreciation;
- Impairment losses attributable to the clear consumption of economic benefits on non-current assets used by the PCC and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off;
- Amortisation of intangible assets attributable to the service;
- The annual contribution towards the reduction in overall borrowing, in accordance with the PCC's approved policy;
- 4% of the Capital Financing Requirement as at 31 March 2008, adjusted for repayments made since that date;
- All borrowing from 2008/09 onwards, a repayment based on the asset life method.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by a revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

1.16. Revenue Expenditure Financed through Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset in the Balance Sheet has been charged as expenditure to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year.

Statutory provision reverses these charges from the surplus or deficit on provision of services by debiting the Capital Adjustment Account and crediting the General Fund balance through the Movement in Reserves Statement.

1.17. Classification of 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 property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. Leases are classified as a finance lease or an operating lease depending on the extent to which risks and rewards of ownership (substance of the transaction over its legal form) of a leased asset lie with the lessor (landlord) or the lessee (tenant).

1.18. The PCC as Lessee

1.18.1. Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's

inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment where applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.18.2. Operating Leases

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

1.19. The PCC as Lessor

1.19.1. Finance Leases

Where the PCC grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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. A gain, representing the PCC's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property which is applied to write down the lease debtor (together with any premiums received); and

- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

1.19.2. Operating Leases

Where the PCC grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.20. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the PCC when there is reasonable assurance that:

- The PCC will comply with the conditions attached to the payments;
- The grants or contributions will be received.

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in

Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.21. Debtors

Debtors are recognised in the accounts when the ordered goods or services have been delivered or rendered by the PCC by the 31 March but the income has not yet been received. Debtors are recognised and measured at fair value in the accounts.

There is no de minimis for capital or revenue income accruals.

Where there are differences between the Group and PCC balance at 31 March the note will show both balances.

1.22. Creditors

Creditors are recorded where goods or services have been supplied to the PCC by 31 March, but payment is not made until the following financial year. Creditors are recognised and measured at fair value in the accounts.

There is no de minimis for capital or revenue accruals.

Where there are differences between the Group and PCC balance at 31 March the note will show both balances.

1.23. Debt impairment

The PCC makes a provision for debts which may go bad or not be paid in full. Where it is doubtful that debts will be settled, the fair value of that debt is written down accordingly and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected.

The PCC's policy is to review outstanding debts annually in order to allow for debt impairment.

1.24. Inventories

Inventory assets include materials or supplies to be consumed or distributed in the rendering of services. This includes fuel, uniforms and general stores. These are carried at the lower of cost (calculated as an average price) or current replacement cost (at the Balance Sheet date for an equivalent quantity).

A de minimis of £5k is set before a group of stock items would need to be accounted for at the year end.

1.25. Investments and Cash and Cash Equivalents

1.25.1. Investments

The PCC will classify these as follows:

- Short-term deposits (due to be returned within 12 months after 31 March) held for investment purposes for the returns offered are classed as Short-term Investments;
- Deposits held for investment purposes for the returns offered which are due for return more than a year after 31 March are classed as Long Term Investments.

1.25.2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand or form an integral part of the PCC's cash management.

1.26. Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the PCC 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 relevant service.

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

1.27. Contingent Liabilities

A contingent liability is where there is a possible obligation to transfer economic benefits due to a past event, but the possible obligation will only be confirmed by the occurrence or non-occurrence of one or more events in the future, not wholly within the control of the PCC. 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.

The PCC discloses these obligations in the narrative notes to the accounts if greater than £100k.

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

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

1.28. Contingent Assets

A Contingent Asset is where there is a possible transfer of economic benefit to the PCC from a past event, but the possible transfer will only be confirmed by the occurrence or non-occurrence of one or more events in the future. These events may not wholly be within the control of the PCC.

The PCC discloses these rights in the narrative notes to the accounts if greater than £100k.

1.29. Reserves

The PCC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from reserves is incurred it is charged to the appropriate service in that year against the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

1.29.1. Usable Reserves

The PCC's general revenue balances are held in the General Fund. The PCC also maintains a number of specific 'earmarked' reserves for future expenditure on either target service areas or to cover contingencies. They are described in more detail in notes to the accounts.

1.29.2. Unusable Reserves

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

1.30. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period where the Statement of Accounts is adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period where the Statement of Accounts is not adjusted to reflect such events, but where a category of

events would have a material effect. Disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.31. Recognition of Revenue (Income and Expenditure)

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the PCC.

1.32. Costs of Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the PCC Group's arrangements for the accountability and financial performance.

1.33. Value Added Tax (VAT)

The PCC's Comprehensive Income and Expenditure Statement excludes VAT. All VAT must be passed on to (where output tax exceeds input tax) or repaid by (where input tax exceeds output tax) HM Revenue and Customs.

The net amount due to, or from, HM Revenue and Customs for VAT at the year-end shall be included as part of creditors or debtors balances.

1.34. Fair Value Measurement

The PCC measures some of its non-financial assets, such as surplus assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The PCC measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the PCC takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The PCC uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the PCC's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the PCC can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

1.35. Employee Benefits

1.35.1. Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the PCC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs

1.35.2. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the PCC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the PCC can no longer withdraw the offer of those benefits or when the PCC recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the PCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.35.3. Post-employment Benefits

Employees of the PCC Group are members of two separate pension schemes:

- The Police Officer Pension Scheme, for which the scheme manager is the Chief Constable, administered by XPS Administration;
- The Local Government Pensions Scheme, for which the scheme manager is the Executive Director of Resources within the Administering Authority, Lincolnshire

County Council. The scheme itself is administered by West Yorkshire Pension Fund on behalf of Lincolnshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees.

1.35.4. The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lincolnshire pension fund attributable to the PCC are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality AA index corporate bonds);
- The assets of Lincolnshire pension fund attributable to the PCC are included in the Balance Sheet at their fair value as follows:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price;
 - Property – market value.

1.35.5. Percentage Entity Split

Both the member and employer contributions for the G4S participants within the Local Government Pension Scheme will be allocated to the PCC in line with the Strategic Partnership arrangement. The entity split was reviewed in 2018/19 and will be reviewed every 5 years as this will be a decreasing percentage as the number of G4S participants lessen over time. A change in the percentage as a result of a review will require a restatement. The current percentage entity split is 30.5% PCC and 69.5% Chief Constable. It should be noted that this scheme is a closed scheme.

1.35.6. The Police Officer Pension Scheme

The Police Officer Pension Schemes (both the old and new schemes) are accounted for as a defined benefit scheme:

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality AA index corporate bonds).

1.35.7. Pension Scheme Policies

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

- Service cost comprising:
 - Current service cost. The increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost. The increase in liabilities as a result of a 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 to a corporate service segment;
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the PCC, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - The return on plan assets. Excluding amounts included in net interest on the net defined benefit liability (asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses. Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Contributions paid to the Lincolnshire pension fund. Cash paid as employer's contributions to the pension fund in settlement of liabilities. Not accounted for as an expense.

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

1.35.8. Discretionary Benefits

The PCC 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 and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.35.9. Police Officer Pensions – Home Office Memorandum Account

From 1 April 2006 the Home Office changed the methods of financing police pensions. Effectively the PCC has continued to make payments but accounts for these outside of the accounts in a separate memorandum account. This is included as supplementary statement to the accounts.

1.36. Joint Operations

Joint operations are joint arrangements in which the PCC and other venturers have joint control of the arrangement. The parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The PCC accounts for only its share of the joint operations assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns from the venture.

1.37. Financial Instruments

1.37.1. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all of the borrowings that the PCC has, this means that:

- The amount presented in the Balance Sheet is the outstanding principal repayable, plus accrued interest and;
- Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

1.37.2. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost;
- Fair value through Profit or Loss (FVPL); and
- Fair value through Other Comprehensive Income (FVOCI).

The PCC's business model is to hold investments to collect contractual cash flows. Financial assets are therefore measured at amortised cost.

1.37.3. Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the PCC, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

2. Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the PCC Group has had to make certain judgements about complex transactions or those involving uncertainty about future events. The significant judgements made in the Statement of Accounts are:

- There is uncertainty about service provision following government decisions to reduce future levels of funding for the PCC Group. However, the Group has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision;
- As part of the strategic partnership with G4S, the transfer of some specialised equipment and intangible assets, have been treated as a disposal of assets. The subsequent use of the assets creates a finance lease under IFRIC 4. Hence, the transfer valuation appears in the asset register of the PCC and is depreciated and re-valued in line with accounting policies. There is a matching finance lease liability that is written down over the individual asset lives;
- For retirement benefits, the interpretation of CIPFA guidance differs from that of the Code itself. CIPFA guidance expects plan assets to be included in the financial statements, but the Code says not to include them. This means that by following the CIPFA guidance, the PCC has treated Police Pensions Payments grant as an employers' contribution, reducing the overall pension liability. The impact of this on the General Reserve is reversed through the Movement in Reserves Statement, with a corresponding entry in the Pensions Reserve. The PCC and the Chief Finance Officer have concluded that this approach presents a true and fair view of the PCC's financial position, financial performance and cash flow;
- The Scheme of Arrangements within the PCC Group and the governance arrangements indicate that the Chief Constable controls police officers and police staff, with the exception of PCC staff. The PCC controls income, assets and usable reserves;
- G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. Lincolnshire Police are considered to be the principal rather than merely an agent in these transactions as they retain responsibility for the liabilities. Hence, the IAS19 results as at 31 March 2022 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities;

- The split of the G4S pension liability within the Local Government Pensions Scheme is allocated between the PCC and the Chief Constable in line with the Strategic Partnership arrangement. The current percentage entity split is 30.5% PCC and 69.5% Chief Constable;
- In November 2019, the PCC Group moved into the Blue Light Campus, Lincoln's new joint fire, police and ambulance station on South Park. The property is a Right of Use lease that the PCC have with Lincolnshire County Council. As the PCC Group had already paid contributions prior to the lease inception they do not have a lease liability. Any revaluation increase will be treated as an addition to the finance lease to reflect the fair value of the asset and credited to the revaluation reserve.

3. Assumptions and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the PCC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the PCC's Group Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pension's assets and liabilities. Hence, these are considered separately.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liability (Group) £1,630,574k of which £15,090k relates to the PCC	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 PCC with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions have been measured and described in the tables below. The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.
Actuarial Assumptions (Group) £1,630,574 of which £15,090 relates to the PCC	The actuaries have assumed that CPI will be approximately 1% p.a. below RPI on average.	As a market in CPI linked bonds does not exist the actuaries need to make an estimate of the long term gap between RPI and CPI in order to arrive at a CPI assumption for the accounts.

The items in the PCC's Group Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pension's assets and liabilities. Hence, these are considered separately.

3.1. Pension assumptions

The sensitivity analyses for the Police and Local Government Pension Schemes are set out in the tables below. Sensitivity analysis is based on changes to the assumptions

occurring at the end of the reporting period and with only one assumption changing at a time rather than assumptions changing in combination with each other. The sensitivity on the longevity assumption, for example, is based upon life expectancy increasing or decreasing for both men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The sensitivities regarding the Police Pension Scheme liabilities are set out below.

Change in financial and demographic assumptions	Approximate percentage increase to Employer Liability	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	9%	130.50
1 year increase in member life expectancy	3%	40.91
0.5% in the Salary Increase Rate	1%	12.69
0.5% increase in the Pensions Increase Rate (CPI)	8%	106.98

The sensitivities regarding the Police Pension Scheme current service costs are set out below:

Change in financial and demographic assumptions	Approximate percentage increase to Projected Current Service Cost	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	21%	4.58
1 year increase in member life expectancy	3%	0.67
0.5% in the Salary Increase Rate	<1%	0.03
0.5% increase in the Pensions Increase Rate (CPI)	10%	2.29

The sensitivities regarding the principal assumptions used to measure the liabilities in the Local Government Pension Scheme are set out below.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	220,376	225,370	230,481
Projected Service Cost	13,195	13,576	13,967
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	226,021	225,370	224,725
Projected Service Cost	13,584	13,576	13,569
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	229,795	225,370	221,044
Projected Service Cost	13,964	13,576	13,198
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	234,956	225,370	216,179
Projected Service Cost	14,198	13,576	12,978

3.2. Other Areas of Estimation Uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment £51,718k	Valuations are provided at a specific date. Market conditions can change at short notice.	The last year has seen a 5% increase in the PPE figures. Much of this is due to the spend on the G4S finance leases.
Collection fund balances £615k	Estimates have been used to show the proportion of income due to the PCC for council tax, but held by the district councils in their collection fund account. Some councils have estimated their year-end surplus and the associated Balance Sheet figures, but have had to do so several months before the collection fund accounts are prepared.	There is no impact on the General Fund Balance. The surplus in the Comprehensive Income and Expenditure Statement and the associated Balance Sheet figures could vary.
Accumulated Absences (Group) £3,051k	The calculation is based on the balance of hours owed to or owing by each individual recorded in the Duty Management System which includes Annual Leave, Time Off In Lieu and Rest Days in Lieu. Adjustments have been made to remove negative balances and reduce high carry forward balances that significantly exceed policy. Annual Leave is restricted to 5 days, as per policy. The hourly rate used is based on the average pay from the March payroll files.	Actual balances have since been calculated for approved carry forward and the figures are not materially different to the estimates, therefore no adjustments have been made.

4. Expenditure and Funding Analysis

2020/21				Note	Group	2021/22			
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000			Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
(1,413)	458	662	(293)		Police and Crime Commissioner	(4,707)	1,261	(25)	(3,471)
-	(15,189)	-	(15,189)		Chief Constable	-	(1,525)	-	(1,525)
-	-	-	-		Joint Services	-	-	-	-
(1,413)	(14,731)	662	(15,482)		Cost of Services	(4,707)	(264)	(25)	(4,996)
608	-	-	608	8	Other Operating Expenditure	4,192	-	-	4,192
-	32,279	-	32,279	9	Financing and Investment Income and Expenditure	-	34,783	-	34,783
(1,133)	-	454	(679)	10	Taxation and Non-Specific Grant Income	(1,544)	-	(487)	(2,031)
(1,938)	17,548	1,116	16,726		Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit	(2,059)	34,519	(512)	31,948

2020/21				PCC		2021/22			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	Note	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	
£000	£000	£000	£000		£000	£000	£000	£000	
(1,413)	458	662	(293)		(4,707)	1,261	(25)	(3,471)	
-	-	-	-		-	-	-	-	
(1,413)	458	662	(293)		(4,707)	1,261	(25)	(3,471)	
608	-	-	608	8	4,192	-	-	4,192	
-	299	-	299	9	-	422	-	422	
(1,133)	-	454	(679)	10	(1,544)	-	(487)	(2,031)	
(1,938)	757	1,116	(65)		(2,059)	1,683	(512)	(888)	

4.1. Adjustments for Capital Purposes

Adjustments for Capital Purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets;
- Financing and Investment Income and Expenditure - the statutory charges for capital financing, i.e. Minimum Revenue Provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices;
- Taxation and Non-Specific Grant Income and Expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

4.2. Net Change for the Pensions Adjustments

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

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

4.3. Other Differences

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- For Financing and Investment Income and Expenditure the other differences recognizes adjustments to the General Fund for the timing differences for premiums and discounts;

- The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

5. Expenditure Analysed by Nature

2020/21 £000	Group Expenditure and Income	2021/22 £000
	Expenditure	
54,730	Police Pay and Allowances	56,624
22,479	Police Staff Pay and Allowances	27,079
1,327	Other Employee Expenses	1,644
1,538	Police Pensions	1,456
21,679	Pension costs inc IAS19	30,532
3,140	Premises	2,991
1,302	Transport	1,465
13,680	Supplies and Services	16,985
23,342	Third Party Payments	17,581
1,019	Capital Financing	1,154
4,826	Depreciation and amortisation	4,714
931	Losses on the disposal of assets	4,327
867	Precepts and levies	955
622	Seconded Officers	671
34,122	Interest and investment expenditure	36,800
185,603	Total expenditure	204,978
	Income	
(11,212)	Fees, charges and other service income	(10,581)
(5,680)	Other Grant Income	(9,646)
(612)	Seconded Officers	(658)
(321)	Proceeds from the disposal of assets	(139)
(38)	Interest and investment income	(23)
(58,699)	Income from council tax	(62,978)
(96,779)	Government grants and contributions	(97,846)
(173,341)	Total income	(181,871)
12,262	(Surplus) or Deficit on the Provision of Services	23,108

2020/21 £000	PCC Expenditure and Income	2021/22 £000
	Expenditure	
-	Police Pay and Allowances	-
3,197	Police Staff Pay and Allowances	4,709
72	Other Employee Expenses	8
23	Premises	17
183	Transport	45
1,240	Supplies and Services	2,613
22,411	Third Party Payments	16,631
1,019	Capital Financing	1,154
4,826	Depreciation and amortisation	4,714
931	Losses on the disposal of assets	4,327
2,142	Interest and investment expenditure	2,439
123,413	Intra Group financing	126,101
159,455	Total expenditure	162,758
	Income	
(3,693)	Fees, charges and other service income	(2,497)
(4,455)	Other Grant Income	(9,003)
(321)	Proceeds from the disposal of assets	(139)
(38)	Interest and investment income	(23)
(58,699)	Income from council tax	(62,978)
(96,779)	Government grants and contributions	(97,846)
(163,985)	Total income	(172,486)
(4,530)	(Surplus) or Deficit on the Provision of Services	(9,728)

6. Adjustments Between Accounting Basis and Funding Basis Under Regulations

Adjustments are made to the total comprehensive income and expenditure recognised by both the PCC Group and the PCC in the year in accordance with accounting practice.

The following set out a description of the reserves that the adjustments are made against.

6.1. General Fund Balance

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

6.2. Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

6.3. Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects, for which the PCC has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2020/21 Adjustment between Accounting Basis and Funding Basis

2020/21 Group	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	17,548	-	-	(17,548)
Council tax (transferred to or from Collection Fund)	454	-	-	(454)
Unused Leave (transferred to the Accumulated Absences Reserve)	662	-	-	(662)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	5,623	-	-	(5,623)
Total Adjustments to Revenue Resources	24,287	-	-	(24,287)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(315)	315	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,858)	-	-	5,858
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,400)	-	-	1,400
Total Adjustments between Revenue and Capital Resources	(7,573)	315	-	7,258
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(315)	-	315
Application of capital grants to finance capital expenditure	12	-	(12)	-
Total Adjustments to Capital Resources	12	(315)	(12)	315
Total Adjustments	16,726	-	(12)	(16,714)

2020/21 PCC	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	757	-	-	(757)
Council tax (transferred to or from Collection Fund)	454	-	-	(454)
Unused Leave (transferred to the Accumulated Absences Reserve)	662	-	-	(662)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	5,623	-	-	(5,623)
Total Adjustments to Revenue Resources	7,496	-	-	(7,496)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(315)	315	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,858)	-	-	5,858
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,400)	-	-	1,400
Total Adjustments between Revenue and Capital Resources	(7,573)	315	-	7,258
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(315)	-	315
Application of capital grants to finance capital expenditure	12	-	(12)	-
Total Adjustments to Capital Resources	12	(315)	(12)	315
Total Adjustments	(65)	-	(12)	77

2021/22 Adjustment between Accounting Basis and Funding Basis

2021/22 Group	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	34,519	-	-	(34,519)
Council tax (transferred to or from Collection Fund)	(487)	-	-	487
Unused Leave (transferred to the Accumulated Absences Reserve)	(25)	-	-	25
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	8,836	-	-	(8,836)
Total Adjustments to Revenue Resources	42,843	-	-	(42,843)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(132)	132	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(10,102)	-	-	10,102
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(473)	-	-	473
Total Adjustments between Revenue and Capital Resources	(10,707)	132	-	10,575
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(132)	-	132
Application of capital grants to finance capital expenditure	(188)	-	188	-
Total Adjustments to Capital Resources	(188)	(132)	188	132
Total Adjustments	31,948	-	188	(32,136)

2021/22 PCC	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	1,683	-	-	(1,683)
Council tax (transferred to or from Collection Fund)	(487)	-	-	487
Unused Leave (transferred to the Accumulated Absences Reserve)	(25)	-	-	25
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	8,836	-	-	(8,836)
Total Adjustments to Revenue Resources	10,007	-	-	(10,007)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(132)	132	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(10,102)	-	-	10,102
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(473)	-	-	473
Total Adjustments between Revenue and Capital Resources	(10,707)	132	-	10,575
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(132)	-	132
Application of capital grants to finance capital expenditure	(188)	-	188	-
Total Adjustments to Capital Resources	(188)	(132)	188	132
Total Adjustments	(888)	-	188	700

7. Transfers Between Earmarked Reserves

Group / PCC	Balance at 31 March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Transfer Between Reserves 2020/21 £000	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Transfer Between Reserves 2021/22 £000	Balance at 31 March 2022 £000
Major Incidents	1,850				1,850	-	-	-	1,850
Insurance	1,000				1,000	-	-	-	1,000
Proceeds of Crime Act	397	(71)	8		334	-	479	(500)	313
Employee Welfare	52			(52)	-				-
Development and Partnership Working	823		71		894	(112)	36	-	818
Victims Major Incidents	269				269				269
Partner Agency Funding	106	(17)			89	(8)	-	-	81
Performance and Productivity	924	(345)	384	151	1,114	(165)	-	-	949
Body Worn Cameras	76				76	(76)	-	-	-
Strategic Partnership	20				20	-	-	(20)	-
Regional NICHE Innovation Funds	339	(30)	97		406	(248)	-	-	158
Capital Financing Reserve	1,000				1,000	-	1,100	-	2,100
Ill Health Pension Reserve	375		112		487	-	252	-	739
Staffing (Risk Mitigation)	100				100				100
PCC Regional Staffing	26		23		49	(24)	1	-	26
ARV Grant Notts	257	(68)			189	(189)	-	-	-
Specific Grant for Specialist Ongoing Operations	394	(122)	993	(1,265)	-				-
Domestic Abuse PIF Grant	50	(50)	43		43	-	-	-	43
Police Officer Bank Holiday Overtime	389	(95)			294	(294)	250	-	250
EMOPSS Disaggregation Risk	151			(151)	-				-
EMSOU Collaboration Risk	12			(12)	-				-
West Division Football	25		15		40	-	-	-	40
Forensic Services	100			(100)	-				-
Mini Police Income	46				46	(10)	-	-	36
Regional Underspend	279			(279)	-				-
Home Office ICT Recharges	122	(122)			-				-
Operation Forge	60			(60)	-				-
South Park Bandwidth	32			(32)	-				-
Crime Review Building Works	100	(12)			88	-	-	-	88
Income Pressures	400			(400)	-				-
Violence and Vulnerability Fund	2,106	(1,237)	1,455		2,324	-	13	766	3,103
Blue Light Collaboration	3			(3)	-				-
Excellence in Police Finance	30	(30)		40	40	(20)	-	-	20
Earmarked non-recurrent funding for use in 2021/22	-		167		167	-	-	(167)	-
Funding of fixed term staff posts 21/22	-		492		492	(73)	-	(419)	-
Airwave Boosters	-		40		40	(40)	-	-	-
Complaints Handling	-		20		20	-	-	-	20
Operation Priorities (was Special Grant Reserve)	-		1,171		1,171	(119)	5,571	-	6,623
ICT WIFI Installations	-		50		50	(50)	50	-	50
Central Operations Tasers	-		53		53	(53)	-	-	-
Chief Constable Carry Forward	-		99		99	(62)	540	(37)	540
PCC & Joint Services Carry Forward	-		394		394	(352)	18	(42)	18
Non Recurrent Fixed Term Posts >21/22	-		481		481	-	-	-	481
Victim Services DA Funding	-		28		28	(28)	-	-	-
National Police Air Support	-				-	-	230	-	230
Equality and Diversity Team	-				-	-	-	419	419
Transitional Costs	-				-	-	250	-	250
Inflationary Pressures	-				-	-	500	-	500
ICT minor equipment budget - new starters	-				-	-	100	-	100
ICT minor equipment budget - replacements	-				-	-	50	-	50
Commanders discretionary budgets	-				-	-	200	-	200
Chief Constable Contingency	-				-	-	400	-	400
PUP Grant & East Coast C/fwd	-				-	-	798	-	798
Subtotal	11,913	(2,199)	6,196	(2,163)	13,747	(1,923)	10,838	-	22,662
Regional Reserve	527	(17)			510	(75)			435
Total	12,440	(2,216)	6,196	(2,163)	14,257	(1,998)	10,838	-	23,096
Net transfers (to)/from Earmarked Reserves	3,212		3,980	(2,163)	1,817		8,840	-	8,840

Descriptions of the Earmarked Reserves

Earmarked Reserves - Group / PCC Balance at 31 March 2022	£000	Description of Reserve
Major Incidents	1,850	The requirements of operational policing vary significantly from year to year. The reserve ensures that the PCC Group has funds available to respond to the requirements of major incidents.
Insurance	1,000	To support the costs of on-going claims and for future unforeseen claims which have not yet arisen and for which revenue provision is insufficient.
Proceeds of Crime	313	The police share of assets recovered from the proceeds of crime is reserved for funding local crime reduction initiatives to benefit the community.
Development and Partnership Working	818	Reserve to be used for development and initiatives held by the OPCC.
Victims Major Incidents	269	Fund set aside towards funding victim support for those affected by Major Incidents.
Partner Agency Funding	81	Reserve for funding received from NHS (custody transformation) and LCJB.
Performance and Productivity	949	Reserve to fund business change and efficiency projects.
Innovation Funding (NICHE)	158	Balance of funding required to fund final part of Innovation R2 (£35k) plus amount to distribute back to other Forces.
Capital Financing Reserve	2,100	Reserve allocation set aside to fund future capital programme items.
Ill Health	739	Reserve to ensure Force can meet the cost of potential Ill Health retirements.
Staffing	100	To provide for potential base budget shortfalls in the event the vacancy factor isn't met.
PCC Regional Collaboration Staffing	26	Surplus from past financial years to be used in 2021/22.
Domestic Abuse PIF Grant	43	Balance of funding to cover contribution to project in future accounting periods.
Police Officer Bank Holiday Overtime	250	To smooth out the effect of certain years having more bank holidays than others.
West Division Football	40	Income generated through prosecuting offenders arrested at LCFC matches. Income will be used to offset potential initiatives during 2021/2022.
Mini Police Income	36	Ring fence of underspend from 2019/20.
Crime Review Building works	88	With a change to the Crime department it is likely building alterations will be required.
Violence & Vulnerability Fund	3,103	Fund for innovation and service development, bids to be made
Excellence in Police Finance	20	To develop and improve financial management within the organisation through the CIPFA Finance Excellence in Policing programme.
Complaints Handling	20	Risk mitigation for PCC when handling complaints.
Recurrent & Non Recurrent Funding for expenditure in 2021/22	6,623	Ringfence of non-recurrent funding for use in future years.
ICT WIFI Installations	50	Expenditure did not occur in 2020/21 but is planned for 2021/22.
Chief Constable Carry Forward to 21/22	540	Various small items of carry forward due to expenditure being delayed in to 2021/22.
PCC & Joint Services Carry Forward to 21/22	18	Various small items of carry forward due to expenditure being delayed in to 2021/22.
Non Recurrent Fixed Term Posts >21/22	481	Ringfence of non-recurrent funding for use in future years on staff posts.
National Police Air Support	230	Risk mitigation for potential rises in air support usage and cost
Equality and Diversity Team	419	Funding for year one of the new staffing role
Transitional Costs	250	Potential exit costs arising on strategic partnership termination
Inflationary Pressures	500	Risk based reserve to cover unforeseen cost of living crisis
ICT minor equipment budget - new starters	100	Allocation to increase 2022/23 ICT budget
ICT minor equipment budget - replacements	50	Allocation to increase 2022/23 ICT budget
Commanders discretionary budgets	200	4 x £50k allocation for the Chief Superintendents 2022/23
Chief Constable Contingency	400	Contingency allocation for 2022/23
PUP Grant & East Coast C/fwd	798	Grant funding to use in future accounting periods
Sub-Total	22,662	
Regional Reserve	435	Reserves from surplus of funding relating to regional expenditure.
Total	23,096	

8. Other Operating Expenditure

2020/21			Group	2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
931	(321)	610	(Gains) or Losses on the Disposal of Property, Plant and Equipment	4,327	(139)	4,188
867		867	Levies	955		955
622	(612)	10	Seconded Officers	671	(658)	13
2,420	(933)	1,487		5,953	(797)	5,156

2020/21			PCC	2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
931	(321)	610	(Gains) or Losses on the Disposal of Property, Plant and Equipment	4,327	(139)	4,188
931	(321)	610		4,327	(139)	4,188

Levies are the Chief Constable's contributions towards national police computing systems provided by the Home Office.

9. Finance and Investment Income and Expenditure

2020/21			Group	2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
873	-	873	Interest Payable on Debt	837	-	837
971	-	971	Interest Element of Finance Lease (Lessee)	1,180	-	1,180
32,279	-	32,279	Pensions Interest Cost and Expected Return on Pensions Assets	34,783	-	34,783
-	(38)	(38)	Investment Interest Income	-	(23)	(23)
34,123	(38)	34,085		36,800	(23)	36,777

2020/21			PCC	2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
873	-	873	Interest Payable on Debt	837	-	837
971	-	971	Interest Element of Finance Lease (Lessee)	1,180	-	1,180
299	-	299	Pensions Interest Cost and Expected Return on Pensions Assets	422	-	422
-	(38)	(38)	Investment Interest Income	-	(23)	(23)
2,143	(38)	2,105		2,439	(23)	2,416

10. Taxation and Non-Specific Grant Income

2020/21			Group / PCC	2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
-	(58,699)	(58,699)	Council Tax Income	-	(62,978)	(62,978)
-	(63,547)	(63,547)	General Government Grants	-	(67,553)	(67,553)
-	(5,775)	(5,775)	Council Tax Support Grant	-	(5,775)	(5,775)
-	(1,059)	(1,059)	Council Tax Freeze Grant	-	(1,059)	(1,059)
-	(25,264)	(25,264)	Home Office Grant Payable towards the Cost of Retirement Benefits	-	(21,914)	(21,914)
-	(1,079)	(1,079)	Recognised Capital Grants and Contributions	-	(1,497)	(1,497)
-	(56)	(56)	Regional Capital Grant	-	(47)	(47)
-	(155,479)	(155,479)		-	(160,824)	(160,824)

11. Grant Income

The PCC Group credited the following grants to the Comprehensive Income and Expenditure Statement:

Group / PCC	2020/21 £000	2021/22 £000
Credited to Taxation and Non Specific Grant Income		
Central Government:		
Police Grant	(63,547)	(67,553)
Home Office Pension Grant	(25,264)	(21,914)
Capital Grants and Contributions	(1,079)	(1,497)
Council Tax Support Grant	(5,775)	(5,775)
Council Tax Freeze Grant	(1,059)	(1,059)
Regional Capital Grant	(56)	(47)
Total	(96,780)	(97,845)

Group / PCC	2020/21 £000	2021/22 £000
Credited to Services		
Other Grant Income		
Special Grant	(1,475)	(5,483)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Armed Response Vehicle (ARV) Grant	(490)	-
Other Home Office Grants	(970)	-
Home Office PUP Grant	(1,398)	(899)
Apprenticeship Levy Grant	(38)	(68)
COVID Support Grant	(250)	-
Op TALLA (COVID-19 Response)	(160)	-
Safer Streets Grant	(169)	-
Victim Services Grant	(152)	(1,270)
Regional External Grant	(575)	(643)
Other Grants	-	(108)
Total	(6,852)	(9,646)

PCC	2020/21	2021/22
	£000	£000
Credited to Services		
Other Grant Income		
Special Grant	(1,475)	(5,483)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Police Transformation Fund - Domestic Abuse Grant	-	-
Other Home Office Grants	(970)	-
Home Office PUP Grant	(1,398)	(899)
Apprenticeship Levy Grant	(38)	(68)
COVID Support Grant	(250)	-
Safer Streets Grant	(169)	-
Victim Services Grant	(152)	(1,270)
Other Grants	-	(108)
Total	(5,627)	(9,003)

Where the Group has received grants with conditions attached that it has not met at year end, these have yet to be recognised as income.

Group / PCC	2020/21	2021/22
	£000	£000
Revenue Grants Receipts in Advance <1 year		
Home Office Special Grant	(201)	(5)
Total	(201)	(5)

12. Intra-Group Financing

An annual intra-group transfer of funds is made by the PCC to the Chief Constable. This intra-group transfer will equal the income requirement for the Chief Constable.

13. Property Plant and Equipment

Movements and closing balances in 2020/21 Group / PCC	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation					
Balance at 31 March 2020 carried forward	36,599	33,781	1,756	2,270	74,406
Additions	2,654	2,220	-	1,281	6,155
Asset Additions Leased	71	138	-	392	601
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve including Leased Assets	(637)	-	-	-	(637)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,000)	-	-	-	(1,000)
Derecognition - Disposals	-	(13,406)	-	-	(13,406)
Derecognition - Leased assets	-	(138)	-	(392)	(530)
Assets reclassified to/from Surplus Assets	250	-	(250)	-	-
Assets reclassified to/from Assets Under Construction including Leased Assets	18	171	-	(189)	-
At 31 March 2021	37,955	22,766	1,506	3,362	65,589
Depreciation and Impairment					
Balance at 31 March 2020 carried forward	18	(27,155)	-	-	(27,137)
Depreciation written out through the revaluation reserve	1,493	-	84	-	1,577
Derecognition - Disposals	-	13,404	-	-	13,404
Revaluation increases/(decreases) recognised in CIES	-	-	-	-	-
Depreciation charge in year	(1,513)	(2,447)	(84)	-	(4,044)
At 31 March 2021	(2)	(16,198)	-	-	(16,200)
Net Book Value:					
At 31 March 2021	37,953	6,568	1,506	3,362	49,389
At 31 March 2020	36,617	6,626	-	2,270	47,269

A combination of Level 1 and 2 inputs have been adopted in arriving at the opinions of the Fair Values of the PCC's Surplus Assets by the Valuers. Fair Values are explained in the Accounting Policies in section 1.35.

Movements and closing balances in 2021/22 Group / PCC	Land and Buildings £000	Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation					
Balance at 31 March 2021 carried forward	37,955	22,766	1,506	3,362	65,589
Additions	822	4,604	-	1,332	6,758
Asset Additions Leased	37	3,600	-	587	4,224
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve including Leased Assets	614	-	-	-	614
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,154)	-	-	-	(1,154)
Derecognition - Disposals	(42)	(1,564)	-	-	(1,606)
Derecognition - Leased assets	-	(3,600)	-	(587)	(4,187)
Assets reclassified to/from Surplus Assets	-	-	-	-	-
Assets reclassified to/from Assets Held For Sale	-	-	(1,375)	-	(1,375)
Assets reclassified to/from Assets Under Construction	224	823	-	(1,047)	-
At 31 March 2022	38,456	26,629	131	3,647	68,863
Depreciation and Impairment					
Balance at 31 March 2021 carried forward	(2)	(16,198)	-	-	(16,200)
Depreciation written out through the revaluation reserve	1,739	-	-	-	1,739
Derecognition - Disposals	-	1,468	-	-	1,468
Revaluation increases/(decreases) recognised in CIES	-	-	-	-	-
Depreciation charge in year	(1,759)	(2,262)	(131)	-	(4,152)
At 31 March 2022	(22)	(16,992)	(131)	-	(17,145)
Net Book Value:					
At 31 March 2022	38,434	9,637	-	3,647	51,718
At 31 March 2021	37,953	6,568	-	3,362	49,389

13.1. Major Non-Current Assets

Analysis of the numbers of major non-current assets:

Group / PCC	2020/21 (Numbers)	2021/22 (Numbers)
Force Headquarters	1	1
Police Stations	36	36
Former Lincoln Police Station (Surplus Asset 20/21)	1	-
Former Lincoln Police Station (now Asset Held For Sale)	-	1
Sexual Assault Referral Centre	1	1
Major Aerial sites	3	3
Vehicles	501	440
Police Dog Training Establishment	1	1
Bluelight South Park Campus	1	1
East Coast Training Centre	1	1

N.B. Excludes share of regional buildings as these are not on the PCC's Fixed Asset Register

14. Valuation of Non-Current Assets

Land and buildings have been revalued, on the basis described in Note 1, and in accordance with the principles of the Accounting Code of Practice, as at the 1 April 2021 by Chartered Surveyors Align Property Partners who are RICS Registered Valuers and independent of the PCC. It should be noted that a separate valuation was commissioned for the Blue Light Campus by Kier Specialist Services for leasing purposes.

The next desktop review which will be as at 1 April 2022 will take place at the end of January 2023.

15. Intangible Assets

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

Group / PCC	2020/21 £000	2021/22 £000
Balance at start of year:		
Gross carrying amounts	6,170	6,367
Accumulated amortisation	(4,050)	(4,831)
Net carrying amount at start of year	2,120	1,536
Amortisation for the period	(781)	(562)
Additions:		
Purchases	197	3
Additions leased	198	-
Reclassified to Finance Leases:		
Disposals	(198)	-
Net carrying amount at end of year	1,536	977
Comprising:		
Gross carrying amounts	6,367	6,370
Accumulated amortisation	(4,831)	(5,393)
	1,536	977

The PCC has no internally generated assets. All other assets have finite useful lives of 8 years and are amortised on a straight line basis. The amortisation of £562k charged to revenue in the year was charged to the capital financing cost centre and then absorbed as an overhead by the PCC in the Cost of Services.

16. Capital Commitments

Within the approved capital programme of £8.439m for 2022/23, the following commitments exist from the 2021/22 programme:

- There were several building projects which commenced in 2021/22 but failed to compete. The most notable scheme was the Holbeach Refurbishment. Costs in 21/22 totalled approx. £380k but £40k is to be carried forward to ensure the final works can complete. Initial work started on the windows and ceilings at Skegness late in the financial year with costs of just £50k in year. The commitment remains to complete this project with £229k of budget to be carried forward in to 2022/23. There is a further £227k of carry forward, however, in terms of actual committed expenditure just £29k of Armoury upgrades is reportable
- There was £1,438k of carry forward on Tech Futures projects. However there was only one actual commitment made at 31st March 2022 to improve the Wi-Fi points throughout the estate of £190k. The remaining carry forward is for projects on the horizon but as yet have not commenced. The delays incurred relate to many local and national factors
- There is a commitment to continue the £2,292k command and control project with completion expected in the short term
- Due to delivery issues the vehicles programme suffered long delays in lead time. This has seen a commitment made for £1,199k with delivery anticipated during 2022/23

17. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is

financed in future years by charges to revenue, the expenditure results in an increase in Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the PCC that has yet to be financed. The CFR is analysed in the second part of this note.

Group / PCC	2020/21 £000	2021/22 £000
Opening Capital Financing requirement	43,582	42,017
Capital Investment		
Land and Buildings	2,725	859
Plant and Equipment	2,220	4,604
Assets Under Construction	1,281	1,332
Intangible Assets	197	3
G4S Leased Assets	728	4,187
Sources of Finance		
Capital Receipts	(313)	(132)
Government Grants and other Contributions	(1,145)	(1,356)
Direct Revenue Financing	(1,400)	(473)
Minimum Revenue Provision	(2,467)	(2,524)
Revenue Provision	(3,391)	(7,578)
Closing Capital Financing Requirement	42,017	40,939
Explanation of Movements in Year		
Assets acquired under finance leases	728	4,187
Increase / (decrease) in underlying need to borrow	(2,293)	(5,265)
Increase/(decrease) in Capital Financing Requirement	(1,565)	(1,078)

18. Finance Leases

18.1. PCC as Lessee - Finance Leases

Net Carrying Amount - Group / PCC	2020/21 £000	2021/22 £000
Land and Buildings	13,912	14,743
Vehicles, Plant, Furniture and Equipment	6,004	8,746
	19,916	23,489

Minimum Lease Payments - Group / PCC	2020/21 £000	2021/22 £000
Not later than one year	3,391	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	3,391	-

The PCC Group has a Police dog training establishment with kennels and a radio mast under a 99-year finance lease. The asset acquired under this lease is carried as Property, Plant and Equipment in the Balance Sheet, and as Land and Buildings in the table below. There is no corresponding liability to recognise as the PCC paid the full costs of constructing the premises at the inception of the lease. If demanded the annual rent is one peppercorn per annum, so there are no minimum lease payments to disclose.

As part of the strategic partnership with G4S, ICT and furniture assets were transferred to G4S in 2012/13. Under IFRIC 4 there was a finance lease for these assets and additional

assets. The associated minimum lease payments shown above are now nil having reached the end of the contract in March 2022. There are no contingent rents or sublease payments.

In November 2019, the PCC Group moved into the Blue Light Campus, Lincoln's new joint fire, police and ambulance station on South Park, occupied through a 70-year finance lease with Lincolnshire County Council. This asset is classed as Property, Plant and Equipment in the Balance Sheet as a finance lease at a value of £14.5m. There is no corresponding lease liability to recognise as the PCC Group paid a contribution prior to the inception of the lease. Any revaluation amount has been credited to the revaluation reserve. If demanded the annual rent is one peppercorn per annum.

The assets are carried in the PCC Group asset register and are subject to depreciation.

18.2. PCC as Lessee - Operating Leases

The PCC has acquired a number of assets by entering into operating leases, typically on a short-term basis. The future minimum lease payments due under non-cancellable leases in future years are:

Group / PCC	2020/21 £000	2021/22 £000
Not later than one year	38	29
Later than one year and not later than five years	97	85
Later than five years	-	-
	135	114

The expenditure charged against the cost of services section of the Comprehensive Income and Expenditure Statement during the year in relation to leases was:

Group / PCC	2020/21 £000	2021/22 £000
Minimum lease payments	55	53
	55	53

The PCC Group has additional licenses to occupy premises on a peppercorn rent basis, which are cancellable by either party at between 1 and 3 months' notice. These premises are typically utilised by Neighbourhood Police Teams. No payments are made for these licenses and as such no value is recorded in the tables above in relation to them.

18.3. PCC as Lessor - Operating Leases

The PCC leases out office accommodation and space on radio masts under operating leases for the following purposes:

- Office accommodation for the provision of probation services;
- Office accommodation for the provision of UK immigration services;
- Office Accommodation for the provision of the Police Federation services;
- Space on radio masts for telecommunication services.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Group / PCC	2020/21 £000	2021/22 £000
Not later than one year	98	58
Later than one year and not later than five years	283	241
Later than five years	34	586
	415	885

Lincolnshire Fire and Rescue occupied 8.32% of the shared Headquarters site. The annual rental cost is on a peppercorn basis.

A service charge of £64.6k was levied to facilitate Lincolnshire Police recovering expenditure incurred on items such as rates and utilities. In accordance with guidance, this service charge is not included in the above table as service charges are excluded from minimum lease payments.

19. Assets Held for Sale

Group / PCC	2020/21 £000
Cost or Valuation	
Balance at 31 March 2020 carried forward	250
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve	(39)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(19)
Derecognition - Disposals	(192)
Assets reclassified to Assets Held for Sale from PPE	-
At 31 March 2021	-
Depreciation and Impairment	
Balance at 31 March 2020 carried forward	-
Depreciation written out through the revaluation reserve (prior to reclassification)	-
Revaluation increases/(decreases) recognised in CIES	-
Derecognition - Disposals	-
Depreciation charge in year	-
At 31 March 2021	-
Net Book Value:	
At 31 March 2021	-
At 31 March 2020	250

Group / PCC	2021/22 £000
Cost or Valuation	
Balance at 31 March 2021 carried forward	-
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve	-
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Derecognition - Disposals	-
Assets reclassified to Assets Held for Sale from PPE	1,375
At 31 March 2022	1,375
Depreciation and Impairment	
Balance at 31 March 2021 carried forward	-
Depreciation written out through the revaluation reserve (prior to reclassification)	131
Revaluation increases/(decreases) recognised in CIES	-
Derecognition - Disposals	-
Depreciation charge in year	-
At 31 March 2022	131
Net Book Value:	
At 31 March 2022	1,506
At 31 March 2021	-

20. Inventories

Group / PCC	Uniform and Equipment		Diesel		Fleet Maintenance		Other		Total	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Balance at Start of Year	260	243	140	105	53	40	1	1	454	389
Purchases	119	165	433	532	104	111	5	3	661	811
Recognised as an Expense in the year	(136)	(183)	(468)	(507)	(117)	(109)	(5)	(3)	(726)	(802)
Balance at End of Year	243	225	105	130	40	42	1	1	389	398

A uniform and equipment stocktake was undertaken in March 2022 and an adjustment made for £6k in respect of obsolete stock written off and £1k for the stock take itself.

21. Debtors

2020/21			Group / PCC			2021/22		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000				Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
Amounts falling due within one year:								
1,083	68	1,151	Trade Receivables			653	60	713
1,888	227	2,115	Accrued Income			3,959	501	4,460
2,917	-	2,917	Local Taxation Receivable			3,725	-	3,725
816	-	816	VAT Claim Receivable			1,062	-	1,062
6,428	-	6,428	Home Office Retirement Benefits Grant Receivable			3,011	-	3,011
18	1,176	1,194	Prepayments and Other Receivable Amounts			26	1,861	1,887
13,151	1,471	14,622	Total Debtors falling due within one year			12,436	2,422	14,858

2020/21	Group / PCC	2021/22
Other Entities and Individuals £000		Other Entities and Individuals £000
Amounts falling due after one year:		
25	Long Term Debtors	24
25	Total Debtors falling due after one year	24

22. Cash and Cash Equivalents

Group / PCC	2020/21 £000	2021/22 £000
Cash Held by the PCC	23	20
Bank Current Accounts	188	956
Insurance Imprest Account	27	12
Confiscated Account	(202)	(198)
Short-term Deposits	8,870	13,425
Total Cash and Cash Equivalents	8,906	14,216

Any cash confiscated as part of police operations is paid into and held in the bank current account until a later date when it is decided by the court whether it should be paid back to the individual from whom it was confiscated, or paid over to the Home Office as a result of criminal activity.

23. Creditors

Other entities and individuals include supplies and services, pay accruals, receipts in advance, other creditors and employee benefits. Employee benefits are the theoretical value of annual leave or time owed to staff at the Balance Sheet date.

2020/21			Group / PCC	2021/22		
Local/Central Government Bodies	Other Entities and Individuals	Total		Local/Central Government Bodies	Other Entities and Individuals	Total
£000	£000	£000		£000	£000	£000
(43)	(658)	(701)	Trade Payables	(321)	(569)	(890)
(1,258)	(3,956)	(5,214)	Accruals and Receipts in Advance	(2,100)	(2,584)	(4,684)
(2,229)	(3,417)	(5,646)	Police and Police Staff Pay Creditors	(2,148)	(3,434)	(5,582)
(2,790)	-	(2,790)	Local Taxation Payable	(3,110)	-	(3,110)
-	(130)	(130)	Other Amounts Payable	-	(223)	(223)
(6,320)	(8,161)	(14,481)	Total Short-Term Creditors	(7,679)	(6,810)	(14,489)

2020/21			PCC	2021/22		
Local/Central Government Bodies	Other Entities and Individuals	Total		Local/Central Government Bodies	Other Entities and Individuals	Total
£000	£000	£000		£000	£000	£000
(43)	(658)	(701)	Trade Payables	(321)	(569)	(890)
(1,258)	(3,956)	(5,214)	Accruals and Receipts in Advance	(2,100)	(2,584)	(4,684)
(2,229)	(341)	(2,570)	Police and Police Staff Pay Creditors	(2,148)	(383)	(2,531)
(2,790)	-	(2,790)	Local Taxation Payable	(3,110)	-	(3,110)
-	(130)	(130)	Other Amounts Payable	-	(223)	(223)
-	(3,076)	(3,076)	Inter Group	-	(3,051)	(3,051)
(6,320)	(8,161)	(14,481)	Total Short-Term Creditors	(7,679)	(6,810)	(14,489)

24. Revenue provisions

The PCC Group has made provisions to meet the costs of the liabilities described below. They are classified as provisions because there is a present obligation to transfer economic benefit as a result of a past event, payment is probable and the amount can be reliably estimated.

Short Term Provisions - Group	Balance 31 March 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Unused amounts reversed in 2021/22	Balance 31 March 2022
Legal Services	(830)		330		(500)
Termination Benefits of Employment	(15)				(15)
Demand Analysis	(30)				(30)
SPOC Overtime (Source Handlers)	(90)		52		(38)
Ill Health Reserve	-				-
Source Handlers Legal Costs	(80)				(80)
Stores Provision	(16)		(7)		(23)
Fleet Liability with G4S	(50)				(50)
GMP Pension Reconciliation	(11)				(11)
Fixed Term Contract Liabilities	(191)		191		-
Total	(1,313)	-	566	-	(747)

Short Term Provisions - PCC	Balance 31 March 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Unused amounts reversed in 2021/22	Balance 31 March 2022
Legal Services	(830)	-	330	-	(500)
Demand Analysis	(30)	-	-	-	(30)
SPOC Overtime (Source Handlers)	(90)	-	52	-	(38)
Ill Health Reserve	-	-	-	-	-
Source Handlers Legal Costs	(80)	-	-	-	(80)
Stores Provision	(16)	-	(7)	-	(23)
Fleet Liability with G4S	(50)	-	-	-	(50)
GMP Pension Reconciliation	(11)	-	-	-	(11)
Fixed Term Contract Liabilities	(191)	-	191	-	-
Total	(1,298)	-	566	-	(732)

All provisions are held by the PCC except for the termination benefits of employment relating to the pension payments which are held by the Chief Constable along with the IAS19 Pension Liability.

Long Term Provisions - Group	Balance 31 March 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Unused amounts reversed in 2021/22	Balance 31 March 2022
Termination Benefits of Employment	(76)	-	1		(75)
Total	(76)	-	1	-	(75)

25. Usable Reserves

Movements in the PCC's Usable Reserves are detailed in the Movement in Reserves Statements. The PCC keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Usable Reserves - Group	Capital Grants Unapplied £000	Earmarked Reserves (PCC) £000	Earmarked Reserves (Region) £000	Earmarked Reserves Total £000	General Fund Balance £000	General Fund Balance (Region) £000	General Reserve Total £000	Total Usable Reserves £000
Balance as at 31 March 2021	-	13,746	510	14,256	5,944	34	5,979	20,234
Movements during the year								
Surplus / (Deficit) on the provision of services				-	(23,033)	(75)	(23,108)	(23,108)
Adjustments between accounting basis and funding basis under regulations	188			-	31,948		31,948	32,136
Income and Expenditure contribution		10,838	-	10,838	(10,838)	-	(10,838)	-
Used in the year		(1,923)	(75)	(1,998)	1,923	75	1,998	-
Adjustments to usable reserves		-		-	-		-	-
Total reserve movements 2021/22	188	8,915	(75)	8,840	-	-	-	9,028
Balance as at 31 March 2022	188	22,661	435	23,096	5,944	34	5,979	29,262

Usable Reserves - PCC	Capital Grants Unapplied £000	Earmarked Reserves (PCC) £000	Earmarked Reserves (Region) £000	Earmarked Reserves Total £000	General Fund Balance £000	General Fund Balance (Region) £000	General Reserve Total £000	Total Usable Reserves £000
Balance as at 31 March 2021	-	13,746	510	14,256	5,944	34	5,979	20,234
Movements during the year								
Surplus / (Deficit) on the provision of services					9,803	(75)	9,728	9,728
Adjustments between accounting basis and funding basis under regulations	188			-	(888)		(888)	(700)
Income and Expenditure contribution		10,838	-	10,838	(10,838)	-	(10,838)	-
Used in the year		(1,923)	(75)	(1,998)	1,923	75	1,998	-
Adjustments to usable reserves		-		-	-		-	-
Total reserve movements 2021/22	188	8,915	(75)	8,840	-	-	-	9,028
Balance as at 31 March 2022	188	22,661	435	23,096	5,944	34	5,979	29,262

26. Unusable Reserves

Unusable Reserves - Group	2020/21 £000	2021/22 £000
Revaluation Reserve	12,866	14,370
Capital Adjustment Account	(3,961)	(1,110)
Pensions Reserve	(1,741,362)	(1,630,664)
Collection Fund Adjustment Account	128	615
Accumulated Absences Account	(3,076)	(3,051)
Total Unusable Reserves	(1,735,405)	(1,619,840)

Unusable Reserves - PCC	2020/21 £000	2021/22 £000
Revaluation Reserve	12,866	14,370
Capital Adjustment Account	(3,961)	(1,110)
Pensions Reserve	(21,707)	(15,090)
Collection Fund Adjustment Account	128	615
Accumulated Absences Account	(3,076)	(3,051)
Total Unusable Reserves	(15,750)	(4,266)

27. Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the long-term assets held by the PCC arising from increases in value. The Reserve is also debited with amounts equal to the part of depreciation charges on assets that have been incurred only because the asset has been re-valued. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

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

2020/21 £000	Group / PCC	2021/22 £000
12,522	Balance at 1 April	12,866
1,699	Upward revaluation of Property, Plant and Equipment	2,567
(758)	Downward revaluation of Property Plant and Equipment, and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(214)
(39)	Downward revaluation of Assets Held for Sale and impairment losses not charged to the Surplus or Deficit on the Provision of Services	
-	Upward valuation of Assets Held for Sale	131
902	Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	2,484
(558)	Difference between fair value depreciation and historical cost depreciation and adjustment on revaluation reserve	(980)
(558)	Amount written off to the Capital Adjustment Account	(980)
12,866	Balance at 31 March	14,370

28. 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 or enhancement as depreciation; impairment losses and amortisation 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 PCC Group as finance for the costs of acquisition, construction and enhancement.

2020/21 £000	Group / PCC	2021/22 £000
(6,467)	Balance at 1 April	(3,961)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(4,045)	Charges for depreciation and impairment on non-current assets	(4,152)
(1,019)	Revaluation losses on Property, Plant and Equipment	(1,154)
(781)	Amortisation of intangible assets	(562)
(923)	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	(4,324)
(6,768)		(10,192)
558	Amounts written out of the Revaluation Reserve	980
(6,210)	Net written out amount of the cost of non-current assets consumed in the year	(9,212)
	Capital financing applied in the year:	
313	Use of Capital Receipts Reserve to finance new capital expenditure	132
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
1,400	Capital expenditure charged against the general fund	473
1,145	Application of capital grants and contributions to capital financing transferred to the CAA	1,356
2,858		1,961
	Items not debited or credited to the Comprehensive Income and Expenditure Statement:	
5,858	Revenue provision for the repayment of debt	10,102
5,858		10,102
(3,961)	Balance at 31 March	(1,110)

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

29. Pensions Reserve

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

2020/21 PCC £000	2020/21 Group £000		2021/22 PCC £000	2021/22 Group £000
(13,629)	(1,416,103)	Balance at 1 April	(21,707)	(1,741,362)
(7,323)	(307,711)	Actuarial gains or losses on pensions assets and liabilities	8,301	145,217
(2,037)	(59,578)	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	(3,115)	(78,214)
1,280	35,569	Employers contributions payable to scheme	1,432	40,683
-	-	Contributions in respect of unfunded benefits	-	-
	6,428	Employers contributions payable to schemes - Cash Top-up		3,011
	33	Other unfunded termination benefits		1
(21,707)	(1,741,362)	Balance at 31 March	(15,090)	(1,630,664)

30. Collection Fund

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

2020/21 £000	Group / PCC	2021/22 £000
582	Balance at 1 April	128
(454)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	487
128	Balance at 31 March	615
	Represented by:	
4,484	Council tax arrears	5,738
(1,566)	Impairment for doubtful debts	(2,013)
(1,309)	Council tax overpayments and prepayments	(1,821)
(1,481)	Creditors, billing authorities	(1,289)
128	Collection fund surplus / (deficit)	615

31. Accumulated Absences

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

2020/21 £000	Group / PCC	2021/22 £000
(2,414)	Balance at 1 April	(3,076)
2,414	Settlement or cancellation of accrual made at the end of the preceding year	3,076
(3,076)	Amounts accrued at the end of the current year	(3,051)
	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	25
(3,076)	Balance at 31 March	(3,051)

32. Cash Flow – Adjustments on Provision of Services for Non-Cash Movements

2020/21 £000		Cash Flow - Non Cash Movements	2021/22 £000	
PCC	Group		PCC	Group
(4,044)	(4,044)	Depreciation of Non-Current Assets	(4,152)	(4,152)
(1,019)	(1,019)	Impairment and Downward Valuations of Non-Current Assets	(1,154)	(1,154)
(10)	(10)	(Increase)/Decrease in Impairment Provisions for Bad Debts	(476)	(476)
(1,858)	(1,858)	(Increase)/Decrease in Creditors	(226)	(226)
787	787	Increase/(Decrease) in Debtors	711	711
(65)	(65)	Increase/(Decrease) in Inventories	9	9
(757)	(17,581)	Pension Liability	(1,684)	(34,520)
(922)	(922)	Carrying Amount of Non-Current Assets Sold and Assets Held for Sale	(4,325)	(4,325)
-	31	Contributions to Provisions	566	567
(8,669)	(25,462)	Non Cash Movements	(11,293)	(44,128)

33. Cash Flow – Adjustments on Provision of Services for Investing and Financing Activities

2020/21 £000	Group / PCC	2021/22 £000
	Proceeds from the Sale of Property, Plant and Equipment and Intangible Assets	
321		139
321		139

34. Cash Flow Statement – Operating Activities

2020/21 £000	Group / PCC	2021/22 £000
(38)	Interest received	(23)
1,843	Interest paid	2,017

35. Cash Flow Statement – Investing Activities

2020/21 £000	Group / PCC	2021/22 £000
6,423	Purchase of Property, Plant and Equipment and Intangible Assets	7,017
(321)	Proceeds from the Sale of Property, Plant and Equipment and Intangible Assets	(139)
6,102	Net Cash Flows from Investing Activities	6,878

36. Cash Flow Statement – Financing Activities

2020/21 £000	Group / PCC	2021/22 £000
(245)	Cash Receipts of Short and Long-Term Borrowing	-
(5)	Revenue Grant Receipts in Advance	196
3,390	Cash Payments for the Reduction of the Outstanding Liability Relating to a Finance Lease	7,577
882	Repayments of Short and Long-Term Borrowing	920
4,022	Net Cash Flow from Financing Activities	8,693

37. Joint Operations

37.1. Sexual Assault Referral Centre

The SARC is a one stop location where victims of sexual assault can receive medical care and counselling whilst at the same time having the opportunity to assist the police investigation into alleged offences. It is a joint operation between Lincolnshire Police and Lincolnshire Partnership NHS Foundation Trust, with Lincolnshire Police acting as the lead body. The financial statements include the PCC Group's share of non-current assets, primarily the purchase and refurbishment costs associated with Spring Lodge (the PCC for Lincolnshire's share is 65%). The financial statements also include the PCC's share of income £10k and revenue expenditure £92k compared to income of £10k and revenue expenditure of £98k in 2020/21 (the PCC for Lincolnshire's share is 50%).

37.2. Regional Collaboration

The East Midland Regional Collaboration consists of:

- East Midlands Special Operations Unit (EMSOU) including Regional Asset Recovery Team, Regional Review Unit, Collaboration Team, Protected Persons Unit and Technical Support Unit. The lead body is Leicestershire;
- EMSOU Major Crime. Lead body Leicestershire;
- Forensics. Lead body Derbyshire;
- Occupational Health Unit (OHU). Lead body Leicestershire;
- Emergency Services Network (ESN). Lead body Leicestershire;
- Specialist Operations Training (SOT). Lead body Leicestershire;
- East Midlands Criminal Justice Services (EMCJS). Lead body Leicestershire, Finance Lincolnshire;

- East Midlands Legal Services. Lead body Derbyshire.

As all assets, liabilities and reserves are held by the PCC; only the operational policing costs have been shown in the Chief Constable's Comprehensive Income and Expenditure Statement. The PCC's share of assets and liabilities is included in the PCC Group accounts. The transactions relating to Lincolnshire's share of a five Force collaboration is set at 13.2%, in the case of 3 Force collaborations such as SOT, Lincolnshire's share is 25.9% of revenue expenditure. For EMCJS, which is a 4 Force collaboration, Lincolnshire's share is 16.9% of revenue expenditure. These allocations from regional forces have been included in the Comprehensive Income and Expenditure Statement.

Lincolnshire's Share of Regional Balance Sheet as at 31 March 2022:

2020/21 £000	Group / PCC	2021/22 £000
1,395	Property, Plant and Equipment	1,357
8	Intangible Assets	5
-	Asset Under Construction	3
1,403	Long Term Assets	1,365
15	Payments In Advance	6
779	Cash and Cash Equivalents	590
256	Short-Term Debtors	513
1,050	Current Assets	1,109
(503)	Short-Term Creditors	(641)
(5)	Receipts In Advance	-
(92)	Employee Benefits	(84)
(600)	Current Liabilities	(725)
1,853	Net Assets	1,749
34	General Fund Balance	34
510	Earmarked Reserves	435
544	Usable Reserves	469
1,401	Capital Adjustment Account	1,364
(92)	Accumulated Absences Account	(84)
1,309	Unusable Reserves	1,280
1,853	Total Reserves	1,749

Lincolnshire's Share of Regional Comprehensive Income and Expenditure Statement:

2020/21 £000		2021/22 £000
1,594	Police Pay and Allowances	1,627
2,794	Police Staff Pay and Allowances	2,870
71	Other Employee Expenses	101
76	Premises	74
70	Transport	87
552	Supplies and Services	616
563	Agency and Contracted Services	573
167	Depreciation	226
22	Amortisation	4
5,909	Gross Operating Expenditure	6,178
(233)	Other Income	(170)
-	(Gains) or Losses on Disposal of Non Current Assets	(1)
5,676	Amount to be met from Partners	6,007
	Financed by:	
(5,060)	Contributions from Partners	(5,213)
(575)	External Grants	(643)
(56)	Capital Grants and Contributions	(47)
(15)	(Surplus) or Deficit on the Provision of Services	104
(15)	Total Comprehensive Income and Expenditure	104

38. Funded Partnerships Outside Scope of Collaborative Arrangements

Lincolnshire Road Safety Partnership (LRSP) was formed in order to reduce the number of people killed or injured on Lincolnshire's roads. LRSP is a unique multi-agency partnership that brings together road safety professionals from the Police, Lincolnshire County Council, Fire and Rescue, the NHS, the Highways Agency and the Probation Service. Roads Policing Officers provide their time as an integral part of the Partnership.

Income received in the year was £1,610k which was less than the previous year figure of £2,361k. The expenditure in year was £1,254k compared with £2,021 in 2020/21.

39. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £7,966 for the year compared to £8,000 in 2020/21. £2,064 of the amount paid to members is charged to the PCC based on the percentage split used for allocating finance joint services costs (26%).

40. Senior Officers

Remuneration includes all sums paid to or receivable by an employee. Pension contributions payable by the employee are excluded.

The Accounting Code of Practice requires detailed disclosure for specific senior officers. These are disclosed in the tables below.

2020/21 details

2020/21 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits received in role £	Car benefits receivable in the role £	Other benefits receivable in the role £	Total remuneration excluding pension contributions 2020/21 £	Employer's pension contribution £	Total remuneration including pension contributions 2020/21 £
Police and Crime Commissioner		66,300	-	-	-	66,300	10,807	77,107
Office of the Police and Crime Commissioner								
Chief Executive		106,139	-	1,239	-	107,378	17,301	124,679
Chief Finance Officer		78,191	-	1,239	-	79,430	12,745	92,175
Police Officers								
Bill Skelly (Chief Constable)	Finished Dec 20	122,744	-	-	-	122,744	-	122,744
Chris Haward (Chief Constable)	Started Dec 20	46,871	-	2,027	-	48,898	14,232	63,130
Deputy Chief Constable		123,785	-	6,360	-	130,145	37,628	167,773
Assistant Chief Constable		118,481	-	5,605	-	124,086	35,984	160,070
Police Staff of the Chief Constable								
Chief Finance Officer		85,709	-	-	-	85,709	13,970	99,679
Assistant Chief Officer (Resources)		118,043	7,133	5,605	-	130,781	19,235	150,016

2021/22 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits received in role £	Car benefits receivable in the role £	Compensation for loss of office £	Total remuneration excluding pension contributions 2020/21 £	Employer's pension contribution £	Total remuneration including pension contributions 2020/21 £
Police and Crime Commissioner		66,300	-		-	66,300	10,807	77,107
Office of the Police and Crime Commissioner								
Chief Executive		107,229	-	1,239	-	108,468	17,478	125,946
Chief Finance Officer		78,994	-	1,239	-	80,233	12,876	93,109
Police Officers								
Chris Haw ard (Chief Constable)		164,491	13,212	7,115	-	184,818	37,459	222,277
Deputy Chief Constable		127,435	-	6,360	-	133,795	34,847	168,642
Assistant Chief Constable		121,623		5,605		127,228	36,958	164,186
Assistant Chief Constable	Started May 2021	105,177	-	1,239	-	106,416	28,442	134,858
Police Staff of the Chief Constable								
Chief Finance Officer		103,169	-	5,047	-	108,216	16,816	125,032
Assistant Chief Officer (Resources)	Redundant May 2021	12,178	-	573	313,034	325,785	1,985	327,770

40.1. Remuneration Banding

The table below highlights the number of employees within defined remuneration ranges. This excludes the senior employees who are shown in more detail in the tables above.

Remuneration Range	2020/21 Number of employees	2021/22 Number of employees
£50,000 to £54,999	1	-
£55,000 to £59,999	1	-
£60,000 to £64,999	2	4
£65,000 to £69,999	1	-
£70,000 to £74,999	1	1
£75,000 to £79,999	1	-
£80,000 to £84,999	-	1
£85,000 to £89,999	3	1
£90,000 to £94,999	2	4
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

41. Termination Benefits

Group Cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number by cost band		Total cost in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000	2021/22 £000
£0,000 to £20,000	-	-	-	-	-	-	-	-
£20,001 to £40,000	-	-	-	-	-	-	-	-
£40,001 to £60,000	-	-	-	-	-	-	-	-
£60,001 to £80,000	-	-	-	-	-	-	-	-
£80,001 to £100,000	-	-	-	-	-	-	-	-
over £150,000	-	1	-	-	-	1	-	313
Total	-	1	-	-	-	1	-	313

42. Audit Fees

Group	2020/21 £000	2021/22 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	34	34
Total	34	34

PCC	2020/21 £000	2021/22 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	23	23
Total	23	23

43. Related Party Transactions

The entity is required to disclose details of any material transactions with related parties - bodies or individuals that have the potential to control or influence the PCC Group or, to be

controlled or influenced by the PCC Group. Disclosure of these transactions allows readers to assess the extent to which the entity might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

43.1. UK Central Government

The UK central government has effective control over the general operations of the PCC. It is responsible for establishing the statutory framework within which the PCC operates. It provides a large proportion of the PCC's funding in the form of grants and prescribes the terms of many of the transactions that the PCC has with other parties.

Further details of the grants received by the PCC Group are set out in Note 10 Taxation and Non-Specific Income and Note 11 Grant Income.

43.2. Chief Constable for Lincolnshire

Within the Group, the Chief Constable is accountable to the Police and Crime Commissioner for Lincolnshire. The PCC provides all funding to the Chief Constable for the discharge of his duties. The total funding is shown in the PCC's Comprehensive Income and Expenditure Statement.

43.3. Officers

The total remuneration to senior staff in 2021/22 is shown in Note 40. All senior officers employed by the PCC Group at the 31 March 2022 have completed a Related Party Transaction Declaration for the financial year in respect to themselves and close family members to identify any business dealings with the Group that fall into this category. No further disclosures are required.

43.4. Other Public Bodies

Joint Operations and Funded Partnerships are disclosed in Notes 37 and 38.

44. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the PCC Group has a commitment to disclose the cost of future pension liabilities at the time that employees earn their future entitlement.

The Group participates in two pensions schemes:

- The Local Government Pension Scheme (LGPS) for police staff is administered by West Yorkshire Pension Fund on behalf of Lincolnshire County Council. This is a funded defined benefit scheme, meaning that the PCC Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Due to changes under the Public Pension Services Act 2013, from the 1 April 2014 scheme members now accrue pension entitlements based on their career-average rather than their final salary.

G4S joined Lincolnshire Police pension fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. The IAS 19

results as at 31 March 2022 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

- The Police Pension Scheme for police officers is an unfunded defined benefit scheme. This means that there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet actual pensions' payments as they eventually fall due. From the 1 April 2015 The Police Pension Scheme 2015 (CARE) scheme was introduced (under the Public Pension Services Act 2013), and members who are not covered by protection or the transitional arrangements in the previous schemes now accrue pension entitlements based on their career-average rather than their final salary. Three schemes were in operation during 2021/22 as well as injury awards:
 - The 1987 scheme (Final Salary) which is based on a maximum pensionable service of 30 years (closed to new entrants on 31 March 2006);
 - The 2006 scheme (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31 March 2015);
 - The 2015 (CARE) scheme which was available to new entrants from the 1 April 2015 and is a Career Average Revalued Earnings (CARE) scheme there is no maximum period of service.

Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the PCC must transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, this cost is met by a central government Police Pensions Payments grant.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

44.1. Discretionary Post-Retirement Benefits

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

44.2. Transactions Relating to Retirement Benefits

In order to comply with IAS 19, employer's pension contributions have been replaced with current service costs as estimated by the independent actuaries. The PCC Group recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the PCC Group is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The reversal of the IAS 19 transactions ensures that there is no effect on the amounts to be met from government grant and the local taxpayers.

44.3. Transactions Relating to Retirement Benefits

	Local Government Pension Scheme				Police Pension Scheme (Group Only)		Comprehensive Income and Expenditure Account			
	2020/21		2021/22		2020/21	2021/22	2020/21		2021/22	
	PCC £000	Group £000	PCC £000	Group £000	Group £000	Group £000	PCC £000	Group £000	PCC £000	Group £000
Comprehensive Income and Expenditure Statement										
Cost of Services:										
Current service cost	(1,706)	(5,595)	(2,551)	(8,365)	(21,500)	(34,400)	(1,706)	(27,095)	(2,551)	(42,765)
Past service costs	-	-	(106)	(348)	(100)	(200)	-	(100)	(106)	(548)
Effect of settlements	-	-	-	-	-	-	-	-	-	-
	(1,706)	(5,595)	(2,657)	(8,713)	(21,600)	(34,600)	(1,706)	(27,195)	(2,657)	(43,313)
Other Operating Expenditure:										
Home Office Grant					(25,264)	(21,914)	-	(25,264)	-	(21,914)
Financing and Investment Income and Expenditure:										
Net interest expense	(299)	(979)	(422)	(1,383)	(31,300)	(33,400)	(299)	(32,279)	(422)	(34,783)
Administrative Expenses	(32)	(104)	(36)	(118)			(32)	(104)	(36)	(118)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,037)	(6,678)	(3,115)	(10,214)	(78,164)	(89,914)	(2,037)	(84,842)	(3,115)	(100,128)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement										
Return on scheme assets (excluding the amount included in the net interest expense)	8,731	28,626	4,221	13,840			8,731	28,626	4,221	13,840
Actuarial gains and losses arising on changes in demographic assumptions	594	1,949	-	-	(16,800)	16,000	594	(14,851)	-	16,000
Actuarial gains and losses arising on changes in financial assumptions	(17,218)	(56,454)	4,214	13,818	(344,200)	105,300	(17,218)	(400,654)	4,214	119,118
Other experience	570	1,868	(135)	(441)	77,300	(3,300)	570	79,168	(135)	(3,741)
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(7,323)	(24,011)	8,301	27,217	(283,700)	118,000	(7,323)	(307,711)	8,301	145,217
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(9,360)	(30,689)	5,186	17,003	(361,864)	28,086	(9,360)	(392,553)	5,186	45,089
Movement in Reserves Statement										
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	2,037	6,678	3,115	10,214	52,900	68,000	2,037	59,578	3,115	78,214
Actual Amount charged against the General Fund Balance for pensions in the year:										
Employers contributions payable to scheme	(1,280)	(4,197)	(1,432)	(4,694)	(44,228)	(42,011)	(1,280)	(48,425)	(1,432)	(46,705)
Contributions in respect of unfunded benefits	-	-	-	-			-	-	-	-
Employers contributions payable to schemes - Cash Top-up					6,428	3,011		6,428		3,011
Retirement benefits payable to pensioners										
Movement from Comprehensive Income and Expenditure Statement to the General Fund	757	2,481	1,684	5,520	15,100	29,000	757	17,581	1,684	34,520

44.4. Pensions Assets and Liabilities in Relation to Retirement Benefits

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

LGPS	2020/21		2021/22	
	PCC £000	Group £000	PCC £000	Group £000
Present value of the defined benefit obligation	69,883	229,123	68,658	225,108
Fair value of scheme assets	(48,262)	(158,237)	(53,648)	(175,896)
Sub-total	21,620	70,886	15,010	49,212
Other movements in the liability (asset)	87	285	80	262
Net liability arising from the defined benefit obligation	21,707	71,171	15,090	49,474

Discretionary Benefits Police Pension Scheme	2020/21 Group £000	2021/22 Group £000
Present value of the defined benefit obligation	1,602,300	1,516,700
Fair value of scheme assets	-	-
Sub-total	1,602,300	1,516,700
Other movements in the liability (asset)	67,800	64,400
Net liability arising from the defined benefit obligation	1,670,100	1,581,100

44.5. Reconciliation of the Movements in the Fair Value of the Scheme Assets

LGPS	2020/21		2021/22	
	PCC £000	Group £000	PCC £000	Group £000
Opening fair value of scheme assets	38,367	125,793	48,262	158,237
Interest income	886	2,905	967	3,172
Administrative Expenses	(32)	(104)	(36)	(118)
Remeasurement gain / (loss):	-	-	-	-
The return on scheme assets, excluding the amount included in the net interest expense	8,731	28,626	4,221	13,840
Other	-	-	-	-
Effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,280	4,197	1,432	4,694
Contributions in respect of unfunded benefits	-	-	-	-
Contributions from employees in the scheme	337	1,106	352	1,155
Benefits paid	(1,307)	(4,286)	(1,551)	(5,084)
Other	-	-	-	-
31 March	48,262	158,237	53,648	175,896

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

LGPS Liabilities	2020/21		2021/22	
	PCC £000	Group £000	PCC £000	Group £000
Opening balance at 1 April	51,994	170,472	69,969	229,408
Current service cost	1,706	5,595	2,551	8,365
Interest cost	1,185	3,884	1,389	4,555
Contributions from scheme participants	337	1,106	352	1,155
Re-measurement (gain) / loss:	-	-	-	-
Actuarial gains / losses arising from changes in demographic assumptions	(594)	(1,949)	-	-
Actuarial gains / losses arising from changes in financial assumptions	17,218	56,454	(4,214)	(13,818)
Other	(570)	(1,868)	135	441
Past service cost	-	-	106	348
Losses / (gains) on curtailment	-	-	-	-
Liabilities assumed on entity combinations	-	-	-	-
Benefits paid	(1,307)	(4,286)	(1,551)	(5,084)
Liabilities extinguished on settlements (where relevant)	-	-	-	-
31 March	69,969	229,408	68,738	225,370

Unfunded liabilities Police Pension Scheme	2020/21	2021/22
	Group £000	Group £000
Opening balance at 1 April	1,371,300	1,670,100
Current service cost	21,500	34,400
Interest cost	31,300	33,400
Contributions from scheme participants	5,600	5,700
Re-measurement (gain) / loss:		
Actuarial gains / losses arising from changes in demographic assumptions	16,800	(16,000)
Actuarial gains / losses arising from changes in financial assumptions	344,200	(105,300)
Other	(77,300)	3,300
Past service cost	100	200
Losses / (gains) on curtailment	-	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(43,400)	(44,700)
Liabilities extinguished on settlements (where relevant)	-	-
31 March	1,670,100	1,581,100

44.7. Pension Scheme Assets

The Police Pension Schemes are unfunded in nature and hence have no scheme assets.

The pooled assets of the Local Government Pension Scheme consist of the following categories:

	2020/21		2021/22	
	Bid Value %	Bid Value %	Bid Value %	Bid Value %
	Quoted in active market	Not quoted in active market	Quoted in active market	Not quoted in active market
Fixed Interest Government Securities				
UK	1.1	-	1.0	-
Overseas	-	-	-	-
Index Linked Government Securities				
UK	1.7	-	1.5	-
Overseas	-	-	-	-
Corporate Bonds				
UK	9.8	-	9.2	-
Overseas	-	-	-	-
Equities				
UK	16.0	-	15.8	-
Overseas	40.5	-	39.8	-
Property				
All	7.0	0.2	6.9	0.4
Others				
Hedge fund	-	2.9	0.2	2.8
Private Equity	0.3	6.6	0.3	6.6
Infrastructure	0.5	2.7	0.6	3.2
Commodities	0.5	-	0.6	-
Bonds	3.2	-	4.6	-
Private Debt	-	1.2	-	1.0
Other Diversified Alternatives	1.6	0.3	-	0.2
Forward Currency Contracts	-	(0.1)	1.5	0.1
Cash/Temporary Investments	4.4	-	-	-
Net Current Assets				
Debtors	0.1	-	0.1	-
Creditors	-	(0.4)	-	-
Net Assets	86.6	13.4	85.8	14.2

44.8. Basis for Estimating Assets and Liabilities

The Police Pension Scheme has been assessed by Hymans Robertson (an independent firm of actuaries). The Local Government Pension Scheme has been assessed by Barnett Waddingham (an independent firm of actuaries). The value of the liabilities is an estimate of the pensions that will be payable in future years dependent on assumptions about uncertain variables.

For the Local Government Pension Scheme, liabilities have been assessed on an actuarial basis using the projected unit method. Estimates are based on the latest full valuation of the scheme as at April 2019.

For the Police Pension Scheme liabilities have been assessed on an actuarial basis using the projected unit method. The last formal valuation of the schemes was carried out as at 31 March 2020.

	Local Government Pension Scheme		Police Pension Scheme	
	2020/21	2021/22	2020/21	2021/22
	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Mortality assumptions				
Longevity for current pensioners:				
Men	21.1	21.2	27.1	27.1
Women	23.6	23.7	29.4	29.4
Longevity for future pensioners:				
Men	22.0	22.1	28.7	28.4
Women	25.0	25.1	31.0	30.8
Financial assumptions	%	%	%	%
Market derived RPI	3.3	0.0	3.3	0.0
Rate of increase in salaries	3.2	3.5	3.3	3.7
Rate of increase in pensions	2.9	3.2	2.9	3.2
Rate for discounting scheme liabilities	2.0	2.6	2.0	2.7

The Local Government Pension Scheme longevity assumptions are as per the latest full valuation as at 31 March 2019, the Police Pension Scheme longevity assumptions are remodelled annually in the actuarial review.

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

44.9. Present Value of Liabilities

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Present value of liabilities						
Local government pension scheme	(173,150)	(178,307)	(206,391)	(170,472)	(229,408)	(225,370)
Police pension scheme	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)	(1,581,100)
Fair value of assets in the local government pension scheme	121,312	125,670	137,833	125,792	158,237	175,896
Surplus / (deficit) in the scheme	(1,332,138)	(1,384,237)	(1,545,358)	(1,415,980)	(1,741,271)	(1,630,574)
Local government pension scheme	(51,838)	(52,637)	(68,558)	(44,680)	(71,171)	(49,474)
Police pension scheme	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)	(1,581,100)
Total surplus / (deficit) in the scheme	(1,332,138)	(1,384,237)	(1,545,358)	(1,415,980)	(1,741,271)	(1,630,574)

44.10. Impact on the PCC Group's Cash Flows

The liabilities show the underlying commitments for retirement benefits that the PCC Group has to pay in the long run. The total liability has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group remains healthy.

The objectives of the local government scheme are to keep employers' contributions at as constant a rate as possible. The PCC Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. At the last triennial valuation it was agreed that in order to mitigate for the effect of fluctuations in membership numbers that a lump sum contribution towards meeting the deficit would also be paid alongside the percentage of pay contribution.

The minimum employer contributions payable over the next year for the PCC Group is 16.3% plus a £1,874k lump sum payment. Estimated employer's contribution for 2022/23 amount to £3.6m on the Local Government Pension Scheme.

Funding levels are monitored through the triennial valuation process and the last triennial valuation was as at 31 March 2019.

For police pensions, the rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2014/15 resulted in a reduction in the employers' contribution rate from 24.2% to 21.3% from 1 April 2015. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the exchequer by means of a reduction in the Police Pensions Payments grant from the Home Office, therefore the actual cost to the PCC Group of the employer's contribution is still 24.2%.

Estimated employer contributions for 2022/23 at 28.95% of pensionable pay amount to £13.7m.

The Local Government Pension Scheme and the Police Pension Scheme take account of the national changes required under the Public Pensions Services Act 2013. Under the Act, the main public service pension schemes may not provide benefits on a final salary basis in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new, career average, revalued earnings schemes to pay pensions and other benefits to certain public servants. For the Local Government Pension Scheme these changes came into operation on 1 April 2014 and for the Police scheme from 1 April 2015.

Maturity profile of the defined benefit obligation:

	LGPS			Police Pension Scheme		
	Liability Split as at 31 March 2022	Liability Split as at 31 March 2022	Weighted Average Duration at Previous Formal Valuation	Liability Split as at 31 March 2022	Liability Split as at 31 March 2022	Weighted Average Duration at Previous Formal Valuation
	£000	%		£000	%	
Active Members	70,956	49.3%	25.0	586,600	38.7%	26
Deferred Members	42,394	25.8%	26.9	79,500	5.2%	26
Pensioner Members	55,971	24.8%	12.2	850,600	56.1%	13
Total	206,071	100.0%	20.6	1,516,700	100.0%	18.1
Contingent Injuries				29,200	45.3%	26
Injury pension liabilities				35,200	54.7%	16
Total	-	-	-	64,400	100.0%	20.6

45. Contingent Liabilities

A number of legal claims are being pursued against the Group. They are all being rigorously defended but provisions have been made for those claims where it is likely that the outcome will be in favour of the claimant.

- The claims are motor, public liability, employer's liability and employment tribunal cases brought against the Group;
- It is not expected that any material awards will be made against the Group other than those already included in the Provisions;
- As with any legal claim, the final outcome and timing of each case will depend upon many factors, some of which had not been determined at the Balance Sheet date;
- The Group will be reimbursed for any costs which exceed the insurer's excess for an individual case.

There are two other specific matters which currently have the potential to impact the Force:

- A national inquiry into Undercover Policing commenced in 2015 to ascertain the truth about Undercover Policing operations across England and Wales since 1968 and provide recommendations for the future. The review is wide ranging and could lead to individual legal claims submitted from officers for additional payments whilst working on undercover operations. The inquiry continues and at present is undertaking evidence hearings on undercover work. The timescales for concluding the work and any potential monetary values to be paid to officers are at present still unknown.
- The PCC took the decision in October 2020 not to take up the option to extend the G4S Strategic contract for a further five years. The contract, which was worth in the region of £23m per year was to provide a wide range of operational and support functions to the Chief Constable. Upon making the decision the Force set up the Future Service Programme to examine and implement the options for the future provision of the services once the contract concludes at the end of financial year 2021/22. Despite the work undertaken to make the transition as smooth as possible there is potential risk for unknown costs to be incurred as services move back under

Force control. This risk may relate to the requirement for new supplier contracts post exit or cost associated with transferring staff from G4S to Lincolnshire Police terms and conditions.

46. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet within Net Assets (which also include elements that do not constitute a financial instrument; the definition of which being, a contract that gives rise to a financial asset of one entity and a financial liability of another):

Group / PCC	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors		2020/21 £000	2021/22 £000
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000		
Financial Assets										
Amortised Cost	-	-	-	-	8,279	13,791	3,050	4,657	11,329	18,448
Total Financial Assets	-	-	-	-	8,279	13,791	3,050	4,657	11,329	18,448

Group / PCC	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		2020/21 £000	2021/22 £000
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000		
Financial Liabilities										
Amortised Cost	(28,201)	(27,298)	-	-	(1,104)	(1,087)	(8,692)	(8,484)	(37,997)	(36,869)
Total Financial Liabilities	(28,201)	(27,298)	-	-	(1,104)	(1,087)	(8,692)	(8,484)	(37,997)	(36,869)

The Police and Crime Commissioner is exposed to minimum risk. Any short-term deposits are included in the cash and cash equivalents Note 22.

Financial Liabilities consists of borrowing with the Public Works Loan Board (PWLB) and two SALIX interest free loans. The total PWLB amount outstanding at 31 March 2022 is £28.1m. The total SALIX amount outstanding at 31 March 2022 is £320k.

No additional borrowing from PWLB took place in 2021/22. Repayments of the principal were made totalling £814k and there was a decrease in loan interest accrual of £8k. Repayments of £99k were made to SALIX resulting in a decrease in the PCC's borrowing from £29.3m to £28.4m in the year.

The debtors and creditors figures have been adjusted for non-contractual obligations. For debtors these are VAT debtors, Statutory Maternity, Paternity and Adoption Pay debtors, payments in advance, grant income and collection fund adjustments. For creditors these are receipts in advance, tax and NI and collection fund adjustments. There are no concerns over the recoverability of debtors that are past due and not impaired.

Group / PCC	Range of interest rates payable %	As at March 31 2021 £000	As at March 31 2022 £000
PWLB	2.14 - 8.25	(28,886)	(28,065)
Salix Interest Free Loan	Interest Free	(419)	(320)
		(29,305)	(28,385)

Note that the above amount is the total of long-term and short-term borrowing shown separately on the balance sheet.

A full analysis of loans by maturity is shown in Note 47 under 'liquidity risk exposure.'

46.1. Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Income, Expense, Gains and Losses Group / PCC	31 March 2021		31 March 2022	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Financial assets measured at amortised cost	38	-	23	-
Total interest revenue	38	-	23	-
Interest expense	(873)	-	(837)	-

46.2. Fair Values of Financial Assets

None of the PCC's financial assets are measured at fair value.

46.3. The Fair Values of Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

Financial liabilities for which fair value disclosures are required held by the PCC are shown in the table below and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

Financial liabilities - Group / PCC	Fair Value Hierarchy Measurement	31 March 2021		31 March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		£000	£000	£000	£000
PWLB	Level 2	28,886	40,617	28,065	35,395
Salix Interest Free Loan	Level 2	419	419	320	320

The fair value of PWLB loans is higher than the carrying amount because the PCC's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

However, the PCC has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the movement in interest that the PCC will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. The PCC review the carrying amounts and potential penalty charge for early redemption regularly to ensure that opportunities to make savings through re-financing are maximised. Currently the penalty charges are much higher than the savings that would be made through current interest rates.

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

The table above excludes other financial liabilities such as cash overdrawn. The carrying amount as shown in the Balance Sheet is assumed to approximate to fair value, as the instrument will mature in the next 12 months.

The fair value hierarchy is as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets at the Balance Sheet Date;
- Level 2 – comparators other than quoted prices included in Level 1 that are observable for that asset, either directly or indirectly;
- Level 3 – unobservable comparators for the asset.

The financial liabilities held by the PCC are Level 2 in the fair value Hierarchy Level of Measurement and there has been no change to this level during the year.

The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the investments using the following assumptions:

- For loans from the PWLB, equivalent borrowing rates available from the PWLB at 31 March 2022 have been applied to provide the fair value under the PWLB debt redemption procedures;
- No early repayment or impairment is recognized;
- The SALIX loans have been accounted for on the basis of outstanding principal amounts as defined by statutory arrangements and will be repaid by 31 March 2026.

47. Nature and Extent of Risks Arising from Financial Instruments

47.1. Credit Risk Exposure

This is the risk that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party. Exposure to this risk is managed through the PCC's detailed Treasury Management Strategy, which is available at the following web address: www.lincolnshire-pcc.gov.uk/finance.

The PCC only invests in approved institutions with secure credit ratings, there are also limits in place on how much can be invested with counterparties. These counterparties are reviewed weekly, and the loan limits are detailed in the table below:

Specified Investments	Max % of total investments/£ limit per institution	Max. maturity period
DMADF - UK Government	Unlimited	6 months
Money market funds	£4m	Liquid
Local Authorities	£4m / 20%*	1 Year
Term deposits with banks and building societies	£4m / 20%*	3months - 1 year

The PCC does not allow extended credit for customers. Due to the nature of the debtors being principally relating to Government funding, there are no concerns about their credit worthiness. The amounts not impaired are analysed by age as follows:

Sales Ledger - Aged Debt Analysis	2020/21 £000	2021/22 £000
Current	867	594
Up to one month	185	36
Up to six months	83	27
Up to one year	8	(2)
More than one year	8	53
Total:	1,151	708
Other debtors	1,899	3,949
Total:	3,050	4,657

Note that this table shows the aged debt analysis from the trade debtors account, with all other debtors included at the 'Other Debtor' line.

47.2. Liquidity Risk Exposure

This is the risk that a party will be unable to raise funds to meet its commitments associated with financial instruments. As the PCC currently has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the PCC will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The financial liabilities however all mature at different times. The maturity analysis of financial liabilities is as follows:

2020/21 Borrowing	PWLB	Deferred Liabilities	Total
	£000	£000	£000
Less than 1 year	1,005	99	1,104
Between one and two years	804	99	903
Between two and five years	2,305	222	2,527
More than five years	24,771	-	24,771
Total	28,886	419	29,305

2021/22 Borrowing	PWLB	Deferred Liabilities	Total
	£000	£000	£000
Less than 1 year	988	99	1,087
Between one and two years	783	99	882
Between two and five years	2,239	123	2,362
More than five years	24,054	-	24,054
Total	28,064	320	28,385

This excludes trade and other payables (creditors and other liabilities) which are due to be paid in less than one year.

The PCC does not have any amounts arising from expected credit losses.

47.3. Market Risk Exposure

Market risk is the risk that the value of an instrument will fluctuate because of changes in interest rates, market prices and foreign currency exchange rates. The PCC has limited risk. PWLB interest rates are fixed, and no short-term investments were held at the end of 2021/22. The PCC does not invest in equity shares and has no financial assets or liabilities in foreign currencies.

The following sensitivity analysis shows the financial effect on the fair value of a one percent point movement in average interest rates as at 31 March 2021 and 31 March 2022:

2020/21 Sensitivity Analysis	Fair Value 2020/21	Fair Value at 1% Higher	Fair Value at 1% Lower
	£000	£000	£000
PWLB Long Term Fixed Borrowing	40,617	40,608	40,626

2021/22 Sensitivity Analysis	Fair Value 2021/22	Fair Value at 1% Higher	Fair Value at 1% Lower
	£000	£000	£000
PWLB Long Term Fixed Borrowing	35,395	35,387	35,404

48. Accounting Standards Issued but Not Yet Adopted

The following Accounting Standards may be relevant for additional disclosures that will be required in the financial statements in respect of accounting changes in the Code:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
- IFRS 1 (First-time adoptions) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

If these had been adopted for the financial year 2021/22 there would be no known material changes as many do not apply to the PCC. If further information becomes available that requires changes to 2021/22 these will be restated in the 2022/23 financial statements.

The government's Financial Reporting Advisory Board has advised CIPFA/LASAC that it agreed with their decision to defer the implementation of IFRS 16 Leases until 1 April 2024. Both the 2022/23 and the 2023/24 Codes will allow for early adoption should the PCC wish to do so.

Police Officer Pensions – Home Office Memorandum Account 2021/22

This statement shows the transactions relating to retirement benefits paid to Police Officers and for how those costs are paid.

2020/21 £000	Fund account	2021/22 £000
	Contributions Receivable	
	From Employer:	
12,621	Normal	13,077
499	Early Retirements	404
	From Members:	
5420	Contributions	5,593
201	Individual Transfers in from Other Schemes	329
18,741		19,403
	Benefits Payable	
35,129	Pensions	35,753
8,219	Commutations	5,350
287	Lump Sum Death Benefits	-
	Payments To and On Account of Leavers	
9	Refunds of Contributions	23
-	Individual Transfers Out	-
235	Scheme Pays	191
126	Lifetime Allowance (25%)	-
-	Equivalent Premium	-
44,005		41,317
25,264	Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit	21,914
(25,264)	Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year	(21,914)
-	Net Amount payable/(receivable) by the PCC Group for Lincolnshire	-

Disclosure Notes

- The operation of the Pension Fund for Police and Crime Commissioners in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI 2007 No 1932). It covers both old, new and Career Average Revalued Earnings (CARE) Police Officer occupational pension schemes but has no impact on the benefit structure of either scheme. The CARE scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. Injury and ill health awards continue to be paid from the PCC's operating account. The employer contribution rate is 24.2% of pensionable pay. Employees' contributions in the 1987 old scheme are either 14.25% or 15.05% of pensionable pay. In the 2006 new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. In the 2015 CARE scheme employees contribute either 12.44%, 13.44% or 13.78% of pensionable pay. Any transitional protection or tapered protection came to an end at 31 March 2022 at which point all officers transferred into the CARE scheme.
- The fund is administered by XPS on behalf of Lincolnshire Police. Salary deductions are made from members of the scheme, and payments are made to retiring officers and pensioners in accordance with Police Pension Fund Regulations 2007. Returns are made to the Home Office for the projected and actual costs in each year, and funds are transferred accordingly.

3. There are no investment assets; the fund is balanced to nil each year by receipt of a Police Pensions Payments grant from the Home Office (via PCC for Lincolnshire). Payments are made monthly to pensioners, with the pension fund entries being kept separate, outside of the PCC's general ledger accounts. Details of the PCC's long-term pension obligations can be found in the main statements at Note 44.
4. The accounting policies followed are in accordance with Note 1.
5. The Police Officer Pensions – Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.
6. The net amount receivable of £3,011,177 is shown in PCC for Lincolnshire accounts as due from the Home Office.
7. The McCloud judgement continues to impact on the Police Officer Pension schemes. When changes were made to public sector schemes in April 2015 they introduced protections for older members to ensure that the changes would not negatively impact their pension. In December 2018, the Court of Appeal ruled that younger member had been discriminated against because they did not receive the protections allowed to older members. The Government has laid primary legislation before Parliament at the start of 2022 which will be in two parts –
 - to ensure equal treatment for all members within each of the main public service pension schemes by moving all members into the new schemes on 1 April 2022 irrespective of age – moving all remaining members on the Old Pension Schemes onto the CARE scheme on 1st April 2022 and closing the old schemes.
 - to remove the effect of transitional protection by offering eligible members a choice over the set of benefits (legacy scheme or new scheme) they wish to receive for any pensionable service during the period 1 April 2015 to 31 March 2022 – further work is still to be done on this part of the remedy plan (including further legalisation) before the work can be completed for the target deadline of October 2023.
8. McCloud Judgement Impact on Pension Liability – Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Police and Crime Commissioner for Lincolnshire, this effects around 1,000 members. The actuary originally estimated the increase in scheme liabilities for the Police and Crime Commissioner for Lincolnshire to be 4.0% or £56m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2019/20, the estimated increase was a further £8m reflecting an additional years benefits from the remedy and a reduction resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, a further, more detailed, estimate of 1.3% of pensions scheme liabilities or £21m was calculated using actual membership data and reflected in the accounts (again reflecting an additional years benefits from the remedy).

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

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police

authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Glossary of Terms

Term	Definition
Accrual	An adjustment to ensure that expenditure and income are reflected in the appropriate accounting period.
Actuary/Actuarial	A person professionally qualified to advise on pension matters and undertakes calculations on pension costs, allowing for risk and demographic factors.
Amortisation	The measure of the wearing out, consumption, or other reduction in the useful economic life of Intangible Assets.
Balances	The total revenue Reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.
Blue Light Project	Lincolnshire's joint fire, police and ambulance collaboration project which includes the building of the South Park Emergency campus.
Capital Adjustment Account	A reserve primarily designed to represent timing differences between the amount of the historical cost of Property Plant and Equipment that has been consumed and the amount that has been financed in accordance with statutory requirements.
Capital Expenditure	Expenditure on assets, which have a long term value. Includes the purchase of land, purchase or construction of new buildings and vehicles.
Capital Grants	Grants received towards capital outlay on a particular service or project.
Capital Receipts	Proceeds received from the sale of Property, Plant and Equipment (assets which have value beyond one financial year).
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public service.
Collection Fund	A fund administered by each billing authority. Council tax monies are paid into the fund. These are distributed to precepting and billing authorities in proportion to the council tax set.
Creditors	Amounts owed by the PCC for work done, goods received or services rendered but for which payment has not been made at 31 March.
Debtors	Sums of money due to the PCC but unpaid at 31 March.

Depreciation	The measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
Direct Revenue Financing	This refers to financing of capital expenditure directly from revenue rather than loans or other sources.
Earmarked Reserves	The elements of total PCC Reserves retained for specific purposes.
EMSOU	East Midland Special Operations Unit
EMCJS	East Midland Criminal Justice Service
Finance lease	Where the conditions of the lease amount to recognising all the costs of an asset but legal title is with a third party.
Financial instruments	Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another. For local authorities, this will normally mean contracts which involve the right to transfer cash or other financial assets
Flexi Time	Police Staff may utilise the flexi time scheme to accrue additional hours worked that are held pending their utilisation at a future date.
FRS	Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.
Government Grants	Payments by Central Government towards the PCC's expenditure. They are receivable in respect of both revenue and capital expenditure.
IFRS	International Financial Reporting Standards: the accounting standards which determine the production and disclosure of financial statements.
Impairment	An adjustment to the value of long-term assets.
ISG	Integrated Scheme of Governance
JIAC	Joint Independent Audit Committee
Long Term Debtors	Sums of money due to the PCC originally repayable within a period in excess of twelve months and where payment is not due until future years.
Materiality	An item that is not material will not be relevant, cannot influence a user's decision and need not be reported in the financial statements.

Minimum Revenue Provision (MRP)	The statutory requirement to set aside a minimum revenue provision for the repayment of external loans.
Net Book Value	Long-term assets are depreciated in accordance with their asset life. The net book value is the value remaining after cumulative depreciation has been taken away.
NICHE	A Police Records Management System that manages information in relation to the core Policing entities.
Non Domestic Rates	Rates levied on business properties, collected by District Councils, which are then distributed amongst local authorities as income.
Non Operational Assets	Property, Plant and Equipment held by the PCC Group but not directly occupied, used or consumed in the delivery of services. These will include buildings under construction and surplus assets.
Operating lease	A lease where the asset is only used for part of its useful life, and lease payments amount to rental of the asset.
PCC Group	The Police and Crime Commissioner and the Chief Constable are separate legal entities. They are part of the same PCC Group whose combined accounts are presented collectively.
PEEL	Police Effectiveness, Efficiency and Legitimacy board.
Precept	The amount levied by one authority which is collected by another, e.g. the PCC Group is the precepting authority and the District Councils are the collecting authorities.
PUP	Police Uplift Programme – nationwide recruitment programme of an additional 20,000 officers
PWLB	Public Works Loan Board, a body providing debt funding to local authorities.
Revaluation Reserve	A reserve designed to represent the amount by which the current value of long-term assets carried in the Balance Sheet is greater, because they are carried at revalued amounts rather than depreciated historical cost.
Revenue Contributions	The financing of capital expenditure directly from revenue rather than from loans or other sources.
Revenue Expenditure	The day to day expenditure of the PCC group on such items as employees and supplies and services.

SALIX	Salix Finance Ltd. provides interest-free Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills.
Section 22 Agreement	Section 22 of the Police Act 1996 provides for joint working between police forces and/or Police & Crime Commissioners where, in the opinion of the Chief Constable or the Commissioner, collaboration would deliver greater efficiency or effectiveness.
Straight Line Depreciation	The writing down of Property, Plant and Equipment values by an equal amount for each year of that asset's life.
Strategic Partner	G4S are the Strategic Partner with the Force until 31 March 2022. G4S Policing Support Services deliver a range of administrative and operational services formerly delivered by a combination of civilian employees and police officers – including Finance, HR, Fleet Management, Custody, Support Services and Control Room.
TOIL	Time Off In Lieu may be accrued by both Police Officers and Staff when working additional hours for which payment is not made.
UEL	Useful Economic Life
Virement	Transfers between budget headings, in accordance with Financial Regulations, reflecting changes in the PCC's expenditure plans.
WYPF	West Yorkshire Pension Fund.
XPS	XPS Pensions Group, the pension administrators of the Lincolnshire Police Pension Fund.