



NORFOLK
CONSTABULARY
Our Priority is You

**THE CHIEF CONSTABLE OF
NORFOLK CONSTABULARY**

STATEMENT OF ACCOUNTS

31 March 2022

DRAFT

Statement of Accounts
for the year ended 31 March 2022

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INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR NORFOLK

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Statement of Responsibilities for the Statement of Accounts

The Chief Constable of Norfolk Constabulary's Responsibilities

The Chief Constable must:

- Arrange for the proper administration of the Chief Constable's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer of the Chief Constable.
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts;
- Ensure that there is an adequate Annual Governance Statement.

Approval of Statement of Accounts

I approve the following Statement of Accounts:

Paul Sanford2022
Chief Constable of Norfolk Constabulary

The Chief Finance Officer (CFO) of the Chief Constable Responsibilities

The Chief Constable's CFO is responsible for preparing the Statement of Accounts for the Chief Constable of Norfolk Constabulary in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the Code").

In preparing this statement of accounts, the CFO of the Chief Constable has:

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

The CFO of the Chief Constable has also:

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

Certified by the Chief Finance Officer of the Chief Constable of Norfolk Constabulary

I certify that this statement of accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Chief Constable of Norfolk Constabulary at 31 March 2022, and its income and expenditure for the year to that date.

Peter Jasper ACMA, Assistant Chief Officer2022

Narrative Report

Introduction

This Narrative Report provides information about Norfolk Constabulary, including the key issues affecting its accounts. It also provides a summary of the financial position at 31 March 2022 and is structured as below:

1. The policing context for Norfolk
2. Impact of the governance arrangements on the Financial Statements of the PCC and Chief Constable
3. Explanation of the Financial Statements
4. The 2021/22 revenue and capital budget process
5. Financial performance
6. Non-financial performance
7. Impact of Covid-19 pandemic, Exiting the EU and the Conflict in Ukraine
8. Funding Settlement 2022/23 and beyond

1. The policing context for Norfolk

Information about the Office of the Chief Constable of Norfolk

Under the Police Reform and Social Responsibility Act 2011 (the Act) the Police and Crime Commissioner for Norfolk (PCC) and the Chief Constable of Norfolk Constabulary were established as separate legal entities. Corporate governance arrangements for the PCC and Chief Constable have been reviewed and a commentary on their effectiveness is set out in the joint Annual Governance Statement for the PCC and Chief Constable which is published alongside these Statements of Accounts.

The responsibilities of the Chief Constable, determined by the Act, include:

- Supporting the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan;
- Assisting the PCC in planning the force's budget;

- Having regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of their Force's national and international policing responsibilities;
- Being the operational voice of policing in the force area and regularly explaining to the public the operational actions of officers and staff under their command;
- Entering into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing and with the agreement of their respective PCC;
- Remaining politically independent of their PCC;
- Exercising the power of direction and control in such a way as is reasonable to enable their PCC to have access to all necessary information and staff with the force;
- Having day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.

For accounting purposes, the PCC for Norfolk is the parent entity of the Chief Constable of Norfolk and together they form the PCC for Norfolk Group.

The County of Norfolk

Norfolk is the fifth largest county in England with a land area of 2,074 square miles with approximately 100 miles of coastline. 93% of Norfolk's land area is classed as rural and is reflected by the Police and Crime Plan priority to tackle crime within rural communities. Although such a large proportion of land is rural, 51% of the population lives in an urban area (mid-2019 estimates). The four main urban areas are Norwich, Great Yarmouth, King's Lynn and Thetford.

The population of Norfolk in 2022 is projected to be 930,282 (source: Norfolk insight) and Norfolk has a much older age profile than England as a whole. Approximately 25% of the population in Norfolk are aged 65 and older compared

with 18% in England (2019 estimate) and by 2043 it is expected that those aged over 65 will account for almost one third (30%)¹.

Norfolk is a popular tourist destination, and prior to the pandemic had experienced record high visitor rates. In 2018, the county received 3.1m overnight visitors and 47.8m day trips were made, however in 2020 this had reduced to 1.4m overnight trips and 21.7m day trips. Norfolk's visitor economy in 2020 (total tourism value) was calculated at £1.5bn, and the number of jobs in the county's tourism trade had reduced to 43,400 (from 67,000 in 2018)².

Norfolk Constabulary supports hundreds of events throughout the year, including Norwich City football matches, Norwich Pride, the Sundown music festival and numerous local carnivals and occasions, many of which are scheduled to go ahead in 2022 having been cancelled in 2020 and 2021.

There are areas of high flood risk within the county, namely Great Yarmouth, the Norfolk Broads, the outskirts of Norwich (River Yare) and the coastal areas of North Norfolk and King's Lynn. A further large area of West Norfolk is at medium to low risk of flooding. The road network in Norfolk comprises A and B roads with no motorways and is again reflected as a priority focus (to improve road safety) of the Police and Crime Plan. Both factors pose challenges, again impacting on the policing of the county.

Learning to live with Covid-19

This financial year saw the continuing impact of the coronavirus pandemic. As the restrictions eased, the demand for policing has altered too, with a return to the new normal bringing the return to a similar pattern for policing requirements. The pandemic still brings challenges to the Constabulary with each wave, and the Constabulary is proud of how it maintained the trust and confidence of its communities throughout, whilst maintaining critical services such as call handling and emergency response. Summer planning has been significant this year to increase the preventative work as much as possible and provide visible reassurance as although foreign travel is now available once more, Norfolk is expecting to receive a significant influx of visitors throughout the summer months.

The Constabulary's Horizons programme has kept working at pace throughout the pandemic. The recruitment of the National Uplift officers has been successfully

¹ [Economic-Impact-of-Tourism-Norfolk-2020.pdf \(visitnorfolk.co.uk\)](#)

achieved to date, and Norfolk is well on track to have recruited over 200 additional officers which is their share of the National 20,000. The new officers have enabled the smooth introduction of the largest transformation to policing recruitment in our time, with the introduction of the Police Education Qualification Framework. In partnership with Anglia Ruskin University, new recruits will receive significantly enhanced learning and development for the first two to three years of their service. The additional resources have been allocated to uniform roles, focus on embedding their learning and providing visibility in communities, as well as bolstering the detective resources to match the increases in demand.

This transformation in recruitment is a positive step as it is clear that the trends of increases in high harm, high complexity crimes has not abated. In addition, it is hoped there will be a return to normality as we reach the summer, the busiest period of demand for policing. Operationally the police officer only model Norfolk implemented through the 2020 programme continues to strengthen, with a significant increase in proactive and preventative policing enabled by the Neighbourhood Policing Teams and Operation Moonshot, which continues its exceptional performance, with hundreds of arrests, seized vehicles and significant sentences delivered through their work.

Collaboration and partnership working

The Police Reform and Social Responsibility Act 2011 places duties on chief officers and policing bodies to keep collaboration activities under review and to collaborate where it is in the interests of the efficiency and effectiveness of their own and other police force areas.

Norfolk Constabulary's preferred partner for collaboration is Suffolk Constabulary. A joint strategy exists which outlines the collaborative vision for Norfolk and Suffolk and provides a strategic framework within which collaborative opportunities are progressed.

The two police forces have been collaborating for over a decade, with the programme of collaborative work delivering an extensive number of joint units and departments that encompasses most functions except local policing and includes areas such as major investigation, protective services, custody, and back office support functions. The partnership has also yielded significant savings for both forces and received praise from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

² [Economic-Impact-of-Tourism-Norfolk-2020.pdf \(visitnorfolk.co.uk\)](#)

Areas of collaboration outside of Norfolk/Suffolk include the Eastern Region Special Operations Unit (ERSOU), a specialist unit with a remit for tackling serious and organised crime in the Eastern Region. ERSOU comprises resources from the following police forces: Norfolk, Suffolk, Essex, Cambridgeshire, Bedfordshire, Hertfordshire and Kent.

In January 2020 a 7Force Commercial Services team was implemented and is now overseeing all procurement activity across the seven forces, making sure all opportunities for savings and efficiencies are exploited. There is also a 7Forces Network that continues to review areas for wider convergence and collaboration as well as completing some significant multi-force projects.

Norfolk is also part of a well-established 10 force consortium for insurance known as the Southeast and Eastern Regional Police Insurance Consortium (SEERPIC).

The Policing and Crime Act 2017 received Royal Assent on 31 January 2017. The Act includes a duty, in England, for emergency services to collaborate. It also gives enabling powers for PCCs in England to take responsibility for the governance of their local fire and rescue services.

Norfolk Constabulary and Norfolk Fire and Rescue Service continue to strengthen their working relationship with individual governance currently.

A Home Office PCC review was announced to take the form of two phases. The results of phase one were announced before the last PCC election and a consultation on mandating fire governance by the PCC was among the plans to be progressed after the election. There is currently at the time of this report a White Paper consultation on several matters to do with the fire service including governance.

Phase two of the review has now been announced and focuses on the criminal justice system. The PCC and OPCC are preparing for the potential legislation that will give greater responsibility to the PCC.

The Norfolk Office of the PCC and Norfolk Constabulary is committed to working in partnership with public, private and third sector agencies to tackle issues of crime and disorder. This is demonstrated through roles in critical partnership initiatives such as the Community Safety Partnership, Norfolk 180 and Early Help Hubs. Norfolk Constabulary is committed to finding long term sustainable solutions to problems of crime and disorder, working together with partners and the

communities in an evidence-based problem-solving way and supporting innovation at a local level.

2. Impact of the Governance Arrangements on the Financial Statements of the PCC and Chief Constable

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' economic benefits associated with the item(s) will flow to, or from, the entity. The PCC has responsibility for the finances of the whole Group and controls the assets, liabilities and reserves. With the exception of the liabilities for employment and post-employment benefits, referred to later, this would suggest that these balances should be shown on the PCC's Balance Sheet.

The Scheme of Governance and Consent sets out the roles and responsibilities of the PCC and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents, all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's staff operates. The PCC has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the PCC. The PCC has not made arrangements for the carry forward of balances or for the Chief Constable to hold cash backed reserves.

Therefore, the Chief Constable fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is set by the PCC. The Chief Constable ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over the force's police officers and police staff. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities, incur expenditure and generate income to allow the police force to operate effectively. It is appropriate

that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the PCC.

Therefore, the expenditure and income associated with day-to-day direction and control and the PCC's funding to support the Chief Constable is shown in the Chief Constable's Accounts, with the main sources of funding (i.e. central government grants and council tax) and the vast majority of balances being shown in the PCC's Accounts.

Notably it has been decided to recognise transactions in the Chief Constable's Comprehensive Income and Expenditure Statement (CIES) in respect of operational policing, police officer and staff costs, and associated operational income, whilst liabilities for employment and post-employment benefits have been transferred to the Chief Constable's Balance Sheet in accordance with International Accounting Standard 19 (IAS19).

The rationale behind transferring the liability for employment benefits is that IAS19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the Chief Constable's CIES, on the grounds that the Chief Constable is exercising day-to-day direction and control over police officers and employs police staff, it follows that the employment liabilities are therefore shown in the Chief Constable's Balance Sheet.

3. Explanation of financial statements

The 2021/22 Statement of Accounts for the Chief Constable are set out on the following pages. The purpose of individual primary statements is explained below:

- **The Comprehensive Income and Expenditure Statement (CIES)** 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. Adjustments made between the accounting and funding bases are shown in the Movement in Reserves Statement.
- **The Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets of the Chief Constable (assets less liabilities) are matched by the reserves held by the Chief Constable.

- **The Movement in Reserves Statement (MiRS)** shows the movement in the year on the different reserves held by the Chief Constable. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These differ from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.
- **The Cash Flow Statement** shows the changes in cash and cash equivalents during the reporting period. The statement shows how the Chief Constable generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. However, all cash is held by the PCC for Norfolk so the cash flow statement for the Chief Constable shows the net deficit on the provision of services as non-cash movements.

Please note that occasionally minor differences occur between the primary statements and the notes to the accounts, this is due to unavoidable rounding discrepancies.

The Accounting Policies are disclosed in Note 1 of the Notes to the Financial Statements.

4. The 2021/22 Revenue and Capital Budget Process

A joint financial planning process took place between July 2020 and January 2021 in accordance with an agreed timetable. An enhanced Service and Financial Planning process took place using Outcome Based Budgeting (OBB) principles.

OBB is a method for aligning budgets to demand, performance, outcomes and priorities. This process is informed by the Force Management Statement that reviews the services provided by the Constabulary, estimates future demand, and assesses the readiness of each function to meet that demand and deliver on required outcomes and performance levels. This information is then lined up against the priorities and demands of the PCC. This allows projects to be developed to target areas that can be made more efficient, and those areas requiring more investment.

These outcomes were then reviewed by a Joint Chief Officer Panel against the OBB principles and decisions made about limiting growth and increasing savings.

These outputs were then presented to the Joint Chief Officer Team, and further refined after these sessions. Finally, the outcomes of the process were presented to the PCC. The process concluded with agreement on Norfolk only budgets, the agreement of joint budgets, costs and savings arising from the process to be included in spending plans.

In accordance with the requirements of Section 96 (1) (b) of the Police Act 1996, as amended by section 14 of the Police Reform and Social Responsibility Act 2011, the PCC has an obligation to consult with business rate payers and there is also a general responsibility to consult with the public.

The PCC launched the consultation for the 2021/22 police budget which ran for 5 weeks. The consultation took the form of an online and hard copy survey and an intensive programme of media, communications and engagement activity.

The results were collated towards the end of January 2021 and presented by the PCC to the Police and Crime Panel at its meeting on 2 February 2021.

These spending plans were then incorporated into the Medium-Term Financial Plan of the PCC that covered the period 2021/22 to 2024/25 and was signed off in February 2021.

The Medium-Term Financial Plans for the PCC are available at www.norfolk-pcc.gov.uk

5. Financial Performance

Savings plans

The Chief Constable has run a well-established and effective change programme over recent years. The programme is required to deal with the impact of funding settlements, spending challenges from inflation, increasing demand, the changing

nature of crime, increasing legislative and regulatory cost pressures and ongoing investment in modernising the Constabulary through improved digital infrastructure and technology.

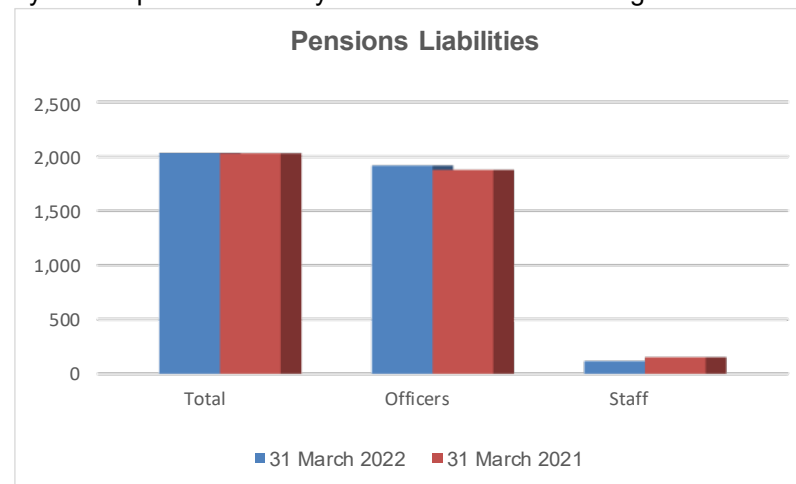
Savings plans of £4m were identified for 2021/22, and those savings have been achieved. The PCC and Chief Constable are jointly committed to providing the best possible policing service across Norfolk whilst at the same time increasing efficiency and reducing costs.

There is more information about the impact of the Home Office settlement for 2021/22 and what this means for the Constabulary over the medium-term in the Looking Forward section below.

Long Term Liabilities

Pension Liabilities

There are three separate pension schemes for police officers and one scheme for police staff. Although benefits from these schemes will not be payable until an officer or staff member retires, the Chief Constable has a future commitment to make these payments and under International Accounting Standard 19 (IAS19) is required to account for this future commitment based on the full cost at the time of retirement. The future net pension liabilities of the Chief Constable as calculated by an independent actuary are set out in the following table:



These liabilities result in the Balance Sheet showing net overall liabilities of £2,034m at 31 March 2022, however, the financial position of the Chief Constable remains sound as these liabilities will be spread over many years.

The value of the LGPS pension fund assets is calculated by the actuary as part of the formal triennial valuation process, and rolled forward to the balance sheet date, allowing for any movements in the year. These movements include investment returns, which may be estimated where necessary.

Reserves

The Chief Constable does not hold any usable reserves.

Annual Governance Statement

The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to accompany the Statements of Accounts. The AGS can be found on the Constabulary website at www.norfolk-police.uk

6. Non-financial Performance

As has been the case in most police forces in England and Wales, crime reported to and recorded by Norfolk Constabulary has been affected by the Covid-19 pandemic and the resulting measures that were put in place across 2020 and 2021. In the 12 months to the end of March 2022 there were 68,025 recorded crimes, an increase of 5.1% compared to the long-term average (64,724). In spite of this overall increase, there have been some variances in volumes across different crime types. Whilst increases have been recorded in domestic abuse, serious sexual offences, hate crime and online crime, a decrease in acquisitive crime reflects the differing impact of national lockdowns on crime trends. Considerable efforts continue to be made by officers and staff to encourage reporting from victims of 'hidden' crimes, and those from parts of the community which have not normally reported crime frequently. In addition, investments made by the Constabulary to ensure crime is recorded as accurately as possible continue to support our understanding of demand.

The Constabulary continues to prioritise services to vulnerable and at-risk victims, target perpetrators who cause the highest harm, continue robust operational responses to the threat of 'county lines' organised crime groups, tackle modern slavery, and target sexual crimes against adults and children. Collaborations with Suffolk Constabulary, the regional special operations unit (ERSOU), the 7Force collaboration and other Norfolk agencies and voluntary organisations, and investments in modern technologies such as automated number plate recognition, mobile computing devices and body worn video cameras are critical parts of these responses.

The Constabulary also continues to prioritise community issues through investment in Beat Managers and Community Engagement Officers. The Horizons change team continues to develop evidence-based initiatives to reduce demand and improve efficiency enabling officers to spend more time engaging with communities and responding to local needs. As a result, public confidence in the Constabulary remains high and anti-social behaviour has fallen. In particular, the funding from the council tax rise enabled the bolstering of problem solving expertise within Community Safety, to assist neighbourhood policing in tackling community issues.

The Police and Crime Plan of the former PCC has been extended to cover the financial year 2021-22 while the current PCC consulted on his new Police, Crime and Community Safety Plan (2022-2024). Therefore, for the reporting year the PCC's priorities for tackling crime in Norfolk remained as:

- Increase visible policing
- Support rural communities
- Improve road safety
- Prevent offending
- Support victims and reduce vulnerability
- Deliver a modern and innovative service
- Good stewardship of taxpayers' money.

The following table shows the 'year-end' position for some of the more easily available Police and Crime Plan key performance indicators where prior year data is available. Further details will be published in the PCC's Annual Report in the

autumn.

Area	Indicator	2020/21	2021/22
Domestic Abuse	Number of crimes	13,646	14,060
	Solved rate	10%	9%
Serious Sexual Offences	Number of crimes	2,040	2,614
	Solved rate	8%	7%
Child Sexual Abuse	Number of crimes	1,583	1508
	Solved rate	11%	14%
Hate Crime	Number of crimes	1,349	1,426
	Solved rate	12%	11%
Online Crime	Number of crimes	2,911	2,976
	Solved rate	9%	9%
Personal Property Crime	Number of crimes	9,642	9,728
	Solved rate	11%	10%
Call Handling	% 999 calls answered in 10 seconds	91%	89%
Emergency Response	% of emergencies responded to in target time	90%	88%
Road Safety	Number of KSI collisions	319	385

Demands on the Constabulary have changed in nature in recent years. Acquisitive crimes have reduced, while crimes such as domestic abuse and sexual offences have been rising. In 2020/21, the onset of the Covid-19 pandemic impacted the demand recorded in some vulnerability crime types. Whilst domestic abuse has continued to increase year on year, volumes of some sexual offences (CSA) reduced. Where increases in crime are accompanied by reductions in solved rates,

this is a reflection of the changing demand. The Force continues to prioritise the most harmful crime types alongside initiatives that focus on community priorities such as rural crime and responding to emergencies. The Force's performance in call handling and emergency response has maintained good performance despite 999 demand increasing between 2020/21 and 2021/22 and Covid-19 has impacted staffing levels in the CCR. The Force has invested funding achieved through the rise in council tax to improve the switchboard service within the CCR. This has enabled 95% of 101 calls to be answered within 30 seconds (the national target). Prior to this investment this rate had dipped to levels of 75%.

7. Impact of Covid-19 Pandemic, Exiting the EU and the Conflict in Ukraine

During 2021/22 Covid-19 has continued to have an impact on people's lives and on the economy. Related issues where relevant are highlighted within these accounts.

This section outlines key issues for the Constabulary.

Constabulary - Impact of Covid-19

As a result of the Covid-19 pandemic the Constabulary established a dedicated command model to focus on our response to the disease. This command structure was set up in collaboration with Suffolk Constabulary and enabled a consistent approach to our activity both in each force and across the extensive "joint" collaborated services. This structure initially operated a Gold-Silver-Bronze model with Gold Command operating across both forces, and a Silver Commander nominated in each force.

However, at the tail end of 2021, the silver role was amalgamated, and one Silver Commander was appointed for the two forces. A Strategic Gold plan was written which was implemented by the Silvers at an operational and tactical level. A review of the command structure took place as the infection rates started to reduce and alignment with business-as-usual activity commenced. Whilst the existing dedicated command structure will officially and formally be stood down from 10th June 2022, the retention of the Gold and Silver commanders will ensure oversight of the local and national position and will ensure a mechanism to facilitate the dissemination of information across both organisations from Op Talla (the national policing response) and other Government departments when and as required.

Force sickness levels have been regularly monitored and despite the reducing infection rate since wholesale testing ceased, continue to be reviewed to enable any internal outbreaks to be appropriately responded to. Officers and staff who are symptomatic are advised to remain off work and those who are infected and who can effectively work from home continue to be supported to do so with the provision of mobile technology to support this approach.

Force sickness levels increased significantly at the start of 2022, notably as a result of the Omicron variant and although business continuity planning had been completed to enable a graduated response to service delivery if required, this was not necessary in the majority of departments. Some bespoke arrangements within the Control Room were initiated owing to higher sickness levels and staff shortages following high infection numbers and the need to continue to deliver this as a core service. Demand has now returned to what would be described as pre-Covid levels with custody throughput increasing and calls for service on or around anticipated levels.

Service provision from a Constabulary back-office perspective has continued to be less impacted than the operational services. Project work demand is high and is back to pre-Covid levels and the back office is responding well. For instance, the fleet is still being serviced and the estate maintained for everyday use whilst still adhering to Covid secure measures (which are due to be removed in a controlled way from June 2022 onwards). Staff and officers have been paid on time, supplier payments are still being made, and the statutory accounts preparation has been completed in line with deadlines.

Improvements have been made to support hybrid working for roles where this is appropriate to do so in line with the joint Modern Workplace Programme being run in conjunction with Suffolk.

Supply chain impact from Covid-19, Exiting the EU and the Conflict in Ukraine

The Covid-19 pandemic had a significant effect on global supply chains; a slowdown in production in other regions of the world impacted on our ability to secure sufficient supplies and lead times were extended. Many of our supplies originate from or have components / elements (e.g. vehicles / ICT equipment) manufactured in the far east, which flow west.

Supply chains were generally re-establishing again but with countries responding to national Covid-19 surges the impact on lead times is still being monitored. Supply chain issues though have been further exacerbated by the UK exit from the EU which has led to delays at channel ports as well as compliance with HMRC rules. The conflict in Ukraine where a diverse range of raw materials and manufactured components and goods feed into supply chains is creating further delays and shortages. Generally, there has been a steep increase in shipping costs in the last few months due to congestion in UK ports and a shortage of containers in the correct place for movement of goods.

Suppliers continue to re-evaluate supply chains in order to become less reliant on one market and to build in resilience into their offering. To do this, we will see some manufacturing moving to areas where the overheads are higher and thus in the longer term it is anticipated that prices will increase although the impact of this is only now starting to materialise.

Major estate developments are now progressing but material lead in times have extended, material and labour costs have increased and tendered prices will not be held by bidders for the three plus months previously expected.

There are potential risks regarding provision of any equipment using semi-conductors, particularly for ICT equipment and vehicle production with some manufacturers currently slowing or temporarily ceasing production. Commercial Services works with affected departments and suppliers to mitigate risks where possible.

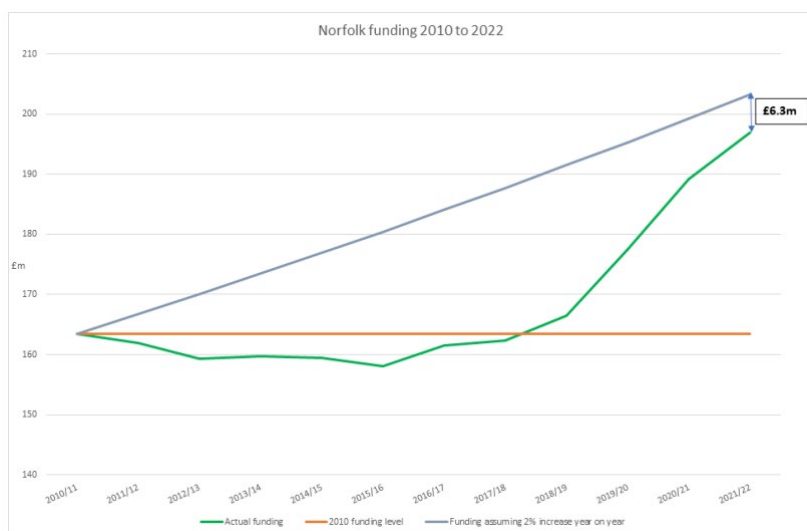
There has been some impact upon uniform supply both as a result of Covid-19 and the impact of direct imports from Europe. Some sources of uniform manufacture have been affected by increases in recruitment but alternative routes to market have been found to fill the gap. Ballistic protection body armour is imported direct from Germany and has thus been affected by import and delivery charges as a result of exiting the EU.

Over the whole supply chain there is considerable inflationary pressure exacerbated by increasing material, labour and transport costs. Commercial Services will always endeavour to mitigate price increases and seek alternative sources of supply but it is inevitable that increases will need to be met.

8. Funding Settlement 2021/22 and beyond

The police service has been through over 10 years of austerity, although it is recognised that the settlements since 2019/20 have started to restore some of the loss of annual funding. The graph below shows the amount of cash received by Norfolk Constabulary from the main Home Office grant, precept from households in Norfolk, plus all specific grants. Cash levels only exceeded those of 2010/11 for the first time in 2018/19. The blue line represents the amount of money the force would have received if their grants and precept had risen broadly in line with inflation of 2% each Year.

This shows that the force has absorbed significant amounts of inflation over that time and as of 2021/22 still has £6.3m less than 2010 in real terms. When you add the impact of other statutory and legislative changes that have increased costs to the organisation (e.g. increases to National Insurance, Pensions and Insurance tax) that amount to around £10m a year, and further add in the changing nature of crime that requires more expensive investigations and more kit and equipment with an annual refresh of around £4m a year it can be seen the amount the force has absorbed is even higher totalling circa £20m a year.



In response, every year cashable savings and efficiencies have been identified. The savings help to finance the demand pressures, cover inflation costs and balance the budget. By the 31st March 2022 the Constabulary has made savings of over £40m from their annual budgets.

Covid 19 has continued to have a major impact on everyone's lives within the United Kingdom, as well as on every sector of the economy. Following the first lockdown on the 23rd March 2020, the country went through a series of further lockdowns and restrictions for over a year that have now been able to be reduced due to the success of the vaccination programme.

Clearly the pandemic has had a massive impact on the economy with GDP for 2020 falling by 9.9%, the largest annual fall in 300 years, and with peacetime borrowing levels at their highest ever level.

As part of the Chancellor's Autumn Budget on 27th October 2021, he announced a 3- year Spending Review (SR21) for government departments including the Home Office. The budget and SR21 outlined the government's response to the recovery from the pandemic and a period of significant uncertainty.

However, while the settlement for Norfolk is relatively positive for 2022/23, and a 3-year settlement for the Home Office has been outlined, it is clear that challenging times continue in the medium-term. These include the requirement to fund the significant rise in inflationary pressures caused by ongoing global factors, tackle increasing demand on policing, and the increasing complexity and cost of investigations, and manage pressures from other local, regional and national programmes and statutory changes. With the government targets on increasing police officer numbers and maintaining them through to at least 2024/25, savings requirements will have to be met from a significantly smaller proportion of our budget that excludes officer pay.

The 3-year spending review confirmed the continuation of funding for the recruitment of 20,000 additional officers for England and Wales (the Police Uplift Programme or PUP). Nationally, £550m of funding has been made available for 2022/23 to recruit another 8,000 officers (in addition to the first 12,000 officers recruited in the first two years of the programme).

[Police Budget Consultation Report to the Police and Crime Panel](#)

The financial, economic and operational uncertainties and challenges will require the PCC and Constabulary to keep financial planning assumptions under constant review, to ensure that the financial position remains stable into the long-term and that increased efficiency is kept at the heart of these developments.

Peter Jasper ACMA

Assistant Chief Officer

	2021/22	2022/23	Variance	
	£000	£000	£000	%
Police Core Grant	90,864	96,298	5,434	5.98%
Ringfenced Grant (Uplift)	1,119	1,510	391	34.94%
Legacy Council Tax Grants	9,305	9,305	0	0%
Total all Grants	101,288	107,113	5,825	5.75%

The government funding for PUP for 2022/23 must be spent on the costs of recruiting officers, plus the additional costs that supports recruitment, training, uniform provision, vehicles and the other back office functions that makes the recruitment and retention of officers possible. Therefore, this does not then help fund the additional pressures outlined previously.

Central funding for PUP is for three years and officer numbers cannot be frozen or cut during this period as £1.5m of funding is linked to achieving the Uplift targets.

As part of the Spending Review, PCCs were given the flexibility to increase the precept by up to £10 per annum (15 pence per week at Band B/ 19 pence at Band D) without the need to go to a referendum. Following a period of consultation with the public the PCC took the decision to raise the precept by the maximum allowed. By doing this, the PCC has been able to provide funding to help maintain current levels of service and enable your police service to tackle the new challenges they are facing.

However, while the spending review set out a 3-year settlement for the Home Office and confirmed PCCs have the flexibility to raise the precept by £10 per year over the 3-year SR21 period, the settlement for forces only outlined detail for 2022/23. This leaves some uncertainty on the financial detail going forward.

Given the ongoing global economic issues, and the significant pressure on inflationary costs, the prudent assumptions made in the MTFP are now even more appropriate. The Constabulary is now about to commence the process of the new round of strategic financial planning, and will consult with the PCC throughout this process. There are no going concern issues as a result, as funding to police forces will continue, but there may be risks to the levels of service currently offered.

The PCC has published the Reserves Strategy and the Capital Strategy in the new MTFP for 2022/23 to 2025/26 and these can be found at the following address :

Comprehensive Income and Expenditure Statement for the Chief Constable of Norfolk Constabulary for the year ended 31 March 2022

Gross Expenditure 2020/21 £000	Income 2020/21 £000	Net Expenditure 2020/21 £000		Note	Gross Expenditure 2021/22 £000	Income 2021/22 £000	Net Expenditure 2021/22 £000
			Division of service:				
206,550	(19,472)	187,078	Constabulary		234,982	(23,842)	211,140
206,550	(19,472)	187,078	Net cost of police services before group funding		234,982	(23,842)	211,140
	(181,730)	(181,730)	Intra-group funding	4		(193,251)	(193,251)
206,550	(201,201)	5,349	Net cost of police services		234,982	(217,094)	17,889
			Other operating expenditure:				
			Financing and investment income and expenditure:				
39,907	-	39,907	Pensions interest cost	13	40,831	-	40,831
39,907	-	39,907			40,831	-	40,831
		45,256	Deficit / (surplus) on the provision of services				58,720
			Other comprehensive income and expenditure:				
		214,610	Remeasurements of the net defined benefit liability (i)	13			(55,101)
		214,610					(55,101)
		259,866	Total comprehensive income and expenditure				3,619

Balance Sheet for the Chief Constable of Norfolk Constabulary as at 31 March 2022

31 March 2021 £000		Notes	31 March 2022 £000
-	TOTAL ASSETS		-
1,592	Short-term creditors and accruals	14	1,575
1,592	Current liabilities		1,575
2,029,070	Liability related to defined benefits	13	2,032,705
2,029,070	Long term liabilities		2,032,705
2,030,662	TOTAL LIABILITIES		2,034,280
(2,030,662)	NET LIABILITIES		(2,034,280)
-	Usable reserves	Page 14	-
(2,030,662)	Unusable reserves	Page 14	(2,034,280)
(2,030,662)	TOTAL RESERVES		(2,034,280)

These unaudited accounts were issued on 2022.

Peter Jasper ACMA
Assistant Chief Officer
 2022

Movement in Reserves Statement for the Chief Constable of Norfolk Constabulary

	Note	General Fund Balance £000	Total Usable Reserves £000	Pension Reserves £000	Comp' Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Year Ended 31 March 2022							
Balance at 1 April 2021		-	-	(2,029,070)	(1,592)	(2,030,662)	(2,030,662)
Movement in reserves during 2021/22							
Surplus or (deficit) on provision of services (accounting basis)	Page 12	(58,720)	(58,720)	-	-	-	(58,720)
Other comprehensive income and expenditure	Page 12	-	-	55,101	-	55,101	55,101
Total comprehensive income and expenditure		(58,720)	(58,720)	55,101	-	55,101	(3,619)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		79,309	79,309	(79,309)	-	(79,309)	-
Contribution to the Police Pension Fund		(20,574)	(20,574)	20,574	-	20,574	-
Movement on the Compensated Absences Account		(16)	(16)	-	16	16	-
Adjustments between accounting basis and funding basis under regulations		58,720	58,720	(58,735)	16	(58,720)	-
Net movement in reserves		-	-	(3,634)	16	(3,618)	(3,618)
Balance at 31 March 2022		-	-	(2,032,705)	(1,575)	(2,034,280)	(2,034,280)

	Note	General Fund Balance £000	Total Usable Reserves £000	Pension Reserves £000	Comp' Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Year Ended 31 March 2021							
Balance at 1 April 2020		-	-	(1,769,765)	(1,033)	(1,770,798)	(1,770,798)
Movement in reserves during 2020/21							
Surplus or (deficit) on provision of services (accounting basis)	Page 12	(45,256)	(45,256)	-	-	-	(45,256)
Other comprehensive income and expenditure	Page 12	-	-	(214,610)	-	(214,610)	(214,610)
Total comprehensive income and expenditure		(45,256)	(45,256)	(214,610)	-	(214,610)	(259,866)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		63,771	63,771	(63,771)	-	(63,771)	-
Contribution to the Police Pension Fund		(19,076)	(19,076)	19,076	-	19,076	-
Movement on the Compensated Absences Account		559	559	-	(559)	(559)	-
Adjustments between accounting basis and funding basis under regulations		45,256	45,256	(44,695)	(559)	(45,256)	-
Net movement in reserves		-	-	(259,305)	(559)	(259,866)	(259,866)
Balance at 31 March 2021		-	-	(2,029,070)	(1,592)	(2,030,662)	(2,030,662)

Cash Flow Statement for the Chief Constable for Norfolk Constabulary for the year ended 31 March 2022

2020/21		2021/22
£000		£000
(45,256)	Net surplus/(deficit) on the provision of services	(58,720)
	Adjustment for non cash or cash equivalent movements	
44,695	Movements on pension liability	58,735
559	Increase/(decrease) in revenue creditors	(15)
45,256	Net adjustment for non cash or cash equivalent movements	58,720
-	Net increase or (decrease) in cash and cash equivalents	-
-	Cash and cash equivalents at the beginning of the reporting period	-
-	Cash and cash equivalents at the end of the reporting period	-

Expenditure and Funding Analysis for the Chief Constable of Norfolk Constabulary

The Expenditure and Funding Analysis is a note to the Financial Statements; however, it is positioned here as it provides a link from the figures reported in the Narrative Report to the CIES.

Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES 2020/21		Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES 2021/22
£000	£000	£000	Constabulary	£000	£000	£000
Year ended 31 March						
162,656	24,423	187,078	Constabulary	172,677	38,463	211,140
(181,730)	-	(181,730)	Intra-group funding	(193,251)	-	(193,251)
(19,076)	24,423	5,348	Net cost of police services	(20,574)	38,463	17,889
19,076	20,831	39,907	Other income and expenditure	20,574	20,257	40,831
-	45,255	45,255	Deficit/(surplus) on the provision of services	-	58,720	58,720
-			Opening general fund balance at 1 April	-		
-			Closing general fund balance at 31 March	-		

Notes to the Financial Statements for the Chief Constable of Norfolk Constabulary

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1. Accounting Policies

The Statement of Accounts summarises the Chief Constable's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. Those practices primarily comprise the Code, supported by International Financial Reporting Standards (IFRS).

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.

Cost recognition and intra-group adjustment

Refer to Note 4 for further details.

Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals a de-minimis level of £1,000 is set for year-end accruals of purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits 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 entity can no longer withdraw the offer of those benefits or when the entity 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 entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Constabulary, and all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Chief Constable of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuaries.

The assets of the LGPS attributable to the Chief Constable 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.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is partially topped up by a grant from the Home Office.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the Comprehensive Income and Expenditure Statement (CIES). The current service cost is based on the latest available actuarial valuation.

- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- 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. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

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

Discretionary Benefits

The entity 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 (including injury awards for police officers) 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.

The Chief Constable makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

Events after the reporting period

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

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However, 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.

Government grants and contributions

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

- The Chief Constable will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Chief Constable are not credited to the CIES until conditions attaching 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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Joint operations

Joint operations are activities undertaken by the Chief Constable in conjunction with other bodies, which involve the use of his resources or those of the other body, rather than the establishment of a separate entity. The Chief Constable recognises the liabilities that he incurs and debits and credits the CIES with his share of the expenditure incurred and income earned from the activity of the operation.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

The amounts payable to the PFI operators each year are analysed into five elements; only the fair value of the services received during the year is debited to

the Chief Constable's net cost of policing in the CIES. The other elements are only shown in the PCC and Group accounts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Reserves

The Chief Constable 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 MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Chief Constable – these reserves are explained in the following paragraph:

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with the statutory provisions. The Chief Constable accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed

as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Value Added Tax

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Chief Constable's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).

Going Concern

The Code stipulates that the financial statements of local authorities that can only be discontinued under statutory prescription shall be prepared on a going concern basis. This assumption is made because local authorities carry out functions essential to the local community, and cannot be created or dissolved without statutory prescription. Transfers of services under combinations of public sector bodies do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. However, in order to assist External Audit with establishing their going concern conclusion, a review of going concern is carried out by management. Refer to Note 17 for detail of this review.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Financial Statements have been prepared in accordance with the Code, which is based on International Financial Reporting Standards (IFRSs).

The amendments required to be adopted under the 2022/23 Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – 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.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Note that this is based on the current position as agreed by CIPFA/LASAAC but the Code has not yet been subject to full due process so this might be subject to change.

Application of the Standards referred to above, as adopted by the Code, is required by 1 April 2022, and these standards will be initially adopted as at 1 April 2022, where applicable. The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

It is not expected that the adoption of any of the standards listed above will have a material effect on the 2022/23 financial statements.

Implementation of the new leasing standard, IFRS 16 Leases, had previously been deferred from 2020/21 for one year due to the impact of the Covid-19 global pandemic. However, due to the continued widespread impact of the pandemic, and resulting pressures on external audit and finance teams, the CIPFA/LASAAC Local Authority Accounting Code Board agreed to defer the implementation of this standard for a further three years in total. This will mean the effective date for

implementation is now 1 April 2024. Local Government bodies can elect to implement the standard from 1 April 2022 if desired. The PCC for Norfolk is in a good position to adopt the standard early, however a final decision will be made following discussion with external auditor and once all factors are considered.

3. Critical Judgements in Applying Accounting Policies

PCC and the Chief Constable in 2021/22 and are reflected in the financial statements.

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

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2022/23 in regard of what the PCC will receive from the government and the limitations around the precept. The PCC and the Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium-Term Financial Plan, the impact of which will be realised in the budget set by the PCC.
- The allocation of transactions and balances between the PCC and the Chief Constable has been set out in the Narrative Report to these accounts.
- The PCC for Norfolk has a significant number of assets including those under Private Finance Initiative (PFI) arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI) and the capital and financing costs of the provision of those assets in the PCC account. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the Chief Constable have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the Chief Constable accounts including the service charges element of the PFI.
- Costs of pension arrangements require estimates assessed by independent qualified actuaries regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.
- In respect of the LGPS police staff pension costs, separate actuarial valuations have been carried out to provide the accounting entries for the

4. Intra-group Funding Arrangement Between the PCC and Chief Constable

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the Narrative Report.

The PCC received all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff are also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts, funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities are carried on the balance sheet in accordance with the Code and added to the carrying value of the Pensions Liability and Accumulated Absences Liability.

5. Notes to the Expenditure and Funding Analysis

Adjustments between the CIES and the General Fund

Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments 2020/21 £000	Constabulary	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments 2021/22 £000
23,864	559	24,423	Constabulary	38,478	(15)	38,463
23,864	559	24,423	Net Cost of Police Services	38,478	(15)	38,463
20,831	-	20,831	Other income and expenditure	20,257	-	20,257
44,695	559	45,254	Difference between General Fund Deficit/(Surplus) & CIES Deficit/(Surplus)	58,735	(15)	58,720

Expenditure and Income Analysed by Nature

Total 2020/21 £000	Total 2021/22 £000
Expenditure	
177,454	202,192
29,096	32,791
39,907	40,831
246,457	275,813
Income	
(6,974)	(8,885)
(12,498)	(14,957)
(19,472)	(23,842)
226,985	251,971
(181,730)	(193,251)
45,256	58,720

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied. The effects on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.5% (PPS) and 0.1% (LGPS) decrease in the discount rate assumption would result in an increase in the pension liability of £196.5m.

The value of the LGPS pension fund assets is calculated by the actuary as part of the formal triennial valuation process, and rolled forward to the balance sheet date, allowing for any movements in the year. These movements include investment returns, which may be estimated where necessary. However, the figure incorporates actual returns for the period 1 April 2021 to 31 March 2022.

7. Events After the Reporting Period

Events after the reporting period have been considered for the period from the year-end to the date the accounts were authorised for issue on2022. At the time of issue there were no adjusting or non-adjusting subsequent events that required disclosure.

8. Employees' Remuneration

The number of employees and senior police officers whose remuneration exceeded £50k in 2021/22 were as follows:

Remuneration	Chief Constable	
	2021/22	2020/21
£50,000 - £54,999	20	10
£55,000 - £59,999	8	10
£60,000 - £64,999	8	6
£65,000 - £69,999	3	4
£70,000 - £74,999	4	4
£75,000 - £79,999	2	2
£80,000 - £84,999	1	2
£85,000 - £89,999	3	4
£90,000 - £94,999	4	1
£95,000 - £99,999	3	2
£105,000 - £109,999	1	-
£110,000 - £114,999	-	2
£120,000 - £124,999	1	-
£125,000 - £129,999	1	1
£130,000 - £135,999	-	-
£135,000 - £139,999	1	1
£160,000 - £164,999	1	-
£180,000 - £184,499	-	1

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

In addition to the above the Accounts and Audit Regulations 2015 require a detailed disclosure of employees' remuneration for relevant senior police officers, certain statutory and non-statutory chief officers and other persons with a responsibility for management of the Constabulary. The officers listed in the following table are also included in the above banding disclosure note.

	Salaries Fees and Allowances £000	Employers Pension Contributions £000	Benefits in Kind £000	Total £000
2021/22				
Position held				
• Chief Constable - Simon Bailey (to 30.6.21)	45	-	7	52
• Chief Constable - Paul Sanford (from 2.12.21)	161	42	7	210
Temporary Chief Constable (from 1.7.21 to 1.12.21)				
Deputy Chief Constable (to 30.6.21)				
• Temporary Deputy Chief Constable (from 14.6.21)	129	37	-	166
Assistant Chief Constable (to 13.6.21)				
• Assistant Chief Constable	135	31	-	166
• Temporary Assistant Chief Constable (to 13.6.21)	97	28	-	125
• Assistant Chief Officer	113	19	-	132
2020/21				
Position held				
• Chief Constable - Simon Bailey	175	-	7	182
• Deputy Chief Constable	138	39	-	177
• Assistant Chief Constable	123	37	8	168
Temporary Deputy Chief Constable (to 31.8.20)				
• Assistant Chief Constable (from 1.5.20)	130	35	-	165
Temporary Assistant Chief Constable (to 30.4.20)				

During 2021/22, a chief officer from Norfolk Constabulary acted as an Assistant Chief Constable (ACC) until 13.6.21 in a joint capacity, Suffolk Constabulary contributed 43.3% towards the cost of this post.

From 14.6.21 a Suffolk Constabulary officer acted as a Temporary ACC in a joint capacity, Norfolk Constabulary contributed 56.7% towards the cost of this post.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

The number of exit packages with a total cost per band are set out in the table below.

Exit Package Cost Band including Payments £000	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £000	2020/21 £000
0-20	17	-	2	2	19	2	188	16
20-40	10	-	-	-	10	-	275	-
40-60	1	-	-	-	1	-	42	-
80-100	-	1	-	-	-	1	-	82
	28	1	2	2	30	3	505	97

9. Related Parties

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

During 2021/22 there were no material related party transactions involving senior officers of the Constabulary, other than those included under employees' remuneration set out in Note 8 of these financial statements. All Chief Officers have been written to requesting details of any related party transactions and there are no disclosures.

Central Government has effective control over the general operations of the Chief Constable, it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Chief Constable has with other parties. Income from central government is set out in Note 11 of these financial statements.

Norfolk and Suffolk Constabularies have implemented significant collaborative arrangements, these are fully disclosed in Note 15.

No other material transactions with related parties have been entered into except where disclosed elsewhere in the accounts.

10. External Audit Costs

The Chief Constable fees payable in respect of external audit services are as below. No audit fees have been payable for non audit work.

2020/21 £000	2021/22 £000
The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts	
12 The Chief Constable of Norfolk	12
The Chief Constable for Norfolk scale variation fee 2019/20	7
The Chief Constable for Norfolk scale variation fee 2020/21	9
Rebate for prior years	(2)
12	25

Neither the 2021/22 nor the 2020/21 audit fees include any additional amount attributable to the Chief Constable in respect of prior year audits, any such fees are disclosed separately.

11. Grant Income

The Chief Constable credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

	Amount receivable for 21/22 £000	Amount receivable for 20/21 £000
Credited to Services		
Police incentivisation	337	224
Vulnerability Coordination Centre	1,401	736
Specific grant for police pensions	1,565	1,565
Other specific grants	11,654	9,973
	14,957	12,498

Other specific grants credited to services include £2.7m Tackling organised exploitation project grant, £3.0m for Operation Hydrant and £3.3m for a specific Home Office grant.

12. Private Finance Initiatives

Operations and Communications Centre at Wymondham

The PCC is committed to making payments under a contract with a consortium for the use of Jubilee House, Operations and Communications Centre at Wymondham until 2037.

The actual level of payments is dependent on availability of the site and provision and delivery of services within. The estimated cost covers the contract standard facilities management provision. The contract, which is for a period of 35 years starting from 2001, has an option at contract end date to purchase the property at open market value or to negotiate with the PFI provider to extend the contract for up to a further 2 periods of 15 years, or of terminating the contract.

The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contract fails to meet availability and performance standards in any year but which is otherwise fixed.

The payment recognised in the Chief Constable accounts for the services element during 2021/22 was £1,503m (£1,469m in 2020/21). Payments remaining to be made under the PFI contract for services at 31 March 2022 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	OCC Revenue Services £000
Payable in 2022/23	1,541
Payable within two to five years	6,284
Payable within six to ten years	8,056
Payable within eleven to fifteen years	8,547
	24,428

Police Investigation Centres (PIC)

During the financial years 2010/11 to 2040/41 the Norfolk and Suffolk PCCs are committed to making payments under a contract with a consortium for the use of the six PICs. The actual level of payments will be dependent on the availability of the site and provision and delivery of services within. The contract is for 30 years. As the end of this term the properties revert to the two Groups.

Norfolk and Suffolk PCCs have agreed to pay for these services on an agreed percentage in accordance with the total number of cells within the six properties located in the two counties – this being Norfolk 58.2% and Suffolk 41.8%. The payment recognised in the Chief Constable accounts is for the net services element which during 2021/22 amounted to £1.489m (£1.409m in 2020/21). This figure includes a credit received from Cambridgeshire Police for £0.526m in respect of services provided at the Kings Lynn PIC.

The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (which exclude any availability / performance deductions or amounts receivable from Cambridgeshire Police), are shown in the following table:

	PIC Revenue Services £000
Payable in 2022/23	1,716
Payable within two to five years	9,864
Payable within six to ten years	13,161
Payable within eleven to fifteen years	14,164
Payable within sixteen to twenty years	13,184
	52,089

13. Retirement Benefits

Participation in pension schemes

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Four defined benefit pension schemes are operated:

- a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary police staff, administered by Norfolk County Council – this is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

From April 2014 the LGPS changed to a career average defined benefit scheme, so that benefits accrued are worked out using the employee's pay each scheme year rather than the final salary. This applies to all membership which builds up from 1 April 2014, but all pensions in payment or built up before April 2014 are protected. Employee contributions are determined by reference to actual pensionable pay and are tiered between 5.5% and 12.5%.

- b) The Police Pension Scheme (PPS) for police officers who joined before April 2006. The employee contributions are 14.25%-15.05% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.
- c) The New Police Pension Scheme (NPPS) for police officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 11.00%-12.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.
- d) The Police Pension 2015 Scheme for police officers, is a Career Average Revalued Earnings (CARE) scheme, for those who either joined from April 2015 or transferred from PPS or NPPS. The employee contributions are 12.44%-13.78% of salary and the Normal Pension Age is 60 although there are protections for eligible officers to retire earlier. Contribution rates are dependent on salary.

All police pension schemes are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 as 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2021/22 a specific grant of £1.6m was received to part fund the cost of the recent change in contribution rates. The CIES is charged with the costs of injury awards and the capital value of ill-health benefits.

The PCC is also required to maintain a Police Pension Fund Account. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to partially cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

Transactions relating to post-employment benefits

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement is reversed out of the General Fund in the MiRS.

The note below contains details of the Chief Constable's operation of the Local Government Pension Scheme (administered by Norfolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the Chief Constable has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes.

The following transactions have been made in the CIES and the General Fund via the MiRS during the year:

	LGPS		Police Pension Schemes	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service costs	21,195	12,784	48,070	40,290
Past service costs	-	25	-	-
(Gain)/loss from settlement	-	(140)	-	-
Financing and investment income and expenditure				
Net interest expense	3,251	2,107	37,580	37,800
Total post employment benefit charges to the surplus or deficit on the provision of service	24,446	14,776	85,650	78,090
Other post employment benefit charged to the CIES				
- Return on plan assets (excluding the amount included in the net interest expense)	(15,939)	(46,139)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	(1,725)	4,905	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(34,848)	100,478	(25,300)	203,280
- Other	1,233	(3,009)	21,478	(44,905)
	(51,279)	56,235	(3,822)	158,375
Total post employment benefit charged to the CIES	(26,833)	71,011	81,828	236,465
Movement in Reserves Statement (MiRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	26,833	(71,011)	(81,828)	(236,465)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	8,763	8,115	42,598	40,055
Memo				
Retirement benefits payable to pensioners	(5,838)	(5,594)	(51,378)	(48,385)

Assets and liabilities in relation to retirement benefits

	Local Government		Police		Total	
	Pension Scheme		Pension Schemes		Pension Schemes	
	2021/22	2020/21	2021/22	2020/21		
Present value of liabilities	(405,096)	(414,007)	(1,915,920)	(1,876,690)	(2,321,016)	(2,290,697)
Fair value of plan assets	288,311	261,626	-	-	288,311	261,626
Total net liabilities	(116,785)	(152,381)	(1,915,920)	(1,876,690)	(2,032,705)	(2,029,071)

Reconciliation of present value of the scheme liabilities

	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening balance at 1 April	414,007	295,556	1,876,690	1,680,280
Current service cost	21,195	12,784	48,070	40,290
Interest cost	8,665	6,892	37,580	37,800
Contributions by scheme participants	2,659	2,466	8,780	8,330
Remeasurement (gains) and losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	(1,725)	4,905	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(34,848)	100,478	(25,300)	203,280
- Other	981	(3,014)	21,478	(44,905)
Past service costs	-	25	-	-
Benefits paid	(5,838)	(5,594)	(51,378)	(48,385)
Effects of settlements	-	(491)	-	-
Closing balance at 31 March	405,096	414,007	1,915,920	1,876,690

Reconciliation of fair value of the scheme assets

	Funded Assets		Unfunded Assets	
	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
	£000	£000	£000	£000
Opening fair value of scheme assets at 1 April	261,626	206,071	-	-
Interest income	5,414	4,785	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	15,939	46,139	-	-
- other	(252)	(5)	-	-
Contributions from employer	8,763	8,115	42,598	40,055
Contributions from employees into the scheme	2,659	2,466	8,780	8,330
Benefits paid	(5,838)	(5,594)	(51,378)	(48,385)
Effects of settlements	-	(351)	-	-
Closing fair value of scheme assets at 31 March	288,311	261,626	-	-

The total net pensions liabilities of £2,033m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £2,034m. However, the financial position of the Chief Constable remains sound as the liabilities will be spread over many years as follows:

- The net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
- The net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

The County Council is required to have a funding strategy for elimination of deficits, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

The Police Pension Schemes have no assets to cover their liabilities. The Chief Constable's share of the assets in the County Council Pension Fund are valued at fair value, principally market value for investments and consist of the categories in the following table.

	Fair Value of Scheme Assets			
	31 March 2022		31 March 2021	
	£000	%	£000	%
Cash and cash equivalents	4,083	1.42	4,081	1.56
Bonds - by sector				
- Government	2,911		2,978	
Sub total bonds	2,911	1.01	2,978	1.14
Property - by type				
- UK property	26,332		20,804	
- Overseas property	4,058		5,291	
Sub total property	30,390	10.54	26,095	9.97
Private equity - all:	23,264	8.07	16,600	6.34
Other investment funds:				
- Equities	121,285		116,594	
- Bonds	83,282		77,672	
- Infrastructure	23,034		16,547	
- Other	0		963	
Sub total other investment funds	227,600	78.94	211,775	80.95
Derivatives:				
- Foreign exchange	64		97	
Sub total derivatives	64	0.02	97	0.04
Total assets	288,311	100	261,626	100

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Within the police schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit credit method.

The police officer schemes liabilities have been assessed by the Government Actuary Department and the LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below.

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners				
Men	21.7	21.9	22.1	22.0
Women	24.1	24.3	23.8	23.7
Longevity at 65 for future pensioners				
Men	22.9	23.2	23.8	23.7
Women	26.0	26.2	25.4	25.3
Rate of inflation (CPI)	3.15%	2.80%	3.00%	2.40%
Rate of increases in salaries	3.85%	3.50%	4.75%	4.15%
Rate of increase in pensions	3.15%	2.80%	3.00%	2.40%
Rate for discounting scheme liabilities	2.75%	2.05%	2.65%	2.00%
Rate of CARE revaluation	n/a	n/a	4.25%	3.65%

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

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000
0.5% (PPS) 0.1% (LGPS) decrease in real discount rate	2.0%	9,501	10.0%	187,000
1 year increase in member life expectancy	4.0%	16,204	3.5%	65,000
0.5% (PPS) 0.1% (LGPS) increase in the salary increase rate	0.0%	1,092	9.0%	171,000
0.5% (PPS) 0.1% (LGPS) increase in the pension increase rate	2.0%	8,341	3.5%	65,000

Unlawful discrimination

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

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

Paragraph 6.4.3.1 of the Code requires authorities to account for post-employment benefits for defined benefit schemes where there is either a legal obligation, under the formal terms of the defined benefit plan or a constructive obligation.

While the regulations underpinning the Local Government Pension Scheme (LGPS), and Police Pension Schemes have yet to be amended, the outcomes of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore, the 15 July 2019 written statement by the Chief Secretary to the Treasury that the McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation.

In the 2018/19 statement of accounts, an actuarial assessment of liabilities arising from the judgement was accounted as a past service cost in the CIES, subsequent changes to the liability assessment have been accounted as an actuarial gain/loss within the remeasurement of the defined benefit liability line within the CIES.

The impact of an increase in annual pension payments arising from the above judgment is determined through The Police Pension and LGPS Regulations. These require the PCC and Chief Constable to maintain pension funds into which members and employer contributions are paid and out of which pension payments to retired members are made. Presently remedies for settlement have not been formalised in Pension Regulations, therefore it is questionable whether until then additional liabilities can be measured with sufficient reliability. It is also unclear whether the Government or the PCC and Chief Constable will carry the full financial burden for remedy.

Valuations

Scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The last LGPS valuation took place in 2019 and the police pension valuation took place in 2020. Implementation of the latter valuation is planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

Impact on the Chief Constable's cash flow

The objective of the LGPS scheme is to keep employers' contributions at as constant a rate as possible. In September 2010 the Local Government Pensions Fund Committee approved an employer contribution rate stabilisation mechanism which limits annual changes in the employer contribution rate payable to +/- 0.5% of pensionable pay.

Estimated employer's contributions for 2022/23 amount to £8.528m on the LGPS and £44.2m on the Police Schemes. The weighted average duration of the defined benefit obligation for the LGPS is 25 years 2021/22 (25 years, 2020/21) and for the Police Schemes is 21.0 years, 2021/22 (21.0 years, 2020/21).

14. Creditors

The balance of creditors is made up of the following:

	31 March 2022 £000	31 March 2021 £000
Short term creditors:		
Other payables	1,575	1,592
Balance at 31 March	1,575	1,592

15. Collaborative Arrangements

Local Collaboration

Both Norfolk and Suffolk Constabularies are collaborating extensively across a range of service areas. At the point where collaborative opportunities are identified as able to deliver efficiencies, savings or improved service then the PCC is required to give their approval to collaborate. This is recognised by Norfolk and Suffolk alike.

The PCCs consider issues of mutual interest and discharge their governance responsibilities in line with the Scheme of Governance and Consent. The agreed shared costs of fully collaborated units that arose during the year was as follows:

	Business Support £000 Restated	Justice Services £000 Restated	Protective Services £000	County Policing £000	Total £000
2021/22					
Suffolk PCC	18,958	12,217	16,227	1,579	48,982
Norfolk PCC	24,825	15,998	21,249	2,068	64,141
Total shared running costs	43,783	28,215	37,477	3,648	113,123
2020/21					
Suffolk PCC	18,158	11,282	15,586	1,660	46,686
Norfolk PCC	23,874	14,834	20,493	2,182	61,383
Total shared running costs	42,032	26,116	36,079	3,842	108,069

Prior year comparators have been restated as units within the reporting segments have moved, total values have not changed.

Regional Collaboration

Collaboration within the Region has been pursued for a number of years. Since the introduction of PCCs, the six PCCs from the region have met quarterly as a group with their Chief Constables and Chief Executives. All collaborations that have been entered into have a collaboration agreement which specifies the formalities of the collaboration arrangements in relation to specific collaborations.

Since October 2015 the six police areas in the Region have been joined by Kent in the 7Force Strategic Collaboration Programme. This has been formalised in a

collaboration agreement entered into between the PCCs and Chief Constables of the seven police areas. The agreement has been regularly extended and the current extension runs until 31 March 2023.

The net expenditure incurred by each force in relation to ERSOU (Eastern Region Specialist Operation Unit) is as follows:

	Total 2021/22 £000	Total 2020/21 £000
Operating costs	23,785	20,231
Specific Home Office grant	(6,785)	(4,796)
Other income	-	-
Total deficit/ (surplus) for the year	17,000	15,435
Contributions from forces:		
Bedfordshire	(1,951)	(1,746)
Cambridgeshire	(2,503)	(2,224)
Essex	(1,895)	(1,735)
Hertfordshire	(3,544)	(3,159)
Kent	(2,309)	(2,095)
Norfolk	(2,819)	(2,542)
Suffolk	(2,148)	(1,934)
Deficit/ (surplus) for the year	(169)	-
Norfolk underspend held in Balance Sheet	-	-

7F Commercial Services

The business case to collaborate 7F Commercial Services was agreed at the Eastern Region Summit on 10 July 2018.

During 2019/20, procurement services across the Seven Forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk have been collaborated to a single 7F Commercial Services function. This is the first full seven force function to go live across the Eastern region.

As a partnership of seven forces, this created the second largest contracting body in police procurement nationally. This provides greater economies of scale and

better presence and 'buying power' for value for money contracts in the market place.

The 7F Commercial Services vision is to enable the delivery of an effective police service and provide support for victims of crime in the eastern region by procuring and managing a high quality, value for money supply chain.

The net expenditure incurred by each force is as follows:

	Total	Total
	2021/22	2020/21
	£000	£000
Operating costs	2,248	2,469
Contributions from forces:		
Bedfordshire	187	205
Cambridgeshire	240	260
Hertfordshire	340	371
Essex	488	537
Kent	517	571
Norfolk	270	298
Suffolk	206	227
	2,248	2,469

National Collaboration

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). Police staff engaged in provision of the service were employed by the Commissioner and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West Yorkshire and they will charge forces for the service. The Home Office provides a capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a Strategic Board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy and monitors performance.

During the year £117k was payable to West Yorkshire PCC in respect of the NPAS service provided.

16. Contingent Liabilities

MMI Ltd

The insurance company Municipal Mutual Insurance Limited (MMI) ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place; however, this arrangement will not meet the full liability of all claims and a current levy of 25% will be chargeable in respect of successful claims on MMI's customers. There is currently one open claim against Norfolk Constabulary. At this point in time, it is not possible to calculate the full amount payable on MMI claims.

Capped Overtime Claims

The organisation has a liability in respect of historic overtime claims including Covert Human Intelligence Source (CHIS) handlers and other officers in analogous roles. Officers from Devon and Cornwall Police claimed successfully in the County Court (October 2013) that they were owed payments under Police Regulations 2003. Their claims were upheld at the Court of Appeal. The claims relate to a cap being placed on overtime claims by the Chief Constable. Overtime caps were generally applied across the police service for CHIS handlers and other similar roles. All known CHIS handler claims have now been settled; however, Norfolk has an outstanding Undercover Unit (UC) claim which covers a 3 year period which pre-dates collaboration. As with other forces, Norfolk Constabulary may receive further claims from officers working in non-handler and undercover roles. Furthermore, an issue has been flagged recently regarding Dedicated Source Handling (DSU) officers attending voluntary training courses and performing extended tours of duty for which they received TOIL rather than overtime payments. Counsel's advice is being sought on behalf of all forces nationally. The potential number of claims or an estimate of their value cannot yet be made. Many claims cover the period when the units were under joint collaborative control with Suffolk Constabulary, therefore where applicable any settlements will be shared in the appropriate cost sharing ratio.

Some UC claims are brought by officers working for ERSOU. At this point in time, it is unclear whether Norfolk Constabulary will be liable to a proportion of the claims associated with ERSOU officers employed by other forces, a regional agreement has yet to be confirmed. None of the ERSOU claims involve Norfolk officers.

Norfolk Constabulary will be liable to a share of the legal costs arising from national lead claims associated with the Police Overtime Claims Litigation.

Forensic Service Uncertainty

The validity of evidence provided by forensic testing companies to the police service is currently under investigation. It is reasonable to anticipate that some people may have been convicted of offences based on flawed data and that conviction will have had a significant impact on their personal circumstances. As a result, litigation is anticipated. At this point in time, it is not possible to assess the number of claims or the financial exposure arising from them.

Unlawful Discrimination – Pension Fund Regulations

The Chief Constable of Norfolk currently has 846 Employment Tribunal claims lodged against him in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Similar claims have been lodged against all forces in the UK. The claims alleged discrimination and sought compensation for financial loss and injury to feelings.

Following the McCloud/Sargeant litigation, the transitional provisions contained in the Pension changes in 2015 have been found to be discriminatory. As a result of the finding, the pension legislation is being reviewed and amended. All qualifying police officers (serving and retired) whether they made a claim or not, will be given a deferred choice of pension scheme for the qualifying period (2015 - 2022). The financial impact (aside from any liability for financial loss or injury to feelings) is likely to be an increased cost to the pension fund in making increased prospective and retrospective pension payments to qualifying officers. The impact on the pension fund cannot yet be fully quantified as the updating legislation and regulations are yet to be published along with the ongoing option to defer the choice of scheme to be applied. However, an actuarial assessment has been made and is reflected within the IAS 19 pension liabilities recorded in the Balance Sheet.

Having found the transitional provision to be discriminatory, the claims for financial loss and injury to feelings are on-going. As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful or whether the Forces or the Government will bear the cost. As a result, no liability is recognised in the accounts.

17. Going Concern

The Police Reform and Social Responsibility Act 2011 sets out in statute the creation of the Police and Crime Commissioners and the financial responsibility they have. The concept of a going concern assumes that the functions of the PCC and the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as the Office of the Police and Crime Commissioner and the Constabulary cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

PCCs 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 prospect is that alternative arrangements would 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 PCC has increased the General Reserve by £0.100m to £4.575m, has increased the Budget Support Reserve to £3.497m and has an Invest to Save Reserve of £1.950m that in extremis would be used to manage the financial risks of major incidents. However, through the prudent action taken to control spending in-year as a response to the pandemic, and due to the additional funding made available by the Home Office the Group recorded an outturn underspend of £0.387m.

A high-level scenario planning exercise has been completed and compared against our current MTFP assumptions. The budget gap for 2023/24 ranges between reasonable pragmatic case (£0.567m) to worst case (£3.997m) given a range of assumptions on government funding, precept decisions, tax base growth and collection fund deficits. The guidelines to Heads of Department in regard of the new Strategic & Financial Planning process (using Outcome Based Budgeting

principles) have taken into account the scenario plans. The constabulary has a proven track record on delivering required savings in order to balance the budget.

Taking a worst-case funding scenario, and a worst-case assumption that no savings are identified (which will not happen), general fund balances including earmarked reserves at 31 March 2023 would reduce to approximately £18.461m. This still remains well above our minimum level of general fund balance as set by the PCC CFO of £4.675m.

Taking into account the availability of useable reserves, the capacity to finance the current gap between external borrowing and the capital financing requirement and the ability to borrow on a short-term basis to prudently fund any temporary shortfall of cash; the PCC is able to demonstrate that he has sufficient liquid resources until 12 months from the date of authorisation of the financial statements to meet all liabilities as they fall due.

Therefore, following our review of future finances, it has been concluded that there is no material uncertainty relating to going concern.

Police Pension Fund Accounting Statements Fund Account

2020/21		2021/22	
£000	£000	£000	£000
Contributions receivable			
Employer			
	18,975	Normal	20,034
	255	Early retirements	247
19,229			20,281
Members			
	8,267	Normal	8,655
8,267			8,655
Transfers in			
	160	Individual transfers in from other schemes	235
160			235
Benefits payable			
	(39,687)	Pensions	(40,630)
	(6,946)	Commutations and lump sum retirement benefits	(8,758)
	(79)	Other	(262)
(46,712)			(49,650)
Payments to and on account of leavers			
	(20)	Refunds on contributions	(57)
(20)			(95)
(19,076)		Net amount payable for the year before contribution from the Police General Fund	(20,574)
19,076		Contribution from the Police General Fund	20,574
-		Net balance receivable for the year	-

No assets are held by the pension fund and no amounts were owed to or from it as at 31 March 2022 (31 March 2021 £nil)

The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 at 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2021/22 a specific grant of £1.6m was received to part fund the cost of this change in contribution rates. The Constabulary funds the resulting balance, which amounted to £6.2m in 2021/22 (2020/21 - £4.4m), this has increased significantly due to rising officer numbers and employee costs.

Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

Accruals basis

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

Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) Events have not coincided with the actuarial assumptions made for the last valuations (experience gains and losses) or
- b) The actuarial assumptions have changed

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Contingent liability

A contingent liability is either:

- a) A possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the local authority's control; or
- b) A present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

Current Service Costs

The increase in pension liabilities as a result of years of service earned this year.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Government grants

Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the Group towards both revenue and capital expenditure.

Group

The term Group refers to the Police and Crime Commissioner (PCC) for Norfolk and the Chief Constable (CC) for Norfolk.

Outturn

The actual amount spent in the financial year.

Past Service Costs

The increase in pension liabilities as a result of a scheme amendment or curtailment whose effect relates to year of service earned in earlier years.

Projected Unit Credit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit credit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Precept

The proportion of the budget raised from council tax.

Provision

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

PWLB

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies and to collect the repayments.

Related parties

Two or more parties are related parties when at any time during the financial period:

- a) One party has direct or indirect control of the other party; or
- b) The parties are subject to common control from the same source; or
- c) One party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or
- d) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit credit method reflect the

benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. Settlements include:

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Vested Rights

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled to on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.