Pre-Audit version, signed by the Responsible Financial Officer. May be subject to change.

Philip Seccombe
Police and Crime Commissioner
for Warwickshire

Statement of Accounts

2023/24

THE GROUP AND POLICE AND CRIME COMMISSIONER FOR WARWICKSHIRE

STATEMENT OF ACCOUNTS 2023/24

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Introduction

The primary function of the Police and Crime Commissioner (PCC) is to secure the maintenance of an efficient and effective police service in Warwickshire, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The PCC and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the PCC Group and for the PCC as a single entity. The Chief Constable's single entity accounts are published in a separate document. Further information on the structure of the group is provided within the accounts.

The aim of this narrative report is to provide an easily understandable explanation of the PCC Group's financial performance in 2023/24 and its position at the end of the financial year. It includes a summary of the structures and governance arrangements of the PCC and Chief Constable as well as some high level detail on the financial and non-financial performance of Warwickshire Police during 2023/24.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years and contains the following sections:

1. Strategy and Structure including an explanation of the PCC and Group
2. PCC and Force governance
3. Our workforce
4. Financial performance
5. PCC and force non-financial performance
6. Corporate risks and horizon scanning
7. Conclusion and acknowledgements

The policing landscape continues to be increasingly complex and challenging, and 2023/24 has seen officers policing Warwickshire, but also supporting policing activity in London and across the country. 2023/24 has seen the officer headcount in Warwickshire sustained at levels above 1,115 at each of the monitoring points in September 2023 and March 2024, which is in excess of the 1,100 uplift target, which assured receipt of the specific grant from the Home Office. These extra officers have brought benefits to policing in Warwickshire, including better visibility, improved responsiveness, and positive outcomes, but the need to drive out and secure further efficiencies in operations, requires the force to ensure that it uses technology and deploys resources effectively into the future.

Perhaps one of the most significant challenges for policing is the issue of trust and confidence in police officers, given the spate of recent high profile cases. Media coverage has continued to focus on the efforts to remove officers that are not fit to serve, and the PCC and Chief Constable support these endeavours in Warwickshire.

In a wider context, the economic climate has continued to be uncertain, inflation has reduced over the last 6 months, but pay inflation remains stubbornly high, and some sectors have continued to experience strike action. The cost of living challenge also continues as prices remain high, as do interest rates which pushes up the cost of mortgages for many families. Economic growth in the UK has been sluggish, with a short shallow recession in 2023/24, but unemployment rates remain low. The conflict in Ukraine persists, along with a new conflict in the latter half of 2023/24 between Israel and Hamas, which has led to a number of related international tensions across the Middle East region, including in key shipping lanes. The Gaza Israel conflict has also led to a number of tensions at home, with regular pro-Palestinian marches in London and across other regions, requiring significant police effort. Such issues also continue to contribute to supply chain and pricing pressure, from which the PCC and Warwickshire Police are not immune. Notwithstanding this, a huge amount of activity has taken place across the year to improve the efficiency and effectiveness of policing, to ensure that Warwickshire Police has a sustainable financial future, communities are protected from crime and the most serious of harms, with strong support in place to help victims cope and recover. This has been achieved not only by the police but also through strong partnership working, which has been strengthened in several key areas.

During 2023/24 a significant amount of effort has been targeted at workforce planning by the Chief Constable. Pay makes up over 80% of the Force net budget, with approximately 50% of that relating to police officers pay. Pay inflation as a consequence of annual negotiated pay awards coupled with the increasing cost of newly recruited officers as they move through the pay scales, and less certainty regarding when officers will leave service, largely due to pension changes, means that overall pay pressure continues to be a significant and growing financial risk. In recent years, government has provided some support in year by way of specific pay grant, and it is expected that this will continue for pay awards that are higher than that provided for within the financial settlement, but the annual award process does make for more complex financial planning, and the financial risk is one of the most significant challenges facing the force in the medium term.

1. Strategy & Structure

The PCC and the Chief Constable are established as separate legal entities. The Policing Protocol Order 2011 is issued in accordance with the requirements of the Police Reform and Social Responsibility Act 2011, the legislation that enabled the creation of the role of PCCs in 2012. The Protocol sets out to all PCCs, Chief Constables, and Police and Crime Panels how their functions are exercised in relation to each other and clarifies the Home Secretary's role, responsibilities, and powers. The Protocol includes the legal powers and duties of PCCs, including: -

- Scrutinise, support, and challenge the overall performance of the force, including against the priorities agreed within the Police and Crime Plan;
- Hold to account the Chief Constable for the performance of the force's officers and staff;
- Maintain an efficient and effective police force for the police area;
- Hold the Chief Constable to account for the exercise of the functions of the office of Chief Constable, and the functions of the persons under the direction and control of the Chief Constable;
- Publish information specified by the Secretary of State and information that the PCC considers necessary to enable the people who live in the force area to assess the performance of the PCC and Chief Constable;
- Monitor all complaints made against officers and staff, whilst having responsibility for complaints against the Chief Constable.

Of note in the Protocol is that the Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, their officers, and staff remain operationally independent.

Given the statutory responsibilities of the PCC outlined above, these PCC and group accounts focus on the discrete activities which are the direct responsibility of the PCC including community safety and commissioning services for victims and witnesses of crime, as well as the ‘PCC group’ which includes all aspects of operational policing under the direction and control of the Chief Constable. The separate Chief Constable accounts explain how the resources provided by the PCC have been used to deliver the operational policing services across Warwickshire. The original net revenue budget for 2023/24 was £125.997m, with £3.154m (net) being under the direct control of the PCC and the remainder delegated to the Chief Constable to deliver operational policing activity.

As the elected representative of the county’s residents, the PCC has a mandate to oversee and direct how crime and community safety is addressed in the county, in addition to setting the strategic priorities for Warwickshire Police to create a safer, more secure Warwickshire by holding the Chief Constable to account for the force’s delivery of its operational policing and public protection responsibilities. The PCC is the custodian of the public finances available for Warwickshire Police and for the commissioning of services to address crime and its impact in the county. The Chief Constable, supported by her Deputy, and two Assistant Chief Constables is responsible for delivering operational policing in line with the priorities set out in the PCC’s Police and Crime Plan which sets out key ambitions for policing, criminal justice, and community safety through to 2025. PCC elections took place in early May 2024. The PCC was re-elected and will over the next few months develop a new Police and Crime Plan for his term of office.

The PCC takes a multi-year approach to financial planning, considering the budget year and the subsequent four years, and over 97% of the budget is allocated to the Chief Constable. The Medium Term Financial Plan (MTFP), Capital Strategy, Reserves Strategy and Treasury Management Strategy are updated annually during the budget setting process and are finalised and published separately each financial year. These strategies represent the PCC’s overriding financial strategy and they underpin the Police and Crime Plan priorities to deliver a financially sustainable policing service in Warwickshire that is efficient and effective and provides good value for money.

The five priorities of the Police and Crime Plan are:

1. Fight crime and reduce reoffending
2. Deliver visible and effective policing
3. Keep people safe and reduce harm
4. Strengthen Communities
5. Deliver better justice for all

The plan is summarised in the table below, with the three areas of focus for each priority used to direct activity, but it can be viewed in full at www.warwickshire-pcc.gov.uk/police-and-crime-plan/

Diagram 1 – Police and Crime Plan on a page

Performance against the priorities identified in the Police and Crime Plan are monitored through the performance framework and are reported regularly to the Police and Crime Panel, and in the PCC's Annual Report. The accomplishment of these objectives will be through continued effective partnership working at all levels, not just with the force as its key partner, but also by working closely with local authorities and Community Safety Partnerships (CSPs), other key local, regional and national stakeholders and partnerships.

2. PCC and Force Governance and inspection

The Government's National Crime and Policing Measures (NCPM) are intended to complement the local priorities that are set out in the Police and Crime Commissioners' Police and Crime Plan. The Government is clear that all forces must achieve significant reductions in crime and restore the public's confidence in the criminal justice system. The six key priorities of the NCPM are: -

1. Reduce murder and other homicides.
2. Reduce serious violence.
3. Disrupt drugs supply and county lines.
4. Reduce neighbourhood crime.
5. Tackle cyber-crime.
6. Improve satisfaction among victims – with a particular focus on victims of domestic abuse.

On 31 March 2022, the Police and Crime Commissioner (PCC) formally published his ‘Police and Crime Plan 2021-2025’, and it is this that continued to direct activities during 2023/24. The objectives set within the plan pay due regard to the requirements of the NCPM, and the PCC has worked hard over the last year to ensure that all agencies are working together to reduce crime, support victims and make communities safer. He has achieved this through regular engagement with local communities, the police, partners, and community safety partnerships. In addition, the PCC’s position as the Chair of the Local Criminal Justice Board has enabled him to monitor the provision of an effective and efficient criminal justice system in Warwickshire.

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The PCC has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement and value for money in the way functions are exercised, having regard to a combination of economy – spending less, efficiency – spending well, effectiveness – spending wisely and also equity – spending fairly.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his office’s affairs and facilitating the exercise of its functions. This includes ensuring a sound system of internal control is maintained through the year and adequate arrangements are in place for the management of risk. In exercising this responsibility, the PCC has approved a Joint Corporate Governance Framework, including separate detailed finance and contract regulations, and the approved scheme of delegation. During 2023/24 these documents have been fundamentally reviewed, and the views of various stakeholders sought to ensure that the documents reflect best practise, are both relevant and appropriate and are also produced in an easy to understand format. The reviewed documents have been adopted in 2024/25 and are accessible through the PCC’s website, and they will continue to be reviewed on an annual basis. The framework includes the main financial management standards which includes, financial resilience, greater financial responsibility across the organisation, support for finance professionals and the role of finance to provide a catalyst for improvement.

The Annual Governance Statement (AGS) which accompanies the Statement of Accounts is a regulatory requirement and is presented in Warwickshire as a joint document for the PCC and Chief Constable. Each entity is responsible for ensuring all business is conducted in accordance with the law and proper standards, and that the public money allocated to them is safeguarded, properly accounted for, and used economically, efficiently, and effectively. In order to discharge this responsibility, they must put in place proper arrangements for governance, including arrangements for managing risk. The statement provides a detailed explanation of the PCC and force governance framework and explanation of how they have complied with that framework over the last twelve months. The AGS outlines a number of governance issues that require addressing in 2024/25 and should be read alongside this document.

A key element of the governance arrangements is the Joint Audit and Standards Committee (JASC) who serve the PCC and Force. The Committee generally meets on a quarterly basis and receives various reports on performance monitoring, internal and external audit, financial monitoring, strategies and policies, risk management and strategic risk registers and other general governance, standards, and financial issues. The Committee has agreed terms of reference and provides scrutiny and challenge to provide some assurance to the PCC and Chief Constable on these matters. JASC has developed a working relationship with the Police and Crime Panel (PCP) with members of JASC regularly attending PCP meetings to provide oversight, awareness of common issues, and to avoid duplication in their work.

The PCP is composed of locally elected councillors and independent members, who hold the PCC to account through a process of scrutiny and review, which includes scrutinising performance against the priorities set out in the Police and Crime Plan, the annual budget, and the precept. The PCP meets in open session several times throughout the year. The PCP also has a working group who meet to seek greater understanding on a variety of performance and other related issues. Whilst establishing openness in the conduct of police business the intention is that the PCP supports the OPCC in the effective exercise of their functions. Their statutory responsibilities include:

- Review the Police and Crime Plan to ensure local priorities have been considered;
- Consider the PCC's annual report, which sets out the PCC's activities and achievements in the previous year;
- Scrutinising the decisions and actions of the PCC;
- Consider the draft policing budget and policing precept;
- Hold hearings when the PCC proposes to appoint a new Chief Constable, a Deputy PCC and other senior staff;
- Handle complaints against the PCC or the Deputy PCC.

Further details on the role, responsibility and powers of the PCP can also be found on the PCC's website.

In terms of the PCC's responsibilities to 'hold to account' the Chief Constable for the performance of Warwickshire Police, the PCC chairs a formal monthly 'Governance and Performance Board' (GPB) meeting with the Chief Constable. The purpose of the GPB is to focus on specific areas of force performance and is attended by senior officers and staff from the force and the Office of the Police and Crime Commissioner (OPCC). The minutes of the meetings are published on the OPCC website. At each GPB a topical 'Focus subject' of particular interest is selected for in-depth scrutiny and discussion. The PCC also holds weekly holding to account meetings during the intervening weeks covering a variety of topics and subject areas.

The PCC is committed to improving trust and confidence in policing in Warwickshire, in the light of recent national events, and has held the Chief Constable to account for the work and actions undertaken, in response to the publication of Baroness Louise Casey's report in March 2023 entitled 'An Independent Review into the Standards of Behaviour and Internal Culture of the Metropolitan Police Service'. Those actions include activity to root out misogynistic, homophobic, and racist behaviour at the earliest opportunity. The PCC has also taken direct action, by taking a decision to forfeit the part pension of a convicted former Warwickshire police officer to send a clear signal to the public that policing is committed to dealing with those who are not fit to work in the service, and that wherever appropriate, he will make decisions that safeguard public money.

The Chief Constable has continued to pursue the Force's 'Fit for the Future' Strategy which sets out an ambitious agenda for the force up to 2025. The main aims of the strategy are depicted below, which sets out the values and code of ethics, which support the vision to protect people from harm, along with the Chief Constables strategic policing priorities. These contribute to the delivery of the overarching priorities set out in the Police and Crime Plan.

Diagram 2.

3. Our workforce

Health and wellbeing continues to be at the heart of the vision and values at Warwickshire Police, it is integral to the success of the Police and Crime Plan, and it is essential that its importance is recognised. It is a specific priority under the Chief Constables fit for the future strategy and is underpinned by a defined workforce promise in putting the health and wellbeing of staff first. Investment in learning and development and staff wellbeing services has occurred in 2023/24, which should help to drive out more efficient and productive working, as well as addressing a variety of health and wellbeing issues.

The uplift in the number of police officers, over the last four years, has been made possible by the PCC's investment as well as using the government funding under the Police Uplift Programme (PUP). At the end of March 2024, the force exceeded the 1,100 uplift target and achieved a PUP headcount of 1,135. As a consequence, the force has been successful in a being awarded an additional £0.675m of uplift grant for 15 of these additional officers. The PCC has also made a significant investment in officer numbers through the precept increase, starting in 2019/20 with 65 officers and adding a further 10 officers in 2023/24. This approach has been fundamental to improving police visibility and to meet key priorities in the Police and

Crime Plan. They are deployed under the new geographic policing model, which has been met with positive feedback and the planned technological enhancements including AXON and power apps, along with the roll out of new mobile devices will continue to complement the policing model benefits and drive further efficiency in future years.

Police staff make up a significant proportion of the workforce and in 2023/24, the position on police staff vacancies has changed markedly. Historically, there had been several staff vacancies, that had proved challenging to recruit to, but during 2023/24 this position has been reversed. Illustratively, at the beginning of April 2023, the force was operating with a staff vacancy rate of 12% or 95 vacant posts, but in contrast by the 31 March 2024, the force was at full staff establishment.

The position on PCSO recruitment, did however remain challenging during the year, partly because of resources and recruitment activity being focused more heavily on police officer recruitment, to achieve the uplift target. Despite recruiting 19 PCSOs during the year vacancies have remained at between 15 and 20 posts throughout most of the year. The trend is reducing, and the PCC is keen to see PCSO numbers reach establishment levels in 2024/25 in recognition of the invaluable work that they carry out, to support policing in Warwickshire, particularly in Safer Neighbourhood Teams.

A number of active volunteers also form part of the Warwickshire compliment of staffing, particularly Special Officers but also more widely across the organisation. Their role and activities are much valued, and supplement the work of officers and staff, whilst also providing an independent voice on certain issues, for example through the appropriate adults and independent custody visitors programmes.

An analysis of staffing levels across the organisation is shown at table 1, including a gender breakdown of the workforce employed by Warwickshire police at the end of 2023/24 across the different sectors.

Table 1. Workforce Gender Analysis

	Male	Female	Total	Male %	Female %
Police Officers	726	404	1,130	64.25%	35.75%
Police Staff (including PCSO's)	290	623	913	31.76%	68.24%
Specials	54	11	65	83.08%	16.92%
Total	**1,070**	**1,038**	**2,108**	**50.76%**	**49.24%**

Whilst the increase in officer numbers is welcome in the short-term, front line operational resilience remains a challenge due to the relative inexperience of many officers who are new to policing. This is inevitable during a period of high recruitment and is being seen in forces across the country. Warwickshire has focused much activity on workforce planning, and actions are being taken to mitigate the impact where possible, including increasing the number of transferees from other forces to fill specialist or hard to recruit roles, which have become vacant through more experienced officers retiring.

Under representation of Black and Minority Ethnic (BAME) people in police forces in England and Wales continues and has been the subject of previous Home Affairs Committee reports. Warwickshire has been taking action where possible to promote policing as a career to all minority ethnic groups and to increase the diversity of the force and ensure that it better represents the local community. The promotion of diversity is increasingly possible during a period of heightened recruitment, and this remains a focus for the PCC and Chief Constable.

Table 2 shows the breakdown across the various staffing groups of BAME employees in Warwickshire. Whilst there is some fluctuation across the groupings, on average 6.5% of Warwickshire Police employees are from BAME communities at the end of 2023/24. This is slightly higher than levels at the end of 2022/23, although there are variations across the different groupings of staff. The force supported by the PCC continues to work hard to improve the diversity of its workforce and will aim to make further improvements in this area through future recruitment programmes.

Table 2. Workforce Ethnicity Analysis

	Total	BAME	BAME %
Police Officers	1,130	62	5.49%
Police Staff (including PCSO's)	913	71	7.78%
Specials	65	4	6.15%
Total	**2,108**	**137**	**6.50%**

4. Financial Performance

Throughout 2023/24 the impact of international events including the ongoing war in Ukraine and the new conflict in Gaza, along with domestic economic and political uncertainty has created a challenging economic backdrop within which the force is operating.

Policing activity in Warwickshire is funded through the precept and central government grants. Details regarding the level of core funding and on the precept flexibility for the forthcoming year are confirmed through the police funding settlement. For 2023/24, this announcement was made on the 31 January 2024, covering a one year period only. The overall funding package announced in the settlement provided additional national funding of up to £523m, based on the assumption that all Commissioners maximised their council tax flexibility set at a £15 increase, on a band D property. The local impact of the settlement provided increased central funding for Warwickshire of £1.166m or 1.8%, which included the pensions and ringfenced uplift grant.

As part of the budget the PCC approved the decision to increase precept by £14 or 5.3% in 2023/24, increasing the total band D police precept charge from £262.71 to £276.71 per annum. The total tax base is used to calculate the precept that will be collected by billing authorities on behalf of the PCC. For 2023/24 this increased by 1.68% to 219,304.21 band D equivalent properties.

The core funding levels for 2023/24 are set out in table 3 below:

Table 3. Funding & Budget 2023/24

Where the Money Came From	Budget £m	Actual £m	Variation £m	%
Central Government Funding	64.459	64.459	0.000	51.49
Locally Raised Funding – Precept (Council Tax)	60.728	60.728	0.000	48.51
Total Funding (excluding reserves)	**125.187**	**125.187**	**0.000**	**100.0**

The PCC is responsible for setting the total annual budget within which the Chief Constable is expected to operate, and against which financial performance is measured. The Chief Constable's only source of income is through the intra-group transfer, where the PCC reimburses the Chief Constable for the cost of day to day policing up to the agreed budget.

Table 4 shows the financial performance of both the PCC and the Chief Constable by comparing the revised budget to the actual for 2023/24. This integrates with the information contained in the Comprehensive Income and Expenditure Statement, where the distinction between the PCC and the Chief Constable follows the governance arrangements of the two entities, whereas Table 4 presents information in the format used to manage the budget.

Table 4. Warwickshire PCC and Chief Constable Outturn for year ended 31 March 2024

	Budget £m	Budget Adjustments £m	Revised Budget £m	Actual £m	Variance £m
Chief Constable					
Police officers' pay	63.534	1.625	65.159	65.228	0.069
Police officers' overtime	1.811	0.661	2.472	4.002	1.530
Police staff pay	27.964	0.758	28.722	28.180	(0.542)
Police staff overtime	0.285	0.000	0.285	0.373	0.088
PCSO pay	2.819	0.055	2.874	2.568	(0.306)
Police pensions	1.594	0.000	1.594	1.952	0.358
Other employee expenses	0.947	0.182	1.129	1.341	0.212
Premises	4.025	0.060	4.085	4.342	0.257
Transport	2.958	0.000	2.958	3.085	0.127
Supplies & services	13.750	0.026	13.776	14.048	0.272
Third party payments	9.436	(0.085)	9.351	8.942	(0.409)
Capital financing	6.960	0.011	6.971	7.217	0.246
Expenditure	**136.083**	**3.293**	**139.376**	**141.278**	**1.902**
Income	(8.586)	(2.747)	(11.333)	(13.797)	(2.464)
Vetting Unit					
Expenditure	3.259	0.053	3.312	3.374	0.062
Income	(6.742)	(0.044)	(6.786)	(6.486)	0.300
Total Vetting Unit	**(3.483)**	**0.009**	**(3.474)**	**(3.112)**	**0.362**
Total Chief Constable	**124.014**	**0.555**	**124.569**	**124.369**	**(0.200)**
Police & Crime Commissioner					
Office of the PCC	1.286	0.000	1.286	1.183	(0.103)

Road Safety Initiatives	0.100	0.000	0.100	0.075	(0.025)
Commissioner's Grant scheme	1.768	(0.170)	1.598	1.544	(0.054)
Total PCC	**3.154**	**(0.170)**	**2.984**	**2.802**	**(0.182)**
Net PCC & Chief Constable	**127.168**	**0.385**	**127.553**	**127.171**	**(0.382)**
Warwickshire Road Safety Unit					
Expenditure	2.929	0.039	2.968	2.943	(0.025)
Income	(4.100)	(0.039)	(4.139)	(4.595)	(0.456)
Total Road Safety Unit	**(1.171)**	**0.000**	**(1.171)**	**(1.652)**	**(0.481)**
Total	**125.997**	**0.385**	**126.382**	**125.519**	**(0.863)**
Budget Contribution to / (from) Reserves	**0.810**	**0.385**	**1.195**	**0.332**	**(0.863)**

Budget Contribution to/(from) Reserves	Budget £m	Budget Adjustments £m	Revised Budget £m	Actual £m	Variance £m
Budget and Transformation	(0.110)	0.000	(0.110)	0.000	0.110
Operational reserve	0.000	(0.360)	(0.360)	(0.860)	(0.500)
Pensions and redundancy reserve	0.000	0.000	0.200	0.230	0.230
Pay reserve	(0.500)	0.000	(0.500)	0.250	0.750
PCC reserve	(0.100)	0.000	(0.100)	(0.068)	0.032
Safer Roads reserve	(0.100)	(0.025)	(0.125)	0.116	0.241
Net Transfer to Reserves	**(0.810)**	**(0.385)**	**(1.195)**	**(0.332)**	**0.863**

Table 4 outlines the 2023/24 outturn position for the PCC and Chief Constable which can be summarised as, net expenditure, after income, totalled £125.519m, being £0.332m more than the £125.187m of core funding, which consisted of Government grant and precept. As part of the 2023/24 budget, the PCC approved transfers from reserves of £0.810m. In year, this was increased by a further transfer of £0.385m from reserves, which consisted of £0.360m carry forward via the operational reserve and £0.025m from the safer roads reserve for the Bike safe initiative. This increased the revised budget total funding available to £126.382m which when compared to net expenditure of £126.519m, was equivalent to an underspend of £0.863m.

During 2023/24, the PCC approved the transfer of £0.500m from the operational reserve to partly meet the increased police officer overtime costs. He has also subsequently approved as part of the 2024/25 budget, that this be replenished to maintain resilience. Given the £0.863m underspend, the opportunity has been taken to transfer money to other reserves at year end to meet pay, medical retirements, and the cost of the WRSU vans, which will now be delivered in 2024/25.

The outturn on police officer pay was extremely close to budget, which is a testament to the amount of work devoted to this area, which is the most significant cost element for Warwickshire Police. It is strategically important, as both the PCC and Home Office expects the force to maintain their strength at the PUP target or suffer the financial consequences of not doing so, if the target is not met.

The position on police overtime, was however, more challenging, and the outturn was an overspend of £1.530m. This overspending became evident in the early part of the year, as a result of a number of significant and complex policing incidents, although this trailed off in the latter half of the year. The 2023/24 outturn on overtime does replicate the pattern of higher officer overtime costs, seen in previous years, albeit as a result of different circumstances. However, the need to control these costs in future is critical. Overspends of this magnitude cannot persist as they would represent a significant risk to reserves and financial resilience. Consequently, and at the PCC's request, a review of overtime was conducted in 2023/24, which has resulted in a number of actions to strengthen control, accountability and reporting, which should begin to come into play in 2024/25. Alongside this, the PCC has increased the budgetary provision for overtime by £0.250m in 2024/25 in recognition of the increased officers, and activity, but expenditure must be contained within future budget provision to ensure that policing is delivered as planned and without disruption.

The outturn position included underspends on staff and PCSO's pay of £0.542m and £0.306m respectively. Staff vacancies have reduced faster than anticipated since the start of the financial year as recruitment has picked up and turnover eased, but as at the 31 March 2024, the force was operating at the full staff establishment level. A high number of PCSO vacancies, did however continue to exist in 2023/24, which contributed to an underspend. Increased recruitment intakes during 2024/25 should help to address this issue and increase PCSO strength closer to the establishment level.

Monitoring of non-pay budgets has focused on distinguishing the differentiation between one-off and ongoing trends. The former includes an underspend on the third party transactions of £0.409m, which includes a net £0.542m reimbursement of operational contributions from the Justice Centre partnership; a £0.358m overspend on the Police Pensions, in respect of an increase in mental health medical retirements and injury gratuities; and finally an overspend on the operating costs, employee expenses, premises, transport and supplies and services amounting to £0.868m, some of which was anticipated in year. There is an acceptance however, that there are some underlying pressures, potentially linked with the increased officers, in external training, investigative and legal expenses, premises and vehicle maintenance, and these will continue to be monitored closely during 2024/25 and will be considered in future budget rounds.

Capital Financing shows a £0.246m variation, which includes £0.284m for equipment purchased for the ANPR collaboration with West Midlands Police netted off against the interest cost on loans. A total of £2.765m of Direct Revenue Financing (DRF) contributions has been made in 2023/24, compared to a budget of £1.944m. This variation of £0.821m includes the £0.284m referred to above and £0.537m of additional DRF supported by an underspend on the Minimum Revenue Provision (MRP). MRP is the amount set aside under statute to repay borrowing, and the underspend is a consequence of slippage and using underspend and reserves to fund the 2022/23 capital programme instead of borrowing. This is in line with the capital strategy which aims to link borrowing with the financing of long life assets, being mainly estates, and DRF to fund shorter life assets, including ICT and vehicles. The permanent DRF budget of £1.944m is planned to increase to circa £4.0m by 2029 and is supported mainly by the vetting income, which has continued to perform well throughout 2023/24.

In 2023/24 the force received £4.729m of additional income, including a £2.265m Home Office grant to fund the pay award and £0.635m for making custody facilities available to HMPS. Another notable variance has been the additional £0.481m of unexpected income from road safety education courses. The flow of income from acceptance of an offer to attend an educational road safety course to receipt of the payment from Warwickshire County Council needs to be the focus of more work to allow more accurate forecasts to be made, and work to develop this has already commenced.

In 2023/24 and in recognition of the additional income that was received, an initiative, under the two Assistant Chief Constable's, was put in place to accelerate £1m of expenditure to deliver one-off items that improved performance or delivered much needed enhancements. These included a variety of initiatives spread across a range of categories including protective services, learning and development, refurbishment works and in the Control Centre.

The extent to which additional income is one-off or recurring has been taken into consideration when setting the 2024/25 budget and MTFP. The value of ad-hoc income is, currently, significant, but is also quite volatile in nature. There is a risk that if this income is built into the MTFP baseline and relied upon, that if it does not materialise it would necessitate actions, which may be disruptive to policing and / or place an undue strain on reserves. Conversely, not recognising unanticipated income that is increasingly becoming an annual feature, but which does not come with great certainty, may lead to over budgeting and difficult decisions that could have been avoided. The 2024/25 budget attempts to prudently balance these competing issues, and this position will be closely monitored over the coming months, as part of the monitoring processes, and intelligence gathering.

The PCC's office has reported an underspend against budget, this is due in part to underspending on office related costs including staffing, in addition to underspending on some PCC funded works carried out by partners for example in community safety. Some additional funding was made available in year, and services have been commissioned and allocations made with partners to ensure that this is spent well and effectively to deliver on the Police and Crime Plan focus areas.

The PCC delivers a number of commissioned and grant funded services, and collaborative working with partners helps to support the PCC's wider strategic aims and objectives which includes support for victims to help them cope and recover, specialist support for the victims of sexual abuse and domestic violence, substance misuse support services, road safety initiatives and services to address rural, business and cyber-crime.

Whilst the force has a good record in delivering savings, with £4.7m being removed on 1 April 2021 (2021/22), a further £0.9m on 1 April 2023 (2023/24) and £1.200m in 2024/25, it is difficult to escape the requirement to make savings, and the MTFP identifies a further £3.0m gap between core funding and operating expenditure over the next three years from 2025/26 onwards.

There is acceptance that there is always a need to drive greater productivity and efficiency, which in turn creates opportunities to deliver better value for money and more policing from existing resources, however, political uncertainty arising from the forthcoming General Election does raise questions on future government funding levels for policing. Whilst much work has been undertaken on workforce planning, to better understand the financial challenges that the workforce profiles will bring over the medium and longer term, costs, especially those related to the pay are increasing and as such the perennial savings requirement will not only rely on the availability of funding but will also require the force to self-finance future business growth (capacity) by being innovative and increasing productivity and capability.

It is anticipated that the remaining £3.0m gap will be bridged by a range of measures including from greater efficiency following the investment in ICT/DS, automation, and self-service, which will improve productivity and performance. These savings will be identified in phases, over the next three years, under the governance of the Deputy Chief Constable and led by the Director responsible for ICT/DS, Information Assurance and A&SI.

The PCC and Chief Constable have a statutory responsibility to deliver efficient and effective policing, which is affordable, sustainable, and resilient (reserves), which factors in risk and which supports the delivery of the PCC’s Police and Crime Plan, the Chief Constable’s Fit For the Future strategy, policing model and underlying asset strategies, (workforce, estates, ICT/DS and fleet). Therefore, it is a priority during the course of 2024/25 to identify and set out their plans for delivering the remaining savings required.

Fundamentally as part of the capital programme, the Force continues to implement the Empower programme, to leverage the investment in ICT (Empower - Tech), maximise the potential of the workforce (Empower - People) and ensure our buildings are safe and operationally fit for purpose (Empower - Place). Whilst the new policing model under the Empower – People arm of the programme has been implemented during 2023/24, and is therefore regarded as complete, the Empower Tech and Place workstreams have been included in the Capital Programme and are critical elements of the PCC’s 2023/24 Budget & MTFP.

Table 5 shows a summary of the 2023/24 capital programme budget, actual spend and the future investment plans over the medium term, while table 6 shows how this investment has been funded in 2023/24.

The table shows the capital outturn position and shows the investment in assets; buildings, ICT/DS, vehicles, and plant & equipment, as being £6.495m in 2023/24. The expenditure compares to a revised budget of £12.250m, a variation of £5.755m. The PCC has approved that this amount will be slipped into 2024/25 to provide the financing for projects to be completed as planned.

Table 5. Capital Programme Outturn 2023/24

Programme	2023/24 Revised Budget £m	2023/24 Actual £m	2023/24 Variance £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Estates	3.043	1.572	(1.471)	4.668	3.479	2.005	1.599	1.582
ICT: National Projects	0.948	0.111	(0.837)	0.000	0.000	0.000	0.905	0.945
ICT: Empower Tech	4.714	2.071	(2.643)	2.874	1.124	1.217	0.000	2.045
ICT: Projects	1.180	0.943	(0.237)	0.155	0.000	0.000	0.000	0.000
ICT: Replacement	0.402	0.229	(0.173)	1.555	0.690	0.620	2.000	0.000
Vehicles	1.409	1.251	(0.158)	2.030	1.104	1.104	1.400	1.630
Plant and Equipment	0.554	0.318	(0.236)	0.609	0.277	0.300	0.300	0.500
Total Expenditure	**12.250**	**6.495**	**(5.755)**	**11.890**	**6.624**	**5.246**	**6.204**	**6.702**

Asset management information has been refreshed during 2023/24 and this is providing the evidence to inform the estates capital programme over the medium term, which will continue to be refined as more information becomes available. The ICT/Digital Services operating model is under a rolling annual review, however, ascertaining the long-term revenue and capital cost is important to determine the appropriate financial strategy, (MTFP, budget and capital financing), and this will be a feature of future planning work. The delivery of contemporary applications such as AXON are vital to officer productivity leading to cashable efficiencies, which are needed to balance the budget over the medium term. AXON is a digital network that connects people, devices, and applications across the Force and beyond, but it is requiring a significant capital and revenue investment. If savings are to be delivered on time it is important that the AXON project does not slip.

The PCC has approved that the capital programme investment will be funded as follows:

Table 6. Capital Programme Funding 2023/24

Funding Source	2023/24 Original Budget £m	2023/24 Revised Budget	2023/24 Actual £m	2023/24 Variance £m
Borrowing	4.239	4.239	1.571	(2.668)
Capital Receipts	1.154	1.154	0.267	(0.887)
Revenue Contribution	2.062	3.785	2.802	(0.983)
Reserves	2.441	2.441	1.227	(1.214)
Specific Grant	0.131	0.131	0.128	(0.003)
Section 106	0.500	0.500	0.500	0.000
Total Funding	**10.527**	**12.250**	**6.495**	**(5.755)**

In 2023/24, the financing shows that the in-year borrowing requirement is £1.571m. This is considerably lower than the original budget agreed by the PCC in February 2023 of £4.239m. This is due in part to the lower total spend on capital, but also is in line with the financial strategy which links borrowing with spending on long life assets, and focuses capital receipts, specific grants, reserves, and Section 106 monies, on investments in shorter life assets to reduce the minimum revenue provision (MRP) charged to the revenue account over the MTFP. MRP is the statutory amount that the PCC needs to set aside to repay the principal element of borrowing.

Notwithstanding any plans to increase investment in assets a continuing risk is the impact inflation may have on the buying power of the ‘cash limited’ Capital Programme. Whilst inflation rates have reduced significantly during the course of 2023/24, inflation is not routinely provided for in the medium term capital budget. This may constrain the capital programme and/or require a greater commitment from revenue to finance increasing costs and a higher cash limit. The capital programme is assessed annually against the underlying PCC’s and Chief Constable’s asset strategies as well as for the effect of inflation, the availability of financing, and better informed backlog maintenance programmes.

Reserves

Table 7 sets out the opening balances held on reserves as at 1 April 2023, it also shows the transfers from and to reserves in 2023/24, which includes transfers between reserves and the closing balance on reserves as at 31 March 2024. It also includes forecast closing balances of reserves in the subsequent four years up to 2028/29.

Table 7. Reserves

Reserve	Opening Balance 01/04/23 £m	Transfers (from)/to Reserve 2023/24 £m	Closing Balance 31/03/2024 £m	Forecast Closing Balance 2024/25 £m	Forecast Closing Balance 2025/26 £m	Forecast Closing Balance 2026/27 £m	Forecast Closing Balance 2027/28 £m	Forecast Closing Balance 2028/29 £m
General	6.000	0.000	6.000	6.000	6.000	6.000	6.000	6.000
Budget & Transformation	4.150	(0.247)	3.903	0.553	0.553	0.553	0.553	0.553
Pay Award	0.500	0.250	0.750	3.073	2.326	1.080	0.576	0.606
Infrastructure	0.979	(0.979)	0.000	0.000	0.000	0.000	0.000	0.000
Pension & Redundancy	0.500	0.230	0.730	0.500	0.500	0.500	0.500	0.500
Operational	0.860	(0.860)	0.000	0.500	0.500	0.500	0.500	0.500
Insurance & Legal	0.500	0.000	0.500	0.500	0.500	0.500	0.500	0.500
Income	0.250	0.000	0.250	0.250	0.250	0.250	0.250	0.250
PCC Grants & Initiatives	0.383	(0.068)	0.315	0.283	0.283	0.283	0.283	0.283
National Contractors Vetting Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Safer Roads	0.891	0.116	1.007	0.691	0.591	0.541	0.491	0.491
Total Reserves	**15.013**	**(1.558)**	**13.455**	**12.350**	**11.503**	**10.207**	**9.653**	**9.683**

The position on reserves as at 31 March 2024 is more favourable than anticipated, with total reserves totalling some £13.455m. £1.558m of reserves have been used in 2023/24, of which £1.226m has been used, as planned, to finance the capital programme and £0.332m to support the revenue budget. The revenue budget had included the use of £1.195m of reserves, however, only £0.332m of this was required, and the resultant reserve levels are shown above.

The £6.000m General Reserves remains in place and exists to meet significant operational incidents if Home Office Special Grant is not forthcoming for net expenditure over and above the threshold of 1% of core funding and also covers any risks associated with the level of vetting income. If used, the General Reserve would require replenishing over an appropriate period, through other planned reductions in spending.

Earmarked reserves are held to meet one-off costs, revenue and capital and mitigate specific risks in the short-term, such as a shortfall in income. Should these risks materialise then reserves may be used to manage the impact of the reductions, and reserve levels would reduce accordingly. Reserve levels are reviewed regularly, and where the purpose for which a reserve was held is no longer relevant, be it to manage risk or anticipated cost, the balance will be transferred to another reserve or used to deliver one-off targeted initiatives.

The Budget and Transformation reserve was set aside to meet any adverse impacts from changes to the grant funding formula, adverse settlements or lower than anticipated precept income and one-off deficits on the collection fund. This may be linked to economic uncertainty and/or changes in government funding/policy. Used in this way the reserve can provide a glide path until such time as savings can be identified and any adjustment to any revised funding scenarios. Whilst it was proposed to use £0.110m of the reserve to support the revenue budget in 2023/24 this was not required at year end.

The Pay Reserve was initially created to deal with any in-year consequences of a higher than anticipated pay award. However, the Home Office met the additional cost of the September 2023 pay award through the payment of a separate grant. The reserve has been retained and a further £0.250m has been contributed to it, with future plans to further increase the reserve in 2024/25, as a result of the workforce planning outputs and in order to smooth the transition from lower quartile cost for police pay to upper quartile as newly recruited constables move up the pay scale, particularly if there is a lag with core funding transitions or savings needing to be identified.

The opportunity has been taken at the end of the year to add £0.230m to the Pension and Redundancy Reserve and £0.241m to the Safer Roads Reserve. The former will meet the increased costs of medical retirements that will now occur in 2024/25, and the Safer Roads Reserve transfer includes £0.217m for new camera enforcement vans whose delivery has been delayed. It was also planned to transfer £0.100m and £0.025m from the Safer Roads Reserve for specific projects, but whilst the £0.025m for the bike safe scheme is required only £0.075m of the £0.100m for PCC safer roads initiatives will be used in 2023/24.

The PCC Grants and Initiatives reserve is used to manage any balance between years and the timing of community based projects. Whilst it was planned to use £0.100m only a net £0.068m has been required in 2023/24. The remaining reserves cover risks in volatile areas of the budget where spend or income can fluctuate year on year such as income, legal, insurance and redundancy costs.

Reserves are forecast to decline over the life of the MTFP for good reason, however, whilst residual reserves are felt to be adequate avoiding an adverse decline, requires good financial management and prompt action to address overspends where they are forecast. In the short-term, police overtime is the most material risk to reserves, whereas the medium term risk is related to police pay and adverse movements in Home Office grant and PCC precept, when compared to the assumptions built into the MTFP. Reserves are a limited source of funding for one-off specific issues and once spent they cannot be spent again. The challenge remains to hold appropriate yet not excessive levels of reserves to meet the known one-off items, risks and unforeseen operational events, and further details are included in the Reserves Strategy and 2023/24 budget and MTFP report.

Note 8 in the Accounts provides an analysis of the reserves at the 31 March 2024 and shows the movement since 31 March 2023.

MTFP – 'Looking Ahead'

The Medium Term Financial Plan (MTFP) was fundamentally reviewed as part of the 2024/25 budget setting process. It covers the five year period to 2028/29 and is based on a number of assumptions and known information regarding all items of expenditure and income. It is an important element of our financial planning and to ensure that we are resilient and sustainable into the future. Approximately 80% of the annual revenue expenditure relates to pay related costs, for officers and staff, and pay inflation continues to be a significant risk in our budget and across the medium term, as does non-pay inflation despite levels reducing more recently, which impacts on the buying power of our budget.

Much work has been undertaken in 2023/24 to understand and develop the work force planning model, and pay is one of the most significant financial risks in the medium term. Workforce planning has shown a significant reduction in officers leaving with 30 years' service, likely to be due in part to changes in the pension rules, and that the cost of the increased officers recruited over the last couple of years will become increasingly burdensome, as they move through the spinal point ranges over the medium and longer term, and if pay inflation continues to outstrip available funding. As those officers become more active in their roles, they are also generating more costs, which is also contributing to medium term cost pressures.

The 2023/24 budget and MTFP included an increased reliance on income, which is receivable from a variety of sources, including road safety work and the force upscaling its work as the national lead provider for contractor vetting services. The risks associated with this approach are well understood and are being monitored, through the budget monitoring process. Despite this increase in income the MTFP has identified that a further £3m of savings from 2025/26 still need to be identified across the next three years, to bridge the gap between core funding and operating expenditure. The Chief Constable has committed to delivering these savings, in line with the MTFP which must be available and removed from the budget before the 1 April for each corresponding year, but this is a significant challenge. The plan is that these will be met from a range of measures, primarily including, improving productivity and efficiency following the investments in ICT and Digital Services, but work to better understand this will pick up pace over the coming months. The aim of the PCC and Chief Constable remains to deliver a financial strategy and MTFP, which is affordable, sustainable, and resilient, which factors in the risk that the current challenges pose and which in turn supports the delivery of the Police and Crime Plan and effective policing in Warwickshire.

There is no central funding for financing capital expenditure, and whilst the capital strategy is well documented, challenges remain in the medium term to continue the approach towards a sustainable local capital financing model, to reduce our future reliance on borrowing, which carries significant revenue implications. The PCC's capital strategy outlines the approach in more detail, and the intention is to make significant revenue contributions to capital over the MTFP to fund investment in shorter life assets, ICT, vehicles, and plant and equipment, which will ensure borrowing is within prudential limits and the revenue consequences are affordable. This direct revenue financing is in part supported by the increased NCVS income.

Looking ahead, the PCC increased the precept by a further £13 (4.7%) in 2024/25, which was in line with the maximum precept increase allowable. He did so on the basis that the budget would deliver some key benefits to address his police and crime plan priorities.

The 2024/25 budget made provision for Warwickshire Police to achieve an officer strength of 1,125 which will sustain the new operating model, launched successfully in 2023. The model is designed to support the delivery of the Police and Crime Plan by providing consistent, high quality, locally policing services that will deliver:

- Improved engagement and visibility
- Increased proactive and prevention activity
- Improved victim care and customer service focus within investigation activity

- Improved health and wellbeing for our officers and staff

The 2024/25 budget will also enable the force to focus on the following priority areas:

Prevent harm to keep people safe

- Maintaining the current policing model of three policing areas focused on local service delivery
- Embed the new prevention hub which brings together a number of teams to focus on preventing harm from the most prolific offenders and in those parts of the county which suffer the highest levels of crime.
- Investment in upgrading the force's Automatic Number Place recognition technology to enable better detection, deterrence, and disruption of local, regional and national offenders
- Strengthen the proactive capacity within local policing to complement existing teams and specialist resources
- Ensure a consistent and quality response to rape, serious sexual offences and high-risk domestic abuse cases through the dedicated Domestic Abuse and Rape Team (Domestic Abuse and Rape Team)

Engage with communities to build confidence, improve visibility and access to services

- The introduction of town centre officers within the main towns across the county to further strengthen neighbourhood teams and geographical command areas.
- Continued focused on rural crime and engagement with rural communities.
- Ensure the significantly improved timeliness of answering calls for service, especially 101 non-emergency calls, is sustained and enhanced by additional methods of communications such as live chat and callback
- Improve the overall response to incidents by working with partner agencies to better support vulnerable people and offering a timely service for victims of certain crimes using video technology.
- Ensure officers are as productive, visible, and accessible as they can be by providing cutting edge mobile technology and ensuring they have quick access to important information and intelligence.

Investigate crime to bring offenders to justice

- Increase the number of suspects brought to justice with dedicated resources focused on improving the response to important crime types such as retail theft, vehicle, and burglary.
- Make it much easier for members of the public and officers to collect and share important information to support investigations utilising technology
- Strengthen the capacity of specialist investigation teams who target high harm offending in areas such as child abuse, trafficking, and exploitation.
- Enhance the response to cyber offences and digital investigations by increasing resources to support officers

To deliver against each of these priorities there are a number of important cross cutting areas of investment in 2024/25. Whilst these might be outside of direct public view, the performance of operational policing is built on effective and efficient professional services. Therefore, the budget also focussed on:

- An improved training and development offer for the workforce, which will target first line supervisors initially through a new Learning & Development Academy.
- Introduction of automatic robotic processing and testing artificial intelligence tools into regular and routine processing to help drive more efficient working and further increase productivity and value for money
- Investment in the physical infrastructure (estates, fleet, and uniform) to provide an improved working environment for officers and staff and ensure they have the tools to do their jobs effectively. This also includes a focus on sustainability with the implementation of more of electric charging points and solar panel roofing where possible.
- Upgrading key systems, such the command and control and crime records management system, so that we maintain a modern digital estate which is both stable and meets the needs of communities, staff, and partners.

The budget also provided for:

- Increased investment in initiatives to address serious violence in Warwickshire through the securing of £0.311m of additional funding.
- Increased investment in several newly commissioned services to support the victims of serious road traffic collisions, and to provide support for drug and alcohol misuse to those within the criminal justice system with the aim of breaking the cycle of reoffending, which will help to make communities safer.
- financial support of £0.355m and work in partnership on projects that will address neighbourhood crime, anti-social behaviour and violence against women and girls in public places, under the Safer Streets 5 programme.
- up to £0.840m of funding to support enhanced services for the victims of sexual violence and domestic abuse to help them cope and recover. In addition to providing a further £0.375m of funding to run a domestic abuse perpetrator programme to prevent and reduce reoffending of such crimes.
- enhanced financial support for the work undertaken by Community Safety Partnerships across the county to address local issues of concern.
- To engage and work with partners to deliver several smaller projects across the county that will address priorities within the Police and Crime Plan through the annual grants process, which are focussed on prevention and diversion and will help to avoid our communities falling victim to crime.
- over £1m of efficiencies and savings, demonstrating our commitment to improving productivity to deliver value for money policing services to all our communities.

The table below shows the approved 2024/25 budget and MTFP up to 2028/29. The MTFP will be reviewed over the summer and beyond in the lead up to the PCC approving the precept, 2025/26 budget and MTFP in February 2025.

Table 8 Medium Term Financial Plan

	Budget 2024/25 £m	Budget 2025/26 £m	Budget 2026/27 £m	Budget 2027/28 £m	Budget 2028/29 £m
Original Net Budget	**125.998**	**133.144**	**136.655**	**140.454**	**143.177**
Increases in Expenditure:					
Pay, Injury Pensions and ill Health	11.638	3.535	2.389	1.789	2.661
Goods and services	0.322	0.300	0.300	0.300	0.300
Legislation, National & Regional services	0.407	0.389	0.558	0.589	0.742
Business plans	0.800	(0.081)	0.000	0.000	0.000
Capital Financing	0.617	0.835	0.597	0.811	(0.700)
Empower – Tech Transformation	0.630	(0.570)	0.000	0.000	0.000
OPCC	0.184	0.000	0.000	0.000	0.000
Reductions in Expenditure:					
ICT efficiency savings	(0.179)	(0.350)	(0.500)	(0.516)	0.000
Other efficiency savings	(0.974)	(0.666)	(0.045)	0.000	0.000
Abnormal Loads	(1.000)	0.000	1.000	0.000	0.000
Grant Income	(4.717)	0.184	0.000	0.000	0.000
National Contractor Vetting Service	(0.287)	(0.065)	0.000	0.000	0.000
Warwickshire Road Safety Unit	(0.295)	0.000	0.000	0.000	0.000
Net Budget	**133.144**	**136.655**	**140.954**	**143.427**	**146.180**
Net Funding	132.515	135.808	139.158	142.623	146.210
Budget Gap	0.629	0.847	1.796	0.804	(0.030)
Transfer to/(from) Reserves	(0.629)	(0.847)	(1.296)	(0.554)	0.030
Savings Target	**0.000**	**0.000**	**0.500**	**0.250**	**0.000**

The most recent MTFP review in February 2024 was based on a number of assumptions, as outlined below:

- Council tax base will grow by an average of 2% each year from 2025/26 to 2028/29. No provision has been included for collection fund surpluses or deficits across the MTFP.
- Central government grant is assumed to increase by 1% over the MTFP.
- Precept increases are assumed to be within the original capping level of 2% per annum from 2025/26 onwards.
- The planned review of the revenue grant funding formula appears to have stalled, in the light of political and economic uncertainties. Therefore, no assumptions about any planned changes or timings of any changes have been built into the MTFP.
- Pay inflation is included at 2.5% in 2025/26 and then falls to 1% thereafter to match the grant increase assumption.
- Pay budgets include provision for increments and turnover, which is especially material to police officer pay, given the ranges of some ranks. The turnover factor is expected to return to more normal levels of 3% in 2025/26 onwards for staff. Changes to officer numbers over the MTFP are reflected in accordance with the workforce planning review.

- Contractual inflation commitments have been provided for where known.
- Provision has also been estimated for increases in costs on national and regional charges in line with historical patterns and the latest information through networks.

The PCC holds a healthy level of reserves, and the aim is to keep them within the bandwidth of £10-£15m over the life of the MTFP. Further details on reserves are contained earlier in this narrative report and in more detail in the separate reserves strategy.

Pension Liabilities

The value of net pension liabilities is shown in the group balance sheet and is split across police officers and police staff, including PCSOs. Further specific details are contained within the summary of the statement of accounts section towards the end of this narrative report. However, in general terms, the police officer pension scheme is an unfunded scheme administered by the Chief Constable. Its status as an unfunded scheme means that there are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Both police officers and the employer (i.e. the Chief Constable) make annual contributions which are paid into the Police Pension Fund. In turn, pensions are paid from the Fund to retired officers. The Home Office funds the difference between actual pension payments and pensions income through an annual top-up grant.

Police staff and PCSOs are eligible to join the Local Government Pension Scheme (LGPS) administered by Warwickshire County Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2023/24 the Group paid employer's contributions in addition to contributions paid directly by staff. The most recent valuation of the LGPS is effective from the 1 April 2022, which saw the employer's contribution rate, based on actuarial valuations, increase by 0.2% and fixed for 2023/24 and 2024/25. The employers contribution rate for officers will increase to 35.3% from April 2024. This has been included within the 2024/25 budget, and the increase is being funded through increased government grant.

Table 9 – Pension contribution rates

Financial year	Contribution rate %
2019-20 (Rate at time of triennial valuation)	18.2
2020/21	18.9
2021/22	19.7
2022/23	20.4
2023/24	20.6

The rate of 20.6% for 2023/24 is reflected in the employer contribution rate in these annual accounts.

Treasury Management

The PCC approves a Treasury Management and Investment Strategy before the start of each financial year and receives updates on treasury performance throughout the year. These reports are also scrutinised by the Joint Audit and Standards Committee prior to their approval by the PCC.

As at the 31 March 2024 the PCC had total external borrowings of £19.366m and internal borrowing from cashflow monies of £15.0m. The level of 'debt' is well within the authorised prudential limit for external debt of £50 million as approved by the PCC in the treasury management strategy in March 2024.

Total investments, cash and cash equivalents at 31 March 2024 were £1.107m. These levels are at a point in time and will be affected in the future mostly by the value and use of reserves, the disposal of assets, and the levels of capital investment.

As part of the 2023/24 budget the PCC approved £4.239m of borrowing to fund the planned capital spend, but due to the lower capital outturn, only £1.571m of external borrowing was required (matched to the estates investment), in line with the capital strategy.

5. PCC and police non-financial performance

The non-financial performance of the PCC and that of Warwickshire Police is considered separately in this section. The PCC prepares an Annual Report which outlines all the achievements and the work of the office in the preceding 12 months. That document should be read in conjunction with this document to provide a full and detailed picture of PCC non-financial performance.

During 2023/24 the PCC has undertaken a review of the current Police and Crime Plan to determine the degree to which it has been successful in achieving all its objectives. Outputs and outcomes have both been used to assess performance against the objectives. The results are shown on the attached RAG rated report, with those actions marked as Q showing where information remains incomplete. Further details on the Police and Crime Plan performance monitoring is available on request.

ASSURANCE FRAMEWORK & PERFORMANCE ASSESSMENT	OUTCOME ASSESSMENT GRADING
	Improvement / Accomplished
	AFI
	Deterioration
	Classified

Policing Priorities x 5

Priorities	Focus Area		Subject Grading	Focus Area Grading
1. Fight crime and reduce reoffending	a) Violent crime	Serious violence reduction, including knife crime.		
	b) Organised crime	Disrupt Organised Crime Groups.		
		Safeguard vulnerable people.		
		Warwickshire Violent Crime Strategy.		
		Maximise regional and national resources to tackle OCGs.		
		Tackle cross-border crime.		
		Fraud and cyber-crime response.		
	c) Re-offending	Initatives to support offenders to break the cycle of crime.		
		Reduced reoffending throughout Warwickshire.		
2. Deliver visible and effective policing	a) More officers	Warwickshire Police: 1,100 police officers by the end of 2022.		
		Representative workforce.		
		Increased numbers of Special Constables and volunteers.		
		Welfare of officers and staff.		
	b) Neighbourhood policing	Prioritise burglary, vehicle crime, theft and robbery.		
		Prioritise Rural crime.		
		Effective reponse to theft and robbery, particular retail premises.		
		Effective Safer Neighbourhood Teams.		
	c) Transforming the force	Technology.		
		Police Estate.		
		Environmental sustainability.		
		HMICFRS PEEL Assessment aspiration for 'Good'.		
3. Keep people safe and reduce harm	a) VAWG	Victim confidence for vulnerability offences.	Q	
		Confidence in the policing response to VAWG.	Q	
		Addressing misogyny within policing and CJS		
		VAWG detection and conviction rates.		
		Outcomes for victims of domestic abuse, rape, and serious sexual assault.		
	b) Vulnerability	Repeat victims of domestic abuse.	Q	
		Vulnerable children and adult safeguarded.		
		Mental Health - Appropriate agency and support in CJS.		
		Homelessness and CJS.	Q	
		Hate crime and MSHT.		
	c) Road safety	Safer Roads: Reduction in KSI.		
		Iinnovative road safety solutions and interventions.		
4. Strengthen communities	a) Involving communities	Joint engagement.		
		Voice of CYP and other under-represented groups.		
		Involvement with CSPs.		
		Independent scrutiny.		
	b) Crime prevention	Resilient communities.		
		Hold to account relevant authorities.		
	c) Partnership working	Protocols to tackle unauthorised encampments.		
		ASB reduction.		
		Collaboration.		
5. Deliver better justice for all	a) Victims and witnesses	Effective crime investigations.		
		Victim satisfaction with CJS.	Q	
		Compliance with Victims Code of Practice.	Q	
		Provison of quality support for victims.		
	b) Improved communication	Public contact.		
		Police complaints		
	c) Justice outcomes	Lived experience of victims to shape CJS provison.	Q	
		Improved outcomes in CJS.		
		Reduction in reoffending	Q	

The Chief Constable controls specific actions through various policies and procedures, however, the behaviours of officers and staff and the culture of the force more widely are shaped by force values and the national Code of Ethics. Whilst, there is an acknowledgement that Warwickshire police do not always get it right and that the actions of a few can let down the vast majority of hard working and dedicated people that work to protect people from harm, the force always seeks to ensure that high standards of conduct are enforced, and the Professional Standards Team seek to proactively address concerns that are raised with them and to ensure that lessons are learnt from our experiences. In the light of a number of recent high profile and damaging incidents at the Met, and subsequent reports from HMICFRS, the Home Office and the Casey Report, Chief Officers and PSD have implemented actions to address the recommendations, including the checking of all police officers and staff in Warwickshire against the Police National Database (PND) as part of the historic data wash to address concerns following recent high profile cases.

The PCC, supported by his office, hold the force to account on any emerging areas of concern, and any arising issues may also be investigated, followed up and reported through these channels, Whistleblowing or the professional standards reporter policies are in place in the OPCC and force.

Warwickshire Police's Professional Standards Department (PSD) is responsible for the management of complaints against police officers and police staff., whilst the Independent Office for Police Conduct (IOPC) retains this responsibility for more serious and complex investigations. Since February 2020, the PCC has had the responsibility for carrying out appeals for some complaints that have been dealt with by Warwickshire Police, although the Independent Office for Police Conduct (IOPC) retains this responsibility for more serious and complex complaints. These OPCC 'complaint reviews' enable members of the public dissatisfied with the outcome of the process undertaken by Warwickshire Police to make a representation for it to be reviewed.

The PCC also holds the Chief Constable to account for the wider performance of the force. Whilst there are no specific performance objectives other than to reduce crime. The Chief Constable monitors a range of indicators across crime categories in pursuit of this objective and performance in achieving this is discussed formally at the monthly governance and performance board meeting. The outputs of these meetings are published on the OPCC website. More general weekly holding to account meetings, give an opportunity for timely discussion of performance and topical matters, and wider discussion around local, regional and national issues.

Table 10 shows a summary of force performance for 2023/24 against the various categories of crime and compares this to the number of crimes recorded in the previous year. Total recorded crime decreased by 4.7% in 2023/24.

Table 10. Policing performance 2023/24

Crime Category	2022/23 no. of crimes	2023/24 no. of crimes	% change
Total recorded crimes as at 31 March of each year	41,848	39,874	-4.7%
Homicide	4	5	25.0%
Death or Serious Injury – Unlawful Driving	18	27	50.0%
Violence with injury	4,729	4,839	2.3%

Violence without injury	6,067	5,814	-4.2%
Rape	501	506	1.0%
Other sexual offences	1,135	1,154	1.7%
Stalking and harassment	4,811	4,325	-10.1%
Robbery	364	390	7.1%
Burglary – residential	1,498	1,462	-2.4%
Burglary – business	814	779	-4.3%
Vehicle offences	4,720	4,082	-13.5%
Theft from person	258	258	-
Bicycle theft	437	514	17.6%
Shoplifting	2,472	2,969	20.1%
All other theft offences	3,857	3,343	-13.3%
Criminal damage & Arson	3,979	3,437	-13.6%
Drug offences	962	1,057	9.9%
Possession of weapons	594	662	11.4%
Public order offences	3,644	3,217	-11.7%
Miscellaneous crimes against society	984	1,034	5.1%

*Please note these figures may differ to equivalent figures quoted elsewhere due to differences in when the data is reported.

The PCC and force are key partners of the Warwickshire Road Safety Partnership whose vision is to strive to eliminate fatal and serious casualties on Warwickshire roads, reducing them by 50% by 2030. The PCC and Chief Constable are both committed to this target and this has resulted in increased policing activity on road safety in 2023/24, in addition to additional funding being made available by the PCC to the partnership and for road safety more generally in the form of grants to external organisations to help educate and improve safety on our extensive road network. The PCC has also introduced a new commissioned service in October 2023, to deliver specialist services for those affected by serious collisions, causing death or catastrophic injury, as road safety remains a key priority, which is actively contract managed by the OPCC.

Satisfaction in policing services is measured generally through the national crime survey (England and Wales). However, satisfaction levels are monitored locally and the most recent survey data (March 2024) from victims is shown below for different crime types. The figures for 2023/24 show some significant variances in satisfaction across differing crime types. Satisfaction levels are continually being monitored by the force and PCC with regular performance meetings to discuss trends and agree actions. Improved and increased service provision through targeted wok should improve satisfaction levels for victims in the future.

2023/24 saw the commencement of a number of newly commissioned PCC services to support victims, and vulnerable people. These services included new contracts for dealing with the victims of modern slavery, for enhancing the work on restorative justice, and also a specialised commissioned services for road victim survivors. 2023/24 also saw sustained and significant additional investment by the PCC, in victim services for those who have suffered domestic abuse and sexual violence, in addition to services to support general victims of crime. Further additional commissioning work has also been undertaken during the course of the year, to put in place enhanced drugs and alcohol support services for those caught up within the criminal justice system. These contracts will go live from April 2024.

Comprehensive contract monitoring processes are now in place to understand the outcomes and outputs from these services, and to provide a mechanism for addressing any areas of concern. It is hoped that this increased investment will help survivors, cope, and recover.

Table 11 - Victims satisfaction survey results

Crime type	2023/24 Target Satisfaction Rate	March 2024 In Month Satisfaction Rate	March 2024 Rolling 6 month Satisfaction Rate
Burglary	80%	85%	75%
Vehicle Crime	70%	70%	64%
Violence	75%	60%	68%
Hate Crime	80%	48%	72%
Domestic Abuse	80%	82%	75%

The force management statement provides a huge amount of further detail on force performance, including assessments on future demand for the force and the planning activity and resourcing required to address this. It provides information on the track record of the force in responding to the public, dealing with investigations, protecting vulnerable people, managing offenders, managing serious and organised crime, major events and force wide functions including ICT. It should be read in conjunction with this report.

Value for Money

Both the PCC and Chief Constable have a duty to provide efficient and effective policing at an affordable cost. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertakes independent inspection and assessment of the force's performance in terms of its effectiveness, efficiency, and legitimacy, with the aim of encouraging improvement. They produce reports to allow the public, and peers, to see how forces are performing. In October 2022, HMICFRS published its 2021/22 inspection into Warwickshire Police, which remains the most recent formal HMICFRS report. The PCC pays due regard to the work undertaken by HMICFRS, and considers the findings as part of his holding to account activity.

The grading assessment were: -

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

The HMICFRS's report provides an in-depth assessment of the strengths and weaknesses of Warwickshire Police and provides recommendations on areas of improvement for the force. During 2023/24 the force has been actively preparing for its next HMICFRS PEEL inspection, which covers 10 core areas of policing, except for some specialist areas, which have their own inspections (Armed Policing, Serious & Organised Crime, etc). In essence, the PEEL inspection will cover most areas of the forces daily business. The 12-month continuous assessment of Warwickshire Police under the PEEL 2023-2025 programme began in February 2024, but preparation work commenced much earlier than this and as such Strategic Leads have been driving the force's response to the 22 Areas for improvement issued from the 2022 PEEL report, governed, and scrutinised by the Performance & Assurance Board (chaired by the DCC) and thematic Steering Groups (chaired by the ACCs). The PCC has held the chief constable to account on these issues and has kept abreast of progress to deliver on these actions as part of the preparations for the next round of inspection.

The final evidence collection phase will take place in January 2025, and the report is anticipated for release in May 2025. The new model of continuous assessment by HMICFRS is more rigorous and labour-intensive than the previous system, but it should ensure that the force is inspected thoroughly.

In a bid to provide greater value for money, Warwickshire Police works collaboratively with West Midlands Police for the delivery of forensics services. This service enables the delivery of superior forensic capabilities, at lower cost compared to previous provision and with some significant improvements in service. Significant investment in ICT has continued, new contracts and supplier contracts combined with the new modern devices and systems are providing for improved efficiency and productivity. Modest efficiency savings have been generated in 2023/24 through this digital service transformation, and more significant savings are anticipated over the medium term, as productivity improves. The infrastructure is more robust, and systems have been upgraded providing improved capabilities, whilst other unused systems have been removed from networks, removing cost, and improving the efficiency of them. Ongoing work to introduce robotics and further digital technological advances through AXON, along with a number of power apps, and the imminent roll out of new mobile phone handsets will continue to deliver further improvements and value for money.

Warwickshire also operates other successful collaborations and partnership working evident at the Justice Centres covering various criminal justice service providers in the north and south of the county, regionally in policing, for example through the regional organised crime unit and the regional policy officers who support the work of the PCC's across the West Midlands. The arrangements deliver value for money as they provide an opportunity for cost and knowledge sharing, in addition to other advantages from greater economies of scale.

6. Corporate Risks and horizon scanning

The PCC and Chief Constable each have separate risk management strategies in place to ensure that the risks facing the force and the PCC's office are effectively and appropriately identified, evaluated, reported, and mitigated against. The PCC and force risk registers are reviewed regularly by their respective chief officer and management teams, and they are also reported to the JASC to provide independent oversight to ensure that risks are managed effectively. The key risks for the PCC, were fundamentally reviewed in 2023/24, and more details on risk are contained within the annual governance statement that supports this document.

The force manages their own risk register, which is also reported to the PCC and JASC at regular intervals. Any emerging issues and changes in risk may also be raised and discussed with the Chief Constable at the Holding to account meeting.

Horizon Scanning

Warwickshire Police bases its assessment of future demand on a number of different methodologies including, statistical projections, comparison against 3-year averages, reflections on the previous year and discussion with partners and other subject matter experts.

The force assesses that it will continue to see increasing calls for service, most notably an increase in 999 calls. However, the assessment is that this will not necessarily lead to a corresponding rise in overall incidents (because of steps being taken such as Right Care, Right Person) but there is a belief that more incidents will be graded as emergencies. This links in with the strategy to improve processes in the OCC, and is also based on the assessment that there will be less 101 calls recorded as steps to deal with failure demand are improved.

Overall, the force assess a small rise in total recorded crime over the next year, owing to our growing population, but also that because of economic factors, the profile of crime will change over the next year, with continued modest rises in volume acquisitive crime such as theft and shoplifting. Since 2022 the force have seen falling levels of domestic abuse offending in Warwickshire and assess that levels are returning to a post-COVID baseline. Mostly driven by proactive policing, the force expect to see increases in the number of drug offences and possession of weapons offences that are now being recorded.

7. Conclusion and acknowledgements

The PCC and Chief Constable will continue to drive value for money across all areas of policing and closely monitor financial performance throughout the year to ensure that policing demands can be met within the resources available in the approved budget. By the end of 2023/24, Warwickshire Police had 1,135 police officers, the highest level ever recorded, made possible through the availability of PCC funding and the national uplift programme.

The PCC has set a clear direction of travel in his Police and Crime Plan through to 2025 in his five priority areas, notably to support victims, deliver improved visibility through investments in increased officers and PCSO's to tackle crime and reduce reoffending. He will continue to work with and hold the Chief Constable to account whilst also working in partnership with other stakeholders on shared priorities. Following the PCC elections in May 2024, the PCC was re-elected and will prepare a new Police and Crime Plan, which sets out new priorities for his third term of office.

The financial affairs of the PCC and Chief Constable have been and continue to be prudently and effectively managed. Best practices, CIPFA guidance and codes of practice in financial management, governance and treasury management are being followed. The PCC, the Chief Constable and their CFO's have a strong focus on managing costs and achieving value for money whilst work and investment to transform the delivery of services to provide improved efficiency and effectiveness continues.

Looking ahead the ongoing challenges will be to manage the significant demand pressures on policing through well-resourced internal and externally commissioned services, maintaining and growing where possible officer numbers to continue to deliver the geographical policing model which has been met positively by partners and to secure the ongoing central grant funding, and to ensure the force remains financially resilient. Driving out efficiencies and benefits from the recent investment in technology to improve efficiency and increase productivity remains a key focus of work and will be essential if the force is able to deliver the savings required in the medium term. Activity to understand and plan for changes in workforce costs and demographics need to be continued, as does the monitoring and continuation of the capital strategy to ensure that capital investments are affordable and adequate to meet needs.

The production of the Statement of Accounts would not have been possible without the exceptionally hard work of colleagues in the Force Finance Department. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. It has been another challenging year, and I would like to thank them for their support and efforts during this time.

Sara Ansell
Treasurer, Warwickshire Office of the Police and Crime Commissioner

Summary on the Statement of Accounts

The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022, require the PCC and Chief Constable to produce a Statement of Accounts each financial year. These statements contain a number of different elements which are explained below.

As previously mentioned in this statement it is the purpose of the Statement of Accounts (the Accounts), consisting of the financial statements and notes to the accounts, to demonstrate that the Group, consisting of the PCC and the Chief Constable has accounted for public money properly and been economical, efficient, and effective in the use of that public money.

The treatment of transactions (income and expenditure) and balances (assets, liabilities, and reserves) in the PCC's and Chief Constable's Accounts under the Group arrangement is explained in Note 3, 'Critical Judgements in Applying Accounting Policies'. The PCC and Chief

Constable are classified as a group arrangement under accounting standards, the Chief Constable being a subsidiary of the PCC. The specific accounting treatment takes into account the substance of the arrangements for governing the two entities and recognises the formal stage 2 transfer of responsibilities from the PCC to the Chief Constable that took place on 1 April 2014.

The Accounts reflect current legislation and local operating arrangements, where legislation takes precedent over the Code or where the Group position differs from that of the PCC this is explained in the Accounts and the notes. The following is an explanation of the contents of the Accounts and the main financial statements, their purpose and relationship between them.

They comprise:

- The **Statement of Accounting Policies,** which sets out the accounting policies adopted by the Group and the PCC and explains the basis on which the financial transactions are presented;

- The **Statement of Responsibilities** for the Accounts, which sets out the responsibilities of both the PCC and the responsible Chief Finance Officer for the preparation of the Accounts;

- **Auditor's Report** gives the auditor's opinion of the financial statements and of the Group's arrangements for securing economy, efficiency and effectiveness in the use of resources;

- The **Comprehensive Income & Expenditure Statement (CIES)** is a summary of the income and expenditure received and used to provide services during the year and shows how the PCC has funded the cost of net expenditure incurred at the request of the Chief Constable by an intra-group transfer. The surplus or deficit on the provision of services line flows into the MIRS to be transferred into the balance sheet as explained below;

- The **Movement in Reserves Statement (MIRS)** shows the movement in the year on the different reserves held by the Group and the PCC. A further analysis and explanation of the purpose for which these unusable reserves are held can be found at Note 9. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the CIES. This is different to the statutory amounts that can be charged against the police fund and taxation, whereas the net increase before transfers to earmarked reserves is the sum after adjustment for the entries required to comply with accounting standards, Note 7 provides detailed analysis of the adjustments contained in the MIRS;

- The **Balance Sheet**, which shows the value as at the 31 March 2024 of the assets and liabilities recognised by the Chief Constable. The net assets (assets less liabilities) are matched by the usable and unusable reserves, which hold the transfers from the CIES, which have moved through the MIRS;

- The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes;

- **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements, including the Expenditure and Funding Analysis (Note 1);

- **Police Pension Fund Account -** This identifies the payments in and out of the Police Pension Fund Account for the year;

- The **Annual Governance Statement** – This section describes how the PCC conducts business in accordance with proper standards and presents the findings from the annual review of the effectiveness of systems of internal control. The Annual Governance Statement does not form part of the Accounts but is included here for reporting purposes.

For completeness, the Group and PCC Accounts should be read alongside the Chief Constable's Accounts.

The Group CIES shows a deficit on the provision of services of 14.897m. The deficit is arrived at after accounting for costs and income in line with the Group's accounting policies and recognised accounting conventions, which is different to the statutory basis used to identify the net expenditure to be funded from local taxation in the form of the Council Tax. For example, proper accounting practice requires the full cost of future pension liabilities to be recognised in the Accounts and is a significant part of the deficit on the Group's CIES.

The financial standing of the Group needs to be viewed from the perspective of the movement in the Police Fund, as set out in the MIRS, which reconciles the CIES to the statutory basis for determining taxation.

In accordance with International Accounting Standard (IAS) 19, the cost of employment and post-employment liabilities is shown in the Group's Accounts. The Group maintains a negative pensions reserve to match the estimated liability in relation to Police Officers, Police Staff and Police Community Support Officers' retirement benefits, which at the 31 March 2024 is £900.3m. However, in considering the impact that this has on the financial position of the Group it must be remembered that:

- Police Staff and Police Community Support Officers are entitled to join the Local Government Pension Scheme (LGPS), which is a funded scheme. The liability will be funded by future planned increases in both the employee and employer contributions.

- The Police Pension Scheme, under the current arrangements, is funded partly by police officer and employer contributions. If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year the Home Office will fund the deficit.

- The Police Pension Scheme and LGPS have been subject to reform and as from 01 April 2015 the former became a career average (CARE) scheme; the LGPS became a CARE scheme on 01 April 2014. Therefore, the future benefit structures, as well as the level of contributions, have changed.

Further information about the IAS 19 liability can be found under Note 35 and information about the Police Pensions Fund Account can be found on page 102.

Statement of Accounting Policies for the Group and the PCC

i. General Principles

The Statement of Accounts summarises the Group's and the PCC's transactions for the 2023/24 financial year and its position at the year-end. The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Group and the PCC when preparing and presenting the financial statements. The Group and the PCC are required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year.

ii. Changes in Accounting Policies

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions in the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There has been a small change to the depreciation section of Accounting Policy xvii – Property Plant and Equipment, to reflect the fact that the actual useful lives of certain ICT equipment is less than the standard 5 years that has previously been applied (eg mobiles 3 years and laptops 4 years) and this is now consistent with the replacement policy for these items of ICT equipment.

iii. Income and Cost Recognition and Intra-group Adjustment

The PCC is responsible for the Police Fund into which all income is received including the main funding streams of Police Grant, Revenue Support Grant and Council Tax as well as income from charges and from which all costs are met. The Police Fund is held in a single bank account: the Chief Constable does not have a separate bank account into which money can be received or from which payments can be made.

The Chief Constable's Accounts show the cost of undertaking day to day operational policing under the direction and control of the Chief Constable. Expenditure shown in the CIES include the salaries of police officers, PCSOs and police staff as well as the cost of purchases. In addition, a charge is shown for the Chief Constable's use of assets, which are strategically controlled by the PCC. The capital charge is equal to depreciation of property, plant and equipment and amortisation of intangible assets plus any charge for impairment through obsolescence or physical damage. To fund the operational expenditure, the Chief Constable's Accounts show income by way of funding or financial guarantee provided by the PCC to the Chief Constable. This treatment forms the basis of the intra-group adjustment between the Accounts of the PCC and the Chief Constable. However, because the Chief Constable does not have a bank account there is no actual transfer of cash between the PCC and the Chief Constable.

The cost of post-employment benefits accrued by serving and ex-police officers and police staff and the cost of accrued absences is also shown in the Chief Constable's Accounts.

iv. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by police officers, police staff and PCSOs) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Manual accruals of revenue or expenditure are not made where the value of the item is less than £1,000.

v. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

vi. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;

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

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Police Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two. Further information can be found in the Treasury Management Strategy available on the PCC's website.

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, rest days, toil, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at the start of the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accumulated cost is carried to the Group's and the Chief Constable's Balance Sheets where it is held as a liability and this is matched by an unusable reserve.

Termination Benefits

This policy only applies to members of police staff, including PCSOs.

Termination benefits are amounts payable to employees as a result of a decision by the PCC or the Chief Constable to terminate their employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Cost of Services in the CIES at the earlier of when the employer can no longer withdraw the offer of those benefits or when the employer recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the 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

Police officers and police staff, including PCSOs have the option of belonging to one of two separate pension schemes relevant to them:

- Police Pension Scheme (PPS) for Police Officers;
- Local Government Pensions Scheme (LGPS) for Police Staff administered by Warwickshire County Council.

Both schemes provide index-linked defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Group and determined by the individuals' pensionable pay and pensionable service.

The LGPS and the PPS are accounted for as defined benefits schemes as follows:

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

- International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds;

- the PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin and the LGPS liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields at 31 March 2023;

- the discount rates used by the actuaries and other principal assumptions are set out in Note 35;

- the assets of the LGPS fund attributable to the Group are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value

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

- **Current service cost** – the increase in liabilities as a result of years of service earned in the current year – allocated in the CIES to the services for which the employees worked;

- **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;

- **Net interest on the net defined benefit liability** i.e. net interest expense for the Group – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

- **Re-measurements comprising:**

  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- **Contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS this means that 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 Pensions Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A difference between the two schemes is that the PPS is an unfunded, defined benefit, final salary scheme, whereas the LGPS is a funded, defined benefit scheme and, with effect from 1 April 2014, became a career average (CARE) rather than final salary scheme. As the PPS is unfunded there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet the actual pensions payments as they eventually fall due. This is further explained in the notes to the Police Pension Fund Account on page 115.

It should be noted that the Group has not exercised powers to make discretionary awards of retirement benefits in the event of early retirements. The approach set out in the joint Government Actuary's Department (GAD)-CIPFA paper "Assessment of Pension Liabilities Disclosures" as realised in the GAD model has been followed to satisfy the disclosure requirements of the Code.

The Group has powers to make awards to Police Officers who have ceased to be members of the police force and are permanently disabled as a result of an injury received without his/her own default in the execution of his/her duty. These payments are made in accordance with the Police (Injury Benefit) Regulations 2006.

The triennial valuation of the Local Government Pension Scheme took place as at 31 March 2022 and the results from this have been used as the starting point by the scheme's actuaries, Hymans Ltd, in preparing their report for 31 March 2023. Further information can be found in Note 35.

viii. Fair Value Measurement

The Group measure some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as loans at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

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

ix. Financial Instruments

Financial Liabilities

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

For the straightforward borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has not entered into the repurchase or early settlement of borrowing.

Financial Assets

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

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

- fair value through profit or loss (FVPL) – these are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The techniques for fair value measurements are set out in Accounting Policy viii. Any gains or losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES; and

- Fair value through other comprehensive income (FVOCI) – not applicable for the Group.

x. Government Grants and Contributions

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

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

Amounts recognised as due to the Group are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, the grant conditions must be adhered to and specific outputs, or future economic benefits or service potential delivered, otherwise the grant sum, must be returned to the transferor.
Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (grants receipts in advance). When conditions

are satisfied, the grant or contribution is credited to the relevant service line (attributable 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 Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Group's services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Group can be determined by reference to an active market. The depreciable amount of all intangible assets is amortised over their useful lives to the Cost of Services in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Cost of Services in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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

xii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and

Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Police Fund Balance. The gains and losses are therefore reversed out of the Police Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the PCC and / or Chief Constable in conjunction with other ventures or organisations that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets (Property, ICT and Vehicles) that it controls or its share thereof. Joint assets give rise to benefits of the joint venturers. The Group also recognises the liabilities that it incurs. The CIES is debited and credited with the expenditure it incurs and the share of costs incurred or income earned through the joint operation.

Note 14 to the Accounts ‘Pooled Budgets and Joint Operations’ provides an explanation of joint arrangements.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Group has reviewed its contracts register and has determined that it has no finance leasing arrangements. All other leases are classified as operating leases.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Group as Lessee (Operating Lease)

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

The Group as Lessor (Operating Lease)

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

xv. Segmental Analysis

Income and Expenditure is reported in the CIES on the basis of the Group's organisational structure. This requirement arose from CIPFA's "Telling the Story" review that revised the presentation of Public Sector financial statements so that the CIES reflects the way that organisations operate and manage services. The Group monitors and manages its financial performance on the basis of two segments to reflect its distinct service areas. The segments are: Policing Services and Police and Crime Commissioner. The costs of overheads and support services are charged to each segment on the same basis as they are reported in the financial performance reports. That is, the costs fall in the segment that is responsible for the support service and that directly monitors and manages that service.

The Expenditure and Funding Analysis (EFA) emanated from the Telling the Story review and brings together local authority performance reported on the basis of expenditure measured under proper accounting practices (including depreciation and the value of pension benefits earned by the employees) with statutorily defined charges to the Police Fund. The EFA reconciles the net expenditure chargeable to council tax to the CIES, analysed by service segment and thereby provides a direct link between the CIES and the budget ie the Police Fund.

xvi. Prior Year Adjustments

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

xvii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value; the Group has not acquired any asset via an exchange.

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

- Assets under Construction – historical cost;
- operational property – current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV);
- where non-property assets that have short useful lives and / or low values, historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Desktop reviews are carried out annually to ensure that this holds true as at the Balance Sheet date; 87% of the Net Book Value of Land and Buildings has been professionally valued in the last 12 months. Valuations are carried out by qualified valuers, Lambert Smith Hampton, the most recent being carried out as at 31 March 2023.

The basis of valuation used is set out below as recommended by CIPFA and in line with the Statements of Asset Valuation Practice, International Financial reporting Standards (IFRS), (in particular (IFRS)13 Fair Value Measurement), and the Royal Institution of Chartered Surveyors (RICS) Red Book Global Standards. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to the Cost of Services.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Cost of Services in the CIES.

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

Componentisation

Componentisation will only be applied to new buildings and significant refurbishments completed after 1 April 2010 and to revaluations undertaken after 1 April 2010.

The value of each component is considered in relation to the value of the asset. As a rule significant expenditure amounting to greater than 25% of the total cost will be considered for componentisation.

Expenditure on Improvements amounting to less than £250k will not be considered for componentisation.

Components of buildings and the life of each component are:

• Structure	60 years
• Mechanical and electrical	15 years
• Roof – pitch	60 years
• Roof – flat	20 years

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Cost of Services in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the Cost of Services in the CIES, up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. Exception is made for assets without a determinable finite useful life, i.e. freehold land and assets that are not yet available for use such as assets under construction.

Depreciation is calculated on the straight-line method over:

- buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- plant, furniture and equipment (including ICT) – 5 years, with the exception of:
    - Desktops and laptops – 4years;
    - Mobile phones and body worn video – 3 years.
- vehicles – 3 to 7 years (3 years – high-mileage, response vehicles;
  5 years – general use vehicles; 7 years - vans).

No depreciation is charged for the financial year in which an asset is acquired. A full year's depreciation charge is made for the year of asset disposal.

Where an asset has major components and the cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

De Minimis

The Group has agreed a de Minimis level of £10,000 for the acquisition, renewal or replacement of buildings, plant and machinery or other equipment to count as prescribed capital expenditure.

xviii. Provisions, Contingent Liabilities and Contingent Assets

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

Provisions are charged as an expense to the Cost of Services in the CIES in the year that the Group becomes aware of the obligation and are measured at the best estimate as at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

A contingent liability or a contingent asset arises where an event has taken place that gives the Group a possible obligation or asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. 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 and contingent assets are not recognised in the Balance Sheet but disclosed in Note 28 to the Accounts.

xix. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Police Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the Cost of Services 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 Police Fund Balance in the MIRS so that there is no net charge against Council Tax for the expenditure.

xx. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the PCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the CAA then reverses out the amounts charged so that there is no impact on the level of council tax. Notes 21 and 24 explain the REFCUS incurred by the PCC during the year.

xxi. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Statement of Responsibilities

Responsibilities of the Police and Crime Commissioner for Warwickshire (the PCC)

The PCC is required to:

- make arrangements for the proper administration of the PCC's financial affairs and to ensure that one of officers of the OPCC has the responsibility for the administration of those affairs. In this organisation that officer is the Treasurer to the Commissioner;
- manage the PCC's affairs to secure economic, efficient and effective use of resources and safeguard the PCC's assets;
- approve the Statement of Accounts.

I accept the above responsibilities and approve these Statement of Accounts for 2023/24

Philip Seccombe
Police and Crime Commissioner for Warwickshire

Responsibilities of the Treasurer to the Commissioner

The Treasurer to the Commissioner is responsible for the preparation of the Statement of Accounts for the Police and Crime Commissioner for Warwickshire and Group in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing this Statement of Accounts, the Treasurer to the Commissioner has:

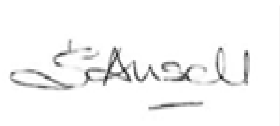
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Treasurer has also:

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

The unaudited Statement of Accounts for the Police and Crime Commissioner for Warwickshire and Group were issued on 31 May 2024 by authority of the Treasurer to the Commissioner.

I certify that the Statement of Accounts represents a true and fair view of the financial position of the PCC and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.



Sara Ansell
Treasurer to the Police and Crime Commissioner for Warwickshire
Date: 31 May 2024

Independent auditor's report to the Police and Crime Commissioner for Warwickshire

Report on the audit of the financial statements – to follow.....

Report on the audit of the financial statements – to follow.....

Report on the audit of the financial statements – to follow…..

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Comprehensive Income and Expenditure Statement (CIES) for the Group

This Statement shows the consolidated Group accounting cost and funding in the year of providing services presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Group raises taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the MIRS.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000		Notes	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
151,092	(18,304)	132,788	Policing Services		140,247	(24,773)	115,474
4,400	(1,900)	2,540	Police and Crime Commissioner		5,644	(2,842)	2,802
155,532	**(20,204)**	**135,328**	**Net Cost of Policing Services**	**1**	**145,891**	**(27,615)**	**118,276**
		192	Other operating expenditure – Loss / (gain) on disposal of non-current assets (*Note 23*)				(42)
		(18,748)	Other operating expenditure / (income) - Home Office grant receivable towards the cost of retirement benefits *(Police Pension Fund Account, Page 115)*				(18,417)
		34,397	Financing and investment net expenditure *(Note 11)*				40,911
		(121,924)	Taxation and non-specific grant income *(Note 12)*				(125,831)
		29,245	**Deficit or (Surplus) on Provision of Services**				**14,897**
		(2,874)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets *(Note 9 (i))*				(3,627)
		(420,596)	Re-measurement of the net defined benefit liability *(Note 35)*				(4,505)
		(423,470)	**Other Comprehensive Income & Expenditure**				**(8,132)**
		(394,225)	**Total Comprehensive Income & Expenditure**				**6,765**

Comprehensive Income and Expenditure Statement (CIES) for the PCC

This Statement shows the accounting cost and funding in the year of providing services presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the MIRS. The CIES includes the intra-group transfer, whereby the PCC provides resources to meet the cost of day to day policing provided by the Chief Constable.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000		Notes	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
8,733	(25,892)	(17,159)	Policing Services		6,859	(32,980)	(26,121)
4,440	(1,900)	2,540	Police and Crime Commissioner		5,644	(2,842)	2,802
13,173	**(27,792)**	**(14,619)**	**Cost of Policing Services**	**1**	**12,503**	**(35,822)**	**(23,319)**
134,473	0	134,473	Funding to the Chief Constable for financial resources consumed	10	148,955	0	148,955
147,646	**(27,792)**	**119,854**	**Net Cost of Policing Services**		**161,458**	**(35,822)**	**125,636**
		192	Other operating expenditure – Loss / (gain) on disposal of non-current assets (*Note 23*)				(42)
		476	Financing and investment net expenditure *(Note 11)*				135
		(121,924)	Taxation and non-specific grant income *(Note 12)*				(125,831)
		(1,402)	**Deficit or (Surplus) on Provision of Services**				**(102)**
		(2,874)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets *(Note 9 (i))*				(3,627)
		(2,874)	**Other Comprehensive Income & Expenditure**				**(3,627)**
		(4,276)	**Total Comprehensive Income & Expenditure**				**(3,729)**

Movement in Reserves Statement (MIRS) for the Group

This statement shows the movement in the year on the different reserves held by the Group, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different to the statutory amounts charged to the General Fund Balance for council tax setting purposes. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Group.

	Notes	Police Fund Balance	Earmarked Police Fund Reserves	Total Police Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance on 1 April 2022		**6,000**	**8,305**	**14,305**	**4,812**	**0**	**19,117**	**(1,224,600)**	**(1,205,483)**
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure	**1**	**(29,245)**	**0**	**(29,245)**	**0**	**0**	**(29,245)**	**423,470**	**394,225**
Adjustments between accounting basis and funding basis under regulations	7	29,953	0	29,953	(1,844)	0	28,109	(28,109)	0
Net Increase before transfers to Earmarked Reserves		**708**	**0**	**708**	**(1,844)**	**0**	**(1,136)**	**395,361**	**394,225**
Transfers to/from Earmarked Reserves	8	(708)	708	0	0	0	0	0	0
Increase/(Decrease) in Year		**0**	**708**	**708**	**(1,844)**	**0**	**(1,136)**	**395,361**	**394,225**
Balance at 31 March 2023 Carried Forward		**6,000**	**9,013**	**15,013**	**2,968**	**0**	**17,981**	**(829,239)**	**(811,258)**
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	**1**	**(14,897)**	**0**	**(14,897)**	**0**	**0**	**(14,897)**	**8,132**	**(6,765)**
Adjustments between accounting basis and funding basis under regulations	7	13,339	0	13,339	(206)	0	13,133	(13,133)	0
Net Increase before transfers to Earmarked Reserves		**(1,558)**	**0**	**(1,558)**	**(206)**	**0**	**(1,764)**	**(5,001)**	**(6,765)**
Transfers to/from Earmarked Reserves	8	1,558	(1,558)	0	0	0	0	0	0
Increase/(Decrease) in Year		**0**	**(1,558)**	**(1,558)**	**(206)**	**0**	**(1,764)**	**(5,001)**	**(6,765)**
Balance at 31 March 2024 Carried Forward		**6,000**	**7,455**	**13,455**	**2,762**	**0**	**16,217**	**(834,240)**	**(818,023)**

Movement in Reserves Statement (MIRS) for the PCC

This statement shows the movement in the year on the different reserves held by the PCC, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the PCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different to the statutory amounts charged to the General Fund Balance for council tax setting purposes. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the PCC.

	Notes	Police Fund Balance	Earmarked Police Fund Reserves	Total Police Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance at 1 April 2022		**6,000**	**8,305**	**14,305**	**4,812**	**0**	**19,117**	**58,901**	**78,018**
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure	**1**	**1,402**	**0**	**1,402**	**0**	**0**	**1,402**	**2,874**	**4,276**
Adjustments between accounting basis and funding basis under regulations	7	(694)	0	(694)	(1,844)	0	(2,538)	2,538	0
Net Increase before transfers to Earmarked Reserves		**708**	**0**	**708**	**(1,844)**	**0**	**(1,136)**	**5,412**	**4,276**
Transfers to/from Earmarked Reserves	8	(708)	708	0	0	0	0	0	0
Increase/(Decrease) in Year		**0**	**708**	**708**	**(1,844)**	**0**	**(1,136)**	**5,412**	**4,276**
Balance at 31 March 2023 Carried Forward		**6,000**	**9,013**	**15,013**	**2,968**	**0**	**17,981**	**64,313**	**82,294**
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	**1**	**102**	**0**	**102**	**0**	**0**	**102**	**3,627**	**3,729**
Adjustments between accounting basis and funding basis under regulations	7	(1,660)	0	(1,660)	(206)	0	(1,866)	1,866	0
Net Increase before transfers to Earmarked Reserves		**(1,558)**	**0**	**(1,558)**	**(206)**	**0**	**(1,764)**	**5,493**	**3,729**
Transfers to/from Earmarked Reserves	8	1,558	(1,558)	0	0	0	0	0	0
Increase/(Decrease) in Year		**0**	**(1,558)**	**(1,558)**	**(206)**	**0**	**(1,764)**	**5,493**	**3,729**
Balance at 31 March 2024 Carried Forward		**6,000**	**7,455**	**13,455**	**2,762**	**0**	**16,217**	**69,806**	**86,023**

Balance Sheets for the Group and the PCC

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group and the PCC. The net assets of the Group and the PCC (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group and the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group and the PCC are not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences for items in the MIRS in the line 'Adjustments between accounting basis and funding basis under regulations'.

The PCC as at 31 March 2023	The Group as at 31 March 2023		Notes	The PCC as at 31 March 2024	The Group as at 31 March 2024
£000	£000			£000	£000
98,710	98,710	Property, Plant & Equipment	21	99,210	99,210
455	455	Investment Property	23	432	432
1,025	1,025	Intangible Assets	24	3,721	3,721
7	7	Long Term Debtors	14	0	0
100,197	**100,197**	**Long Term Assets**		**103,363**	**103,363**
750	750	Assets Held for Sale	22	806	806
8,608	19,174	Short Term Debtors	25	9,353	20,046
1,770	1,770	Cash and Cash Equivalents	26	1,107	1,107
4,160	0	Intra-Group Debtor	10	4,542	0
15,288	**21,694**	**Current Assets**		**15,808**	**21,959**
(4,664)	(4,664)	Short Term Borrowing	30	(6,644)	(6,644)
(11,985)	(21,670)	Short Term Creditors	27	(12,636)	(22,297)
0	(155)	Provisions	28	0	(277)
0	0	Intra Group Creditor	10	0	0
(16,649)	**(26,489)**	**Current Liabilities**		**(19,280)**	**(29,218)**
(15,065)	(15,065)	Long Term Borrowing	30	(12,722)	(12,722)
0	(890,118)	Liability Relating to Defined Benefit Pension Schemes	35	0	(900,259)
(587)	(587)	Revenue Grants Receipts in Advance	13	(587)	(587)
(890)	(890)	Capital Grants Receipts in Advance	13	(559)	(559)
(16,542)	**(906,660)**	**Long Term Liabilities**		**(13,868)**	**(914,127)**
82,294	**(811,258)**	**Net Assets / (Liabilities)**		**86,023**	**(818,023)**
17,981	17,981	Usable Reserves	8	16,217	16,217
64,313	(829,239)	Unusable Reserves	9	69,806	(834,240)
82,294	**(811,258)**	**Total Reserves**		**86,023**	**(818,023)**

The unaudited Statement of Accounts were issued on 31 May 2024.

Treasurer to the Police and Crime Commissioner for Warwickshire

Cash Flow Statements for the Group and the PCC

This statement shows the changes in cash and cash equivalents of the Group and the PCC during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC and Chief Constable. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.

The PCC 2022/23 £000	The Group 2022/23 £000		Notes	The PCC 2023/24 £000	The Group 2023/24 £000
(1,402)	**29,245**	**Net deficit (surplus) on Provision of Services**	**1**	**(102)**	**14,897**
(2,940)	(33,587)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	32	(6,422)	(21,421)
294	294	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	32	682	682
(4,048)	**(4,048)**	**Net cash flows from Operating Activities**		**(5,842)**	**(5,842)**
5,126	5,126	Investing Activities	33	4,142	4,142
2,427	2,427	Financing Activities	34	2,363	2,363
3,505	**3,505**	**Net (increase) or decrease in cash and cash equivalents**		**663**	**663**
(5,275)	**(5,275)**	Cash and cash equivalents at the beginning of the reporting period	26	**(1,770)**	**(1,770)**
(1,770)	**(1,770)**	**Cash and cash equivalents at the end of the reporting period**	**26**	**(1,107)**	**(1,107)**

Notes to the Financial Statements

The following notes contain information which is in addition to that contained in the main financial statements and are intended to provide a fuller explanation and description of specific figures to aid the reader's understanding of the Statement of Accounts.

1. Expenditure and Funding Analysis (EFA)

This Statement shows how annual expenditure is used and funded from resources (government grants and council tax) by PCCs in comparison with those resources consumed or earned by PCCs in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the PCC's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

The Group

	2023/24 Net Expenditure Chargeable to the Police Fund Balances	2023/24 Adjustments between the Funding and Accounting Basis (Note 1 (a))	2023/24 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	123,943	(8,469)	115,474
Police and Crime Commissioner	2,802	0	2,802
Net Cost of Policing Services	**126,745**	**(8,469)**	**118,276**
Other income and expenditure	(125,187)	21,808	(103,379)
(Surplus) or deficit on provision of Services	**1,558**	**13,339**	**14,897**

Opening Police Fund at 1 April 2023	(15,013)
Less Deficit on Police Fund in Year	1,558
Closing Police Fund at 31 March 2024	**(13,455)**

	2022/23 Net Expenditure Chargeable to the Police Fund Balances	2022/23 Adjustments between the Funding and Accounting Basis (Note 1 (a))	2022/23 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	118,140	14,648	132,788
Police and Crime Commissioner	2,540	0	2,540
Net Cost of Policing Services	**120,680**	**14,648**	**135,328**
Other income and expenditure	(121,388)	15,305	(106,083)
(Surplus) or deficit on provision of Services	**(708)**	**29,953**	**29,245**

Opening Police Fund at 1 April 2022	(14,305)
Plus Surplus on Police Fund in Year	(708)
Closing Police Fund at 31 March 2023	**(15,013)**

The PCC

	2023/24 Net Expenditure Chargeable to the Police Fund Balances	2023/24 Adjustments between the Funding and Accounting Basis (Note 1 (a))	2023/24 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	(24,878)	(1,243)	(26,121)
Police and Crime Commissioner	2,802	0	2,802
Net Cost of Policing Services	**(22,076)**	**(1,243)**	**(23,319)**
Funding to the Chief Constable for financial resources consumed	148,821	134	148,955
Other income and expenditure	(125,187)	(551)	(125,738)
(Surplus) or deficit on provision of Services	**1,558**	**(1,660)**	**(102)**

Opening Police Fund at 1 April 2023	(15,013)
Plus Surplus on Police Fund in Year	1,558
Closing Police Fund at 31 March 2024	**(13,455)**

	2022/23 Net Expenditure Chargeable to the Police Fund Balances	2022/23 Adjustments between the Funding and Accounting Basis (Note 1 (a))	2022/23 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	(17,870)	711	(17,159)
Police and Crime Commissioner	2,540	0	2,540
Net Cost of Policing Services	**(15,330)**	**711**	**(14,619)**
Funding to the Chief Constable for financial resources consumed	136,010	(1,537)	134,473
Other income and expenditure	(121,388)	132	(121,256)
(Surplus) or deficit on provision of Services	**(708)**	**(694)**	**(1,402)**

Opening Police Fund at 1 April 2022	(14,305)
Plus Surplus on Police Fund in Year	(708)
Closing Police Fund at 31 March 2023	**(15,013)**

1(a) Note to the EFA

Adjustments between Funding and Accounting Basis

The Group

2023/24					
Adjustments from Police Fund to arrive at the CIES amounts	**Adjustments for Capital Purposes (note i)**	**Net Change for the Pensions Adjustments (note ii)**	**Financing and Investment Adjustments (note iii)**	**Other Adjustments (note iv)**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**	**£000**
Policing Services	(997)	(7,713)	(112)	353	(8,469)
Police and Crime Commissioner	0	0	0	0	0
Net Cost of Services	(997)	(7,713)	(112)	353	(8,469)
Other income and expenditure from the Funding Analysis	(648)	22,359	112	(15)	21,808
Difference between Police Fund surplus or deficit and CIES surplus or deficit	**(1,645)**	**14,646**	**0**	**338**	**13,339**

2022/23					
Adjustments from Police Fund to arrive at the CIES amounts	**Adjustments for Capital Purposes (note i)**	**Net Change for the Pensions Adjustments (note ii)**	**Financing and Investment Adjustments (note iii)**	**Other Adjustments (note iv)**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**	**£000**
Policing Services	(400)	15,352	(426)	122	14,648
Police and Crime Commissioner	0	0	0	0	0
Net Cost of Services	(400)	15,352	(426)	122	14,648
Other income and expenditure from the Funding Analysis	(152)	15,173	426	(142)	15,305
Difference between Police Fund surplus or deficit and CIES surplus or deficit	**(552)**	**30,525**	**0**	**(20)**	**29,953**

The PCC

2023/24					
Adjustments from Police Fund to arrive at the CIES amounts	**Adjustments for Capital Purposes (note i) £000**	**Net Change for the Pensions Adjustments (note ii) £000**	**Financing and Investment Adjustments (note iii) £000**	**Other Adjustments (note iv) £000**	**Total Adjustments £000**
Policing Services	(1,348)	0	513	(408)	(1,243)
Police and Crime Commissioner	0	0	0	0	0
Net Cost of Services	(1,348)	0	513	(408)	(1,243)
Funding to the Chief Constable	351	0	(625)	408	134
Other income and expenditure from the Funding Analysis	(648)	0	112	(15)	(551)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	**(1,645)**	**0**	**0**	**(15)**	**(1,660)**

2022/23					
Adjustments from Police Fund to arrive at the CIES amounts	**Adjustments for Capital Purposes (note i) £000**	**Net Change for the Pensions Adjustments (note ii) £000**	**Financing and Investment Adjustments (note iii) £000**	**Other Adjustments (note iv) £000**	**Total Adjustments £000**
Policing Services	1,145	0	238	(672)	711
Police and Crime Commissioner	0	0	0	0	0
Net Cost of Services	1,145	0	238	(672)	711
Funding to the Chief Constable	(1,545)	0	(664)	672	(1,537)
Other income and expenditure from the Funding Analysis	(152)	0	426	(142)	132
Difference between Police Fund surplus or deficit and CIES surplus or deficit	**(552)**	**0**	**0**	**(142)**	**(694)**

Note (i) Adjustments for Capital Purposes

This column adds in depreciation and revaluation gains and losses in the services line. MRP and other revenue contributions to capital expenditure are deducted because they are not chargeable under generally accepted accounting practices.

Other income and expenditure is adjusted for capital disposals of assets with a transfer of the income on disposal and the amounts written off for those assets; an adjustment is also made to recognise capital grant income.

Note (ii) Net Change for Pensions Adjustments

This column reflects the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

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

Note (iii) Financing and Investment Income and Expenditure Adjustments – this column adjusts for investment income and borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services.

Note (iv) Other Adjustments – this column reflects variations in the amount chargeable for Council Tax under Statute and the Code; and timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

1(b) Expenditure and Income Analysed by Nature
The Group

2022/23 £000		2023/24 £000
63,071	Police officers pay	69,568
30,711	Police staff pay	36,329
1,826	Police pensions	1,952
1,624	Other Employee Expenses	1,775
32,136	Pensions current cost of service	12,964
(17,544)	Cost of pensions based on cash flows	(20,690)
122	Accumulated absences	353
34,093	Other service expenditure	36,768
760	Non distributed costs	13
8,733	Depreciation, Amortisation, Revaluation Loss and REFCUS	6,859
664	Interest payable	625
33,921	Net interest on the net defined benefit liability	40,776
192	Loss / (gain) on disposal of non-current assets	(42)
190,309	**Total Expenditure**	**187,250**

(11,707)	Fees, charges and other service income	(13,076)
4	Investment property income and gain on change in fair value	(31)
(192)	Interest and investment income	(459)
(57,276)	Income from council tax	(60,743)
(91,893)	Government grants and contributions	(98,044)
(161,064)	**Total Income**	**(172,353)**
29,245	**Deficit on the Provision of services**	**14,897**

The PCC

2022/23 £000		2023/24 £000
838	Police staff pay	973
9	Other employee expenses	10
3,593	Other service expenditure	4,661
664	Interest payable	625
192	Loss / (gain) on disposal of non-current assets	(42)
1,145	Capital Charges – net of recharges to Chief Constable for use of assets	0
134,473	Funding to the Chief Constable for financial resources consumed	148,955
140,914	**Total Expenditure**	**155,182**
(11,707)	Fees, charges and other service income	(13,.076)
4	Investment property income and loss on change in fair value	(31)
(192)	Interest and investment income	(459)
(57,276)	Income from council tax	(60,743)
(73,145)	Government grants and contributions	(79,627)
0	Capital Charges – net of recharges to Chief Constable for use of assets	(1,348)
(142,316)	**Total Income**	**(155,284)**
(1,402)	**Deficit on the Provision of services**	**(102)**

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

The Code requires the Group to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The standards that have not yet been adopted that will be introduced in the 2024/25 Code are shown below:

a) IFRS 16 Leases issued in January 2016;
b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020;
c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022;
d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022;

e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023;
f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f). The overall impact on the Warks PCC Accounts is expected to be minimal for items b) to f).

The implementation of Item a), IFRS 16 – Leases, was deferred for the final time until 1 April 2024. As Warks PCC decided not to early adopt the standard there is now a requirement to consider the impact of this in the 2023/24 SoAs. Preparation for the implementation of IFRS 16 has been taking place throughout 2023/24 and an assessment has been made that the impact on the 2024/25 Accounts will not be material. Detailed working papers have been prepared setting out the calculations for all the leases that have been identified. It is expected that the total Right of Use Asset (and matching Lease Liability) on the Balance Sheet as at 1 April 2024 will be c.£0.4m. The rental payments in 2024/25 are estimated to be £0.144m, made up of £0.022m interest and £0.122m principal (ie MRP). The overall impact on the PCC's balance sheet, MRP calculation, and CFR has therefore been assessed as immaterial.

3. Critical Judgements in Applying Accounting Policies

The financial statements are prepared using the accounting policies set out in the earlier section; however the PCC is required to exercise judgement and make estimates and assumptions, based on a range of factors including experience or expert valuation, which affects the application of these policies and the value of transactions and balances reported in the financial statements. This is often the case where there are complex transactions or uncertainty about future events and/or figures are not readily available from another source. The estimates and assumptions are kept under review and revisions, where appropriate, are recognised in the period in which they are made. The critical judgements that have a material impact on the Accounts are as follows:

PCC and Chief Constable Group Relationship

The Police Reform and Social Responsibility Act 2011 came into effect on 22 November 2012, creating two corporation soles: The Police and Crime Commissioner for Warwickshire (PCC) and the Chief Constable of Warwickshire Police (CC).

The allocation of transactions and balances between the PCC and the CC affects the values reported in the two entities' Accounts. The allocation of transactions and balances is a judgement in light of the legislation, accounting standards and the substance of the local arrangements that are in place rather than the legal form underpinning the arrangements.

The approach taken to the Accounts is that:

- Revenue expenditure directly relating to those budgets delegated to the CC for the provision of policing services is predominantly included within the CC Accounts;
- The CC's accounts have been charged with the expense associated with IAS19 pensions and accumulated staff absences as well as the fair value of non-current assets consumed

during the year and the CC's Balance Sheet contains the net liabilities associated with these items offset by unusable reserves as required by the Code of Practice;

- An intra-group transfer has been made between the CC's and the PCC's CIES offsetting the above expenses;
- Within the Group accounts, where material, a distinction is made between the transactions and balances of the Group and the PCC;
- The Chief Constable's Balance Sheet contains employment-related debtors, creditors and provisions together with any inventories.

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

The Accounts contain estimated figures that are based on judgements and assumptions made by the PCC about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from those that have been estimated. The items in the Group's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

The basis of estimating the value of assets is referred to in the Statement of Accounting Policies. The PCC's property valuers valued 92% of the property portfolio as at 31 March 2024 by either a full inspection or a desktop valuation, thus minimising the risk that the value of these assets could be materially misstated in the 2023/24 Accounts.

Property assets are depreciated over their Useful Economic Lives (UEL), which is determined by external valuers, based on judgements which include assumptions about the level of repairs and maintenance that will be incurred on individual assets. These estimates are important for example, if the UEL is reduced, depreciation charged to the CIES would increase and the carrying value of the asset would fall. It is estimated that the annual depreciation charge for buildings would increase by £0.030m for every year that useful lives were reduced: the estimation uncertainty is therefore assessed as not material. The Net Book Value of Property, Plant and Equipment as at 31 March 2024 is £99.2m (£98.7m as at 31 March 2023).

Post Employment Benefits (Pension Liability)

Estimation of the pension liability depends on a number of complex judgements and assumptions relating to the discount rate, the future value of the assets and liabilities of the Police Pension Schemes (PPS) and Local Government Pension Scheme (LGPS), the rate of increase in pay, changes in retirement ages and mortality rates. Two actuaries are engaged to provide the PCC and the Chief Constable with expert advice about the assumptions to be applied to the pension schemes.

The assumptions used to value the pension assets and liabilities are reviewed annually when the actuaries prepare the figures for inclusion in the Accounts. They will vary year on year based on experience and changes to the pension schemes e.g., scheme profiles and the most appropriate inflation index. A variance in the assumptions compared to reality can produce material changes to the assets and liabilities of the pension schemes. The actuary produces sensitivity analysis to show the impact of a plus or minus 1% variation in key assumptions. The impact of these changes is dampened by the fact that only employer contributions, the cost of ill health retirements and injury awards are charged against the General Fund. The impact on the employer's contributions is smoothed over time by the valuation of the schemes, which is undertaken every three years.

Whilst this area is not a critical judgement, the materiality of any movement in pension figures through estimation techniques could have a significant impact on the accounts. The actuaries provide the Group with advice and illustrations of the potential impact of the changes in assumptions and these are set out at the end of Note 35.

5. Material Items of Income and Expenditure

The re-measurement of the net defined benefit liability in the Other Comprehensive Income and Expenditure section of the CIES is a gain of £4.505m, compared to a gain of £438.236m in 2022/23. The gain is due to small changes in the rates and assumptions used by the actuaries for calculating salary and pension increases, and discounting scheme liabilities. The latter has only increased by 0.1 percentage points for both the LGPS and the PPS this year, hence the relatively small gain in the CIES. Overall, the Pensions Liability held on the Balance Sheet, has increased by £10.1m to £900.3m at 31 March 2024. Further information regarding the Pensions Liabilities can be found in Note 35.

6. Events After the Reporting Period

The unaudited Statement of Accounts were issued by the Treasurer to the PCC on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes.

7. Adjustments Between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

	Usable Reserves		
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
2023/24	**£000**	**£000**	**£000**
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions Costs (transferred to or from Pensions Reserve)	(14,646)	0	0
Council tax (transfers to or from Collection Fund)	15	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(353)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items charged to the CAA)	(6,893)	0	0
Total Adjustments to Revenue Resources	**(21,877)**	**0**	**0**

Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	54	(54)	0
Statutory provision for the repayment of debt (transfer from the CAA)	3,827	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	4,029	0	0
Total Adjustments between Revenue and Capital Resources	**7,910**	**(54)**	**0**
Adjustments to Capital Resources			
Application of capital receipts to finance capital expenditure	0	267	0
Application of capital grants to finance capital expenditure	628	0	0
Cash payments re deferred capital receipts	0	(7)	0
Total Adjustments to Capital Resources	**628**	**260**	**0**
Total Adjustments - Group	**(13,339)**	**206**	**0**
Less: Chief Constable only adjustments			
Pensions Costs	14,646	0	0
Holiday pay	353	0	0
Total Adjustments - PCC	**1,660**	**206**	**0**

	Usable Reserves		
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
2022/23	**£000**	**£000**	**£000**
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions Costs (transferred to or from Pensions Reserve)	(30,525)	0	0
Council tax (transfers to or from Collection Fund)	142	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(122)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items charged to the CAA)	(8,875)	0	0
Total Adjustments to Revenue Resources	**(39,380)**	**0**	**0**
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(100)	100	0
Statutory provision for the repayment of debt (transfer from the CAA)	3,757	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	5,376	0	0
Total Adjustments between Revenue and Capital Resources	**9,033**	**100**	**0**
Adjustments to Capital Resources			
Application of capital receipts to finance capital expenditure	0	1,769	0
Application of capital grants to finance capital expenditure	394	0	0
Cash payments re deferred capital receipts	0	(25)	0

Total Adjustments to Capital Resources	**394**	**1,744**	**0**
Total Adjustments - Group	**(29,953)**	**1,844**	**0**
Less: Chief Constable only adjustments			
Pensions Costs	30,525	0	0
Holiday pay	122	0	0
Total Adjustments - PCC	**694**	**1,844**	**0**

8. Usable Reserves

The PCC holds all of the Group's reserves. This note sets out the amounts set aside from the Police Fund Balances into earmarked reserves to provide financing for future expenditure plans and the amounts used from earmarked reserves to meet Police Fund expenditure in 2021/22. Note the reserves held on behalf of the Justice Centres are omitted from this table because they are not part of the Group and PCC's Accounts. The PCC's contribution, as a partner to the Justice Centre arrangement, forms part of the expenditure in the CIES and contributes to the surplus or deficit carried to the budget reserve.

Reserve	Balance at 1 April 2022 £000	Transfers out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000	Transfers out 2023/24 £000	Transfers in 2023/24 £000	Balance at 31 March 2024 £000
Budget & Transformation	**(3,477)**	0	(673)	**(4,150)**	247	0	**(3,903)**
Pay Award	**0**	0	(500)	**(500)**	500	(750)	**(750)**
Investment in Infrastructure	**(774)**	774	(979)	**(979)**	979	0	**0**
Pension & Redundancy	**(900)**	400	0	**(500)**	0	(230)	**(730)**
Insurance & Legal Claims	**(500)**	0	0	**(500)**	0	0	**(500)**
Income	**(250)**	0	0	**(250)**	0	0	**(250)**
Operational	**(500)**	0	(360)	**(860)**	860	0	**0**
Sustainability	**0**	200	(200)	**0**	0	0	**0**
PCC Grants and Initiatives	**(300)**	0	(83)	**(383)**	100	(32)	**(315)**
Nat. Contractors Vetting Services	**(573)**	773	(200)	**0**	0	0	**0**
Safer Roads	**(1,031)**	264	(124)	**(891)**	125	(241)	**(1,007)**
Earmarked Reserves	**(8,305)**	**2,411**	**(3,119)**	**(9,013)**	**2,811**	**(1,253)**	**(7,455)**
General Reserves	**(6,000)**	**0**	**0**	**(6,000)**	**0**	**0**	**(6,000)**
Total	**(14,305)**	**2,411**	**(3,119)**	**(15,013)**	**2,811**	**(1,253)**	**(13,455)**
Capital Receipts Reserve	**(4,812)**	1,844	0	**(2,968)**	206	0	**(2,762)**

Capital Grants Reserve	**0**	0	0	**0**	0	0	**0**
Total	**(19,117)**	**4,255**	**(3,119)**	**(17,981)**	**3,017**	**(1,253)**	**(16,217)**

All capital grants received in 2023/24 have been used to fund capital expenditure during the year.

The purposes of the Earmarked Reserves are as follows:

- **Budget & Transformation Reserve** to support the budget where required and to support one-off revenue transformation costs e.g. arising from a change programme or other discrete one-off items;
- **Pay Reserve** to meet the in-year cost of the pay award in 2023/24 in the event it is higher than 3%;
- **Investment in Infrastructure Reserve** has been used to support delivery of the Capital Programme and reduce the amount of new borrowing required;
- **Pension & Redundancy Reserve** to address specific risks identified;
- **Insurance & Legal Reserve** to address specific risks identified;
- **Income Reserve** to address specific risks identified;
- **Operational Reserve** provided the Chief Constable with the facility to meet unforeseen operational costs of incidents and special events below the threshold for applying for Home Office Special Grant;
- **PCC's Grants and Initiatives Reserve** to support specific PCC projects and initiatives;
- **National Contractors Vetting Service Reserve** was transferred to the Budget & Transformation Reserve;
- **Safer Roads Reserve** is the reserve held for re-investment in road safety projects and initiatives.

9. Unusable Reserves

The Pensions Reserve and Accumulated Absences Reserves are held by the Chief Constable and all other unusable reserves are held by the PCC. Unusable reserves are consolidated in the Group Accounts.

The unusable reserves can be summarised as follows:

31 March 2023 £000		31 March 2024 £000
	The PCC	
(15,587)	Revaluation Reserve	(18,876)
(48,670)	Capital Adjustment Account	(50,866)
(7)	Deferred Capital Receipts Reserve	0
(49)	Collection Fund Adjustment Account	(64)
(64,313)	**PCC Total:**	**(69,806)**
	The Chief Constable Unusable Reserves	
890,118	Pension Reserve	900,259
3,434	Accumulated Absences Account	3,787
893,552	**Total: Chief Constable Unusable Reserves**	**904,046**
829,239	**Total Group Unusable Reserves**	**834,240**

(i) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its PPE and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2022/23			2023/24	
£000	£000		£000	£000
	(12,971)	**Group and PCC Balance as at 1 April**		**(15,587)**
(2,886)		Upward revaluation of assets	(3,636)	
12		Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	9	
	(15,845)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**(3,627)**
258		Difference between fair value depreciation and historical cost depreciation	338	
0		Accumulated gains on assets sold or scrapped	0	
	258	Amount written off to the Capital Adjustment Account		**338**
	(15,587)	**Group and PCC Balance as at 31 March**		**(18,876)**

(ii) Capital Adjustment Account

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

The Account also contains revaluation gains accumulated on PPE before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2022/23			2023/24	
£000	£000		£000	£000
	(45,991)	**Group and PCC Balance as at 1 April**		**(48,670)**
		Reversal of items relating to capital expenditure debited or credited to the CIES:		
6,987		Charges for depreciation and impairment of non-current assets	7,599	

1,092		Revaluation losses (gains) on PPE	(1,348)	
50		(Gains)/losses on changes in fair value of investment property	23	
343		Amortisation of intangible assets	269	
92		Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	12	
53		Revenue expenditure funded from capital under statute	0	
	(37,374)	**Net written out amount of the cost of non-current assets consumed in the year**		**(42,115)**
		Capital financing applied in the year:		
(1,769)		Use of the Capital Receipts Reserve to finance new capital expenditure	(287)	
(394)		Capital grants and contributions credited to the CIES that have been applied to capital financing	(628)	
0		Application of grants to capital financing from the Capital Grants Unapplied Account	0	
(3,757)		Statutory provision for the financing of capital investment charged against the General Fund	(3,827)	
(988)		Capital expenditure funded from Reserves	(2,802)	
(4,388)		Capital expenditure charged against the General Fund	(1,227)	
	(11,296)			**(8,771)**
	(48,670)	**Group and PCC Balance as at 31 March**		**(50,886)**

(iii) Pensions Reserve

Payments for the cost of post-employment benefits and the associated liability are shown in the Chief Constable's Accounts. The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable Accounts for post-employment benefits in the 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 employers contributions to pension funds or eventually pays any pensions for which the Chief Constable, as Scheme Manager, is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid and that the PCC can continue to meet the liability in the Chief Constable's Accounts, which is made up as follows:

2022/23 £000		**2023/24 £000**
1,280,189	**Group and Chief Constable Balance as at 1 April**	**890,118**
(420,596)	Re-measurement of the net defined benefit liability	(4,505)
66,817	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	53,753
(36,292)	Employer's pensions contributions and direct payments to pensioners payable in the year	(39,107)
890,118	**Group and Chief Constable Balance as at 31 March**	**900,259**

(iv) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the Police Fund from the Collection Fund.

2022/23 £000		2023/24 £000
93	**Group and PCC Balance as at 1 April**	**(49)**
(142)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(15)
(49)	**Group and PCC Balance as at 31 March**	**(64)**

(v) Accumulated Absences Account

The cost of employment benefits and the associated Accumulated Absences liability is shown in the Chief Constable's Accounts. The Accumulated Absences Account absorbs the differences that would otherwise arise on the Police Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. time off in lieu carried forward at 31 March. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2022/23			2023/24	
£000	£000		£000	£000
	3,312	**Group and Chief Constable Balance as at 1 April**		**3,434**
(3,312)		Cancellation of accrual made at the end of the preceding year	(3,434)	
3,434		Amount accrued at the end of the current year	3,787	
	122	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		353
	3,434	**Group and PCC Balance as at 31 March**		**3,787**

(vi) Deferred Capital Receipts Reserve

The deferred capital receipts reserve related to the disposal of the Warwickshire Police share of the East Midlands Air Support Unit helicopter; this has now been fully settled and the balance is nil in 2023/24 (£7k 2022/23).

10. Intra-Group Funding Arrangements between the PCC and the Chief Constable

The treatment of transactions and balances within the Group Accounts is set out in Note 3.

The Intra-Group funding arrangement is eliminated on consolidation of the Group Accounts, a treatment adopted for any transactions between the PCC and Chief Constable. The guarantee from the PCC in respect of the resources consumed by the Chief Constable in 2023/24 amounts to £148.955m (£134.473m in 2022/23). This is included within the Net Cost of Policing Services in the CIES, in line with current best practice for the preparation of Police Accounts.

The PCC's Balance Sheet includes an Intra-Group Debtor of £4.542m (Debtor of £4,160m in 2022/23) being the net balance of funding not settled between the PCC and Chief Constable as at the 31 March; this relates mainly to the balance of Debtors and Creditors shown in each of the single-entity accounts as at this date. The calculation of the Intra-Group funding is set out in the following table:

2022/23 £000		2023/24 £000
149,947	Chief Constable's Cost of Services	141,595
33,921	Interest on the net defined benefit liability	40,776
(18,748)	Home Office grant towards the cost of retirement	(18,417)
(420,596)	Re-measurement of the net defined benefit liability	(4,505)
(255,476)	**Resources consumed**	**159,449**
	Items removed through the MIRS:	
390,071	Movement in pensions liability	(10,141)
(122)	Movement in accumulated absences liability	(353)
134,473	**Total resources consumed for the year by the Chief Constable and funded by the PCC**	**148,955**

11. Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
664	Interest payable	625
(192)	Interest receivable	(459)
4	Income and expenditure in relation to investment properties and changes in their fair value	(31)
476	**Total for the PCC**	**135**
33,921	Net interest on the net defined benefit liability (Chief Constable)	40,776
34,397	**Total for the Group**	**40,911**

12. Taxation and Non-Specific Grant Income

2022/23 £000	2022/23 £000		2023/24 £000	2023/24 £000
	(57,276)	**Council tax precepts**		**(60,743)**
(38,220)		Police Grant	(38,353)	
(20,880)		Ex-DCLG Formula Funding	(20,953)	
(3,910)		Local Council Tax Support Grant	(3,910)	
(1,244)		Council Tax Freeze Grant	(1,244)	
(142)		Capital Grants	(128)	
(252)		Capital Contributions	(500)	
	(64,648)	**Total Non-specific Grant Income**		**(65,088)**
	(121,924)	**Taxation and Non-Specific Grant Income**		**(125,831)**

13. Grant Income

The Group credited the following grants, contributions, and donations to the CIES in 2023/24:

2022/23 £000		2023/24 £000
(121,924)	**Credited to Taxation and Non-Specific Grant Income, as per Note 12**	**(125,831)**
	Credited to Services	
(2,625)	Speed Awareness Contributions	(4,594)
(1,242)	Operation Uplift	(2,562)
(480)	Home Office Funded Pay Award Grant	(2,265)
(1,501)	Victims Support Services	(1,498)
(869)	Police Pension Grant	(870)
(141)	Safer Streets	(643)
(497)	DBS Vetting	(624)
(672)	Apprenticeship Levy	(408)
(200)	Domestic Abuse Perpetrator Scheme	(300)
(30)	Serious Violence Duty	(245)
(46)	National Law Enforcement Data Service (NLEDS)	(185)
0	Software Licence Grant	(137)
(39)	Proceeds of Crime Contributions	(117)
(63)	Counter Terrorism Grant	(67)
(48)	Young Apprenticeship Incentive	(18)
(6)	College Bursary Scheme	(6)
(18)	Audit Support Grant	0
(10)	Atom – ESafe	0
(6)	Kickstart	0
(4)	SEN Drug	0
(8,497)	**Total Credited to Services – PCC and Group**	**(14,539)**

The Group received a revenue grant in 2016/17 related to the introduction of the Emergency Services Network (ESN), the replacement of the national airwave radio system, amounting to £0.720m, with the only condition being that it is spent on ESN-related activity. Although the project has been delayed, there has been some related spend and additional grant income since 2016/17. There was no related expenditure in 2023/24 (nil in 2022/23). The balance of £0.587m is still being recognised as a receipt in advance (£0.587m as at 31 March 23).

The Group has also received capital grants and contributions (mainly s106 agreements) that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the provider if the conditions are not met. New grants of £199k were received in the year and £500k was used to finance capital expenditure. The balances at the year end are as follows:

31 March 2023 £000		31 March 2024 £000
(137)	Warwick District Council (Section 106) – Warwick Rural West SNT rec'd 2018/19	(96)
(27)	Stratford District Council (Section 106) – Shipston SNT rec'd 2020/21	0
(164)	Warwick District Council (Section 106) – Warwick Central SNT rec'd 2020/21	0
(24)	Warwick District Council (Section 106) –Warwick SNT rec'd 2020/21	0
(21)	Rugby Borough Council (Section 106) – rec'd 2021/22	0
(20)	Rugby Borough Council (Section 106) – rec'd 2021/22	(19)
(102)	Rugby Borough Council (Section 106) – Rugby North of Ashlawn Road rec'd 2021/22	0
0	Stratford District Council (Section 106) – rec'd 2021/22	0
(12)	Stratford District Council (Section 106) – rec'd 2021/22	0
(19)	Warwick District Council (Section 106) – rec'd 2021/22	(19)
(205)	Warwick District Council (Section 106) – rec'd 2021/22	(205)
(129)	Rugby Borough Council (Section 106) – rec'd 2022/23	(21)
0	Warwick District Council (Section 106) – rec'd 2023/24	(199)
(8)	Laser Scanning Grant – via PCC for Sussex 2019/20	0
(22)	National Law Enforcement Data Service (NLEDS) – capital grant	0
(890)	**Total**	**(559)**

14. Pooled budgets and joint operations

Hosted Service with West Mercia Police

Two S22a Collaborative Agreements were agreed between Warwickshire Police and West Mercia Police in 2020/21 for four services that were provided by or shared with West Mercia during 2020/21 and the first half of 2021/22. A revised cost sharing mechanism was also agreed, with costs being recharged to Warwickshire at 31.7% in 2020/21, amended to 31.8% in 2021/22. The services covered by the s22a agreements were Forensics, Transactional Services / Business Operations Centre, File Storage (all three hosted), and ICT (shared). The only service that remained hosted by West Mercia throughout 2022/23 and 2023/24 was for Records storage and £0.061m (£0.059m in 2022/23) was paid to West Mercia for this service.

West Midlands Regional Organised Crime Unit

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region. The aim of WMROCU is to reduce the impact and increase the disruption of serious and organised crime within the region and beyond. West Midlands Police acts as the lead force for this joint arrangement and provides the financial management service for this unit.

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit covers all operating costs.

The details are as follows:

2022/23 £000		2023/24 £000
(16,284)	Contribution from West Midlands Police	(16,545)
(4,683)	Contribution from West Mercia Police	(5,080)
(4,549)	Contribution from Staffordshire Police	(4,935)
(2,274)	Contribution from Warwickshire Police	(2,467)
(2,399)	WMROCU Grant	(2,399)
(280)	National Cyber Security Programme funding	(280)
(238)	Regional Asset Recovery Team grant	(242)
(26)	ROCU Reserves	(275)
(1,096)	UCOL Funding	(1,096)
(122)	ROCTA funding	(153)
(72)	Disruption Team Funding	(256)
(250)	Dark Web Funding	(250)
(129)	OPSY Income	0
(164)	Fraud Investigation	(153)
(442)	Illicit Cash Team	0
(33,008)	**Total funding provided to the WMROCU**	**(34,131)**
1,415	Regional Asset Recovery Team (RART)	1,792
244	RART – ACE team	243
696	Regional Cyber Crime Unit	880
292	Regional Fraud Team	797
1,301	Regional Prisons Intelligence Unit	1,429
91	Operational Security (OPSY)	78
45	Regional Government Agency Intelligence Network (GAIN)	22
1,417	Command Team	1,429
6,596	Regional Confidential Unit	6,699
275	Posts created from underspend	0
781	TIDU – Technical Intelligence	694
417	Enabling Services	456
5,791	SOCU	6,553
8,421	Regional Surveillance Unit (FSU)	8,657
4,167	Other Regional Operations	3,730
0	Additional Contribution to Reserves	0
283	Threat Assessment Team (ROCTA)	336
72	Disruption Team	288
262	Dark Web	48
442	Illicit Cash Team	0
0	Contribution to Collaboration	0
33,008	**Total Expenditure**	**34,131**
0	**Total Net Expenditure**	**0**

East Midlands Air Support Unit (EMASU) and National Police Air Service (NPAS)

The EMASU was a joint operation by the Chief Constables of Warwickshire, Northamptonshire and Leicestershire, the latter provided the financial administration service for this joint unit, with the three PCCs jointly owning the helicopter.

NPAS was set up by the Home Office with effect from 2 October 2012 with administration of the service being provided by the Chief Constable of West Yorkshire. The Warwickshire, Northamptonshire and Leicestershire helicopter was formally transferred to the new national service provider on 3 October 2013. NPAS does not constitute a jointly controlled operation and so the PCC only accounts for the expense of payments to NPAS amounting to £0.358m in 2023/24, (£0.339m in 2022/23) and not for a share of the assets or liabilities.

As part of the transfer arrangements, the PCC received an annual payment from NPAS to reflect the value of the air frame credits for the transferred helicopter. NPAS's outstanding liability to the PCC was shown in the PCC's balance sheet as a short term debtor of £0.008m as at 31 March 2023. This final payment was received in 2023/24.

The Northern Justice Centre and Southern Justice Centre

The Warwickshire Justice Centres are a multi-partner jointly controlled operation. Whilst no legal entity exists, the business of the Justice Centres is conducted through a separate Justice Centre Board, under a formal agreement. The partners to the agreement have joint control of operations; therefore the PCC for Warwickshire is not the sole beneficiary or controlling partner. The Chief Constable provides financial administration support to the Warwickshire Justice Centres Board. Partners contribute to the running costs on the basis of floor area as follows:

Northern Justice Centre

- 45.6% Police
- 40.0% Her Majesty's Courts & Tribunals Service
- 10.4% Probation
- 3.8% Youth Justice Service
- 0.2% Victim Support

Southern Justice Centre

- 27.9% Police
- 56.9% Her Majesty's Courts & Tribunals Service
- 7.8% Probation
- 5.1% Crown Prosecution Service
- 2.3% Youth Justice Service

The operational costs, including building maintenance, for the Northern Justice and Southern Justice Centre are met from partner's contributions. A surplus or deficit on the Justice Centre Accounts is carried forward and taken into account in setting the following year's budget. Sinking funds exist for both Justice Centres to meet future building maintenance costs, these funds are ring fenced in their earmarked Reserves and do not form part of the PCC and Group Accounts. The sinking funds are cash-backed Reserves and £8.637m (£5.392m as at 31 March 2023) relating to these reserves was invested by Warwickshire Police as at 31 March 2023 on behalf of the Justice Centres.

The assets of the two Justice Centres (land and buildings) are recorded in the PCC and Group Balance Sheet representing the PCC's control over these assets. The entire income and expenditure associated with operating the Warwickshire Justice Centres is set out in the following tables, however only the Chief Constable's share of this income and expenditure is included in the Group financial statements.

Northern Justice Centre

2022/23 £000		2023/24 £000
	Income	
(1,537)	Contribution from partners	(1.985)
(2)	Other income	0
(1,539)	**Total Income**	**(1,985)**
	Expenditure	
5	Pay and Allowances	8
1,451	Premises	1,788
31	Supplies & Services	52
1,487	**Total Expenditure**	**1,848**
(52)	**Net (Income) / Expenditure**	**(137)**

Southern Justice Centre

2022/23 £000		2023/24 £000
	Income	
(3,219)	Contribution from partners	(3,698)
(4)	Other income	(2)
(3,223)	**Total Income**	**(3,700)**
	Expenditure	
7	Pay and Allowances	11
2,648	Premises	2,985
58	Supplies & Services	146
434	Capital Charges – loan repayment	403
3,147	**Total Expenditure**	**3,545**
(76)	**Net (Income) / Expenditure**	**(155)**

The reserves, including the sinking funds, for the Justice Centres do not form part of the PCC and Group Accounts, they are shown here to present the complete picture of a significant partnership arrangement, which the PCC and Chief Constable are involved in:

Reserve	Balance at 1 April 2022 £000	Transfers out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000	Transfers out 2023/24 £000	Transfers in 2023/24 £000	Balance at 31 March 2024 £000
Sinking fund	**(5,860)**	420	(798)	**(6,238)**	490	(1,107)	**(6,855)**
General Reserve	**(457)**	0	(750)	**(1,207)**	2,449	(2,132)	**(890)**
TOTAL	**(6,317)**	**420**	**(1,548)**	**(7,445)**	**2,939**	**(3,239)**	**(7,745)**

15. Exit Packages

Following on from changes to the way we deliver some services there were two exit packages approved during 2023/24.

Exit packages include charges by the LGPS in respect of benefits paid before normal retirement age. There were no compromise agreements covering the 2023/24 exit packages. The number of exit packages resulting from redundant posts with total cost per band is set out in the table:

Exit Package cost band (including special payments)	Number of Exit Packages		Total cost of Exit Packages in each band	
	2022/23	2023/24	2022/23 £000	2023/24 £000
£0 - £20,000	1	1	14	19
£20,001 - £40,000	0	1	0	28
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
Total	**1**	**2**	**14**	**47**

16. Officers' Remuneration

Regulation 7(3) of the Accounts and Audit Regulations 2015 sets out the information to be disclosed to increase transparency and accountability in Local Government for reporting remuneration of senior employees and senior police officers. Remuneration includes all sums paid to or receivable by an employee and expense allowance chargeable to tax, including non-cash benefits in kind. The relevant remuneration information is as follows:

Senior Officer and Relevant Police Officer Emoluments:

		Salary, Fees & Allowances	Bonuses	Expenses Allowances	Benefits in Kind (e.g. car allowance)	Other Payments (Police Officers only)	Exit Packages	Pension Contributions	Total
		£	£	£	£	£	£	£	£
Chief Constable 1 – Mrs D Tedds Note 1	2023/24	154,580	0	0	6,877	4,226	0	0	165,683
	2022/23	147,789	0	0	7,657	4,226	0	11,351	171,023
Deputy Chief Constable 1 - Note 2	2023/24	0	0	0	0	0	0	0	0
	2022/23	9,878	0	0	0	276	0	3,062	13,216
Deputy Chief Constable 2 – Note 3	2023/24	129,616	0	0	5,861	0	0	40,181	175,658
	2022/23	123,738	0	0	6,368	313	0	38,359	168,778
Asst Chief Constable 1 – Note 4	2023/24	126,068	0	0	4,968	0	0	39,081	170,117
	2022/23	97,806	0	0	6,013	19,645	0	30,320	153,784
Asst Chief Constable 2 – Note 5	2023/24	124,364	0	0	5,367	0	0	38,553	168,284
	2022/23	92,859	0	0	8,681	18,954	0	28,786	149,280
Director of Finance (S151 Officer)	2023/24	100,343	0	0	0	0	0	19,567	119,910
	2022/23	96,405	0	0	0	0	0	18,510	114,915
Director of Enabling Services	2023/24	100,343	0	0	0	0	0	19,567	119,910
	2022/23	94,332	0	0	0	0	0	18,112	112,444
Director of Data, Strategy & Technology – Note 6	2023/24	93,386	0	1,239	0	0	0	18,210	112,835
	2022/23	86,789	0	1,239	0	0	0	16,663	104,691
Police & Crime Commissioner – Note A	2023/24	68,200	0	0	0	0	0	13,299	81,499
	2022/23	68,042	0	0	0	0	0	13,064	81,106
Deputy PCC – Note B	2023/24	43,278	0	0	0	0	0	8,439	51,717
	2022/23	33,461	0	0	0	0	0	6,424	39,885
Chief Exec to the PCC – Note C	2023/24	77,523	0	0	0	0	0	15,117	92,640
	2022/23	72,657	0	0	0	0	0	13,950	86,607
Treasurer to the PCC	2023/24	79,205	0	0	0	0	0	15,445	94,650
	2022/23	74,256	0	0	0	0	0	14,257	88,513

Notes:

1	CC started in post 1 July 2021 after a period as Temporary DCC from 27 January 2021 to 30 June 2021
2	DCC 1 retired 29 April 2022
3	Appointed Temporary DCC on 1 July 2021 and substantive DCC on 30 April 2022
4	Temporary ACC from 27 Jan 2021 and substantive ACC from 26 January 2023
5	Temporary ACC from 1 July 2021
6	New role from 1 February 2023; initial temporary 12-month secondment into this role for the Head of Analysis and Service Improvement, made permanent during 2023/24.
A	The PCC was re-elected for the second time on 2 May 2024, having commenced in office on 12 May 2016 and been re-elected on 7 May 2021.
B	Deputy PCC commenced in post in this new role on 9 May 2022, initially for 22 hours per week and then 28 hours per week from 1 October 2022
C	Chief Executive to the PCC commenced in post on 1 January 2021

Senior police officers and police staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) and including Senior Officers listed above were paid the following amounts:

Number of Employees			Number of Employees	
Group	PCC	Remuneration Band	Group	PCC
2022/23	2022/23		2023/24	2023/24
137	0	£50,000 - £54,999	159	0
109	0	£55,000 - £59,999	117	1
49	0	£60,000 - £64,999	93	0
20	1	£65,000 - £69,999	27	1
10	2	£70,000 - £74,999	18	0
4	0	£75,000 - £79,999	10	2
5	0	£80,000 - £84,999	7	0
3	0	£85,000 - £89,999	3	0
4	0	£90,000 - £94,999	2	0
2	0	£95,000 - £99,999	2	0
0	0	£100,000 - £104,999	3	0
1	0	£120,000 - £124,999	1	0
0	0	£125,000 - £129,999	2	0
1	0	£145,000 - £149,999	0	0
0	0	£150,000 - £154,999	1	0
345	**3**	**Total**	**445**	**4**

The increase in numbers in the table above is due to the pay awards for officers and staff (including incremental progression) whilst the minimum salary for the table has remained at £50k.

17. External Audit Costs

	2022/23	2023/24
	£	£
Chief Constable	14,661	60,254
PCC	27,598	101,740
Total for the Group	**42,259**	**161,994**

Following the national auditor appointment tender exercise carried out by Public Sector Audit Appointments (PSAA), the external auditors for both the Chief Constable and the PCC changed with effect from 1 April 2023 from Grant Thornton UK LLP to Azets Audit Services Limited.

The fees shown above for 2023/24 reflect the increased charges that are payable to Azets under the new arrangements as well as any approved fee variations payable to Grant Thornton for the 2022/23 audit that weren't accrued in that year.

The 2023/24 fees also include an element of additional fee variations for 2023/24 that have been estimated by Azets.

Audit support grant of £18,826 (CC: £6,500 and PCC: £12,326) in respect of 2023/24 was received in May 2024 from the DLUHC to offset the increased scale fees; this grant is not included in the table in Note 13 as confirmation of the payment of the grant was received too late from DLUHC for an accrual to be made in the 2023/24 Accounts.

Azets Audit Services Limited and Grant Thornton UK LLP provided no non-audit services during the year (nil in 2022/23).

18. Related Parties

The PCC and the Chief Constable are intrinsically related. The PCC empowers the Chief Constable through the scheme of delegation and provides funding to meet expenditure incurred by the Chief Constable on behalf of the PCC. A full explanation of this relationship is set out in Note 3 to the Accounts.

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

Central government has significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties (e.g. council tax bills). Grants received from government are set out in Notes 12 and 13.

The PCC has direct control over the Group's finances, including making crime and disorder reduction grants and is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

Warwickshire County Council administer the LGPS and provide certain Legal Services and Internal Audit services to the Group.

The PCC and Chief Constable participate in various partnerships with a range of public bodies. Details of the transactions with other public bodies participating in joint arrangements are set out in Note 14 to the Accounts.

The PCC's wife is the Leader of Warwickshire County Council. Due to this, a protocol is in place which governs how any significant conflicts during the PCC's time in office will be managed. The protocol is published on the PCC website and specifies that the decision making in relation to the letting of contracts, and / or awarding of grants to Warwickshire County Council will be delegated to either the Deputy PCC or the Chief Executive of the OPCC. Clause 3.4.5 of the Joint Corporate Governance framework allows the Chief Executive to exercise any of the PCC's functions (except those prohibited by law) in the event of a significant conflict of interest arising. A new Deputy PCC was appointed in May 2022. The most recent review of the Corporate Governance framework details all delegation to the DPCC. However, her husband is also a Warwickshire County Councillor, so any decisions involving Warwickshire County Council are retained by the Chief Executive. During the year, the Chief Executive has exercised delegated authority in relation to transactions with Warwickshire County Council, regarding letting of contracts and awarding of grants in relation to community safety initiatives.

In 2023/24, the Group incurred spend of £1.945m with Warwickshire County Council (grants, legal services, internal audit services, pensions' services, and other items of general expenditure) - £1.676m in 2022/23.

The PCC holds an interest in one company and is a member of a number of organisations, but the Group has not had any significant transactions with any of these companies or organisations.

The Chair of the Joint Audit and Standards Committee (JASC) has declared that a family member is the MD of SCC, a subsidiary of Rigby Group plc. These are a significant supplier organisation to Warwickshire Police, see table below. Where any conflict is perceived on a particular matter, this is dealt with on an individual basis, but given JASC's role is not one of decision making, but instead to provide advice and scrutiny to the PCC and Chief Constable, the risks are considered minimal.

The following table shows the extent of the expenditure and income with other local authorities and police forces.

	Expenditure £000	Income £000
Local Authorities in the Policing Area	3,356	(116)
Other Local Authorities	735	(25)
Seconded Police Officers	0	(447)
Other Police Forces	5,159	(1,644)
Total	**9,250**	**(2,232)**

There are no related party transactions for the PCC and Chief Constable other than those set out above, which require adjustment of or disclosure in the financial statements or the accompanying notes. All contracts have been entered into in compliance with the Scheme of Delegation and Financial and Contract Regulations 2023/24.

The following table shows the five suppliers with which the Group incurred the greatest expenditure in 2023/24 (excluding VAT) together with comparative figures for the 2022/23 top five:

	Expenditure	
	2022/23	2023/24
	£000	£000
PCC for West Midlands	2,924	4,256
Graham Asset Management	4,046	2,391
West Mercia Energy	1,322	2,124
Warwickshire County Council	1,676	1,945
Bramble Hub Limited	1,966	1,913
Specialist Computer Centres (SCC)	2,257	1,725

19. Leases

The cost of operating leases is shown in the Chief Constable's Accounts to reflect the day-to-day direction and control the Chief Constable exercises over the resources acquired. However, the PCC holds ultimate responsibility for entering into lease arrangements.

The Group as Lessee

The PCC occupies 11 premises on an operating lease basis. The lease payments due in future years are:

31 March 2023 £000		31 March 2024 £000
94	Not later than one year	74
165	Later than one year and not later than five years	142
52	Later than five years	35
311	**Total PCC and Group**	**251**

The amount paid in 2023/24 was £0.095m (£0.124m in 2022/23).

The Group as Lessor

The PCC acts as a lessor for 2 radio mast facilities where the arrangement is accounted for as an operating lease. The masts are located at Ilmington, which is owned by the PCC. The lease payments receivable in future years are:

31 March 2023 £000		31 March 2024 £000
50	Not later than one year	50
92	Later than one year and not later than five years	60
41	Later than five years	41
183	**Total PCC and Group**	**151**

The rent received in 2023/24 was £0.053m (£0.046m in 2022/23).

20. Capital Expenditure and Capital Financing

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

2022/23 £000		2023/24 £000
40,284	**Opening Capital Financing Requirement – PCC and Group**	36,683
(1,344)	Adjustment to correct historic difference between the Balance Sheet calculation of the CFR and the CFR in this Note (relates to a previous capital financing regime pre-2008)	0
	Capital investment:	
8,697	Property, plant and equipment	4,795
289	Intangible assets	1,700
53	Revenue expenditure funded from capital under statute	0
	Sources of finance:	
(1,769)	Capital receipts	(267)
(394)	Government grants and other contributions	(628)
	Sums set aside from revenue:	
(4,388)	Direct revenue contributions	(2,802)
(988)	Contribution from Reserves	(1,227)
(3,757)	Minimum Revenue Provision	(3,827)
36,683	**Closing Capital Financing Requirement – PCC and Group**	**34,427**
	Explanation of movements in the year	
(1,344)	Adjustment set out above	0
1,500	Increase in underlying need to borrow in respect of capital expenditure not financed by other means (and unsupported by government financial assistance)	1,571
(3,757)	Decrease in underlying need to borrow in respect of Minimum Revenue Provision for the year	(3,827)
(3,601)	**Increase/(Decrease) in Capital Financing Requirement**	**(2,256)**

Capital Commitments
As at 31 March 2024, the Group had capital commitments of £5.685m (£3.824m as at 31 March 2023).

21. Property, Plant and Equipment (PPE)

The PCC holds all the Group's PPE. Assets are strategic in nature and are controlled by the PCC to achieve strategic outcomes.

PCC and Group Movements in 2023/24	Land & Buildings	Vehicles	Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	**75,012**	**6,661**	**31,786**	**0**	**1,397**	**114,856**
Additions	1,200	1,252	1,556	0	787	4,795
Transfer to / (from) Assets Under Construction	0	0	74	0	(1,339)	(1,265)
Transfer to / (from) Assets Held for Sale	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,731	0	0	0	0	1,731
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	1,349	0	0	0	0	1,349
De-recognition – disposals	0	(655)	0	0	0	(655)
De-recognition – other	0	0	(5,807)	0	0	(5,807)
Movement in year:	**4,280**	**597**	**(4,177)**	**0**	**(552)**	**148**
At 31 March 2024	**79,292**	**7,258**	**27,609**	**0**	**845**	**115,004**
Less Accumulated Depreciation and Impairment						
Depreciation charge at 1 April 2023	**(446)**	**(4,485)**	**(11,215)**	**0**	**0**	**(16,146)**
Depreciation written out to the Revaluation Reserve	(338)	0	0	0	0	(338)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,543)	(723)	(5,334)	0	0	(7,600)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,840	0	0	0	0	1,840
De-recognition – disposals	0	643	0	0	0	643
De-recognition – other	0	0	5,807	0	0	5,807
Depreciation at 31 March 2024	**(487)**	**(4,565)**	**(10,742)**	**0**	**0**	**(15,794)**
Net book value at 31 March 2024	**78,805**	**2,693**	**16,867**	**0**	**845**	**99,210**
Net book value at 31 March 2023	**74,566**	**2,176**	**20,571**	**0**	**1,397**	**98,710**

PCC and Group Movements in 2022/23	Land & Buildings £000	Vehicles £000	Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or valuation at 1 April 2022	**72,061**	**6,070**	**49,471**	**0**	**0**	**127,602**
Additions	2,850	1,044	3,406	0	1,397	8,697
Transfer to / (from) Assets Under Construction	0	0	0	0	0	0
Transfer to / (from) Assets Held for Sale	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,193	0	0	0	0	1,193
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,092)	0	0	0	0	(1,092)
De-recognition – disposals	0	(453)	0	0	0	(453)
De-recognition – other *	0	0	(21,091)	0	0	(21,091)
Movement in year:	**2,951**	**591**	**(17,685)**	**0**	**1,397**	**(12,746)**
At 31 March 2023	**75,012**	**6,661**	**31,786**	**0**	**1,397**	**114,856**
Less Accumulated Depreciation and Impairment						
Depreciation charge at 1 April 2022	**(470)**	**(4,280)**	**(27,296)**	**0**	**0**	**(32,046)**
Depreciation written out to the Revaluation Reserve	(258)	0	0	0	0	(258)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,411)	(566)	(5,010)	0	0	(6,987)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,693	0	0	0	0	1,693
De-recognition – disposals	0	361	0	0	0	361
De-recognition – other *	0	0	21,091	0	0	21,091
Depreciation at 31 March 2023	**(446)**	**(4,485)**	**(11,215)**	**0**	**0**	**(16,146)**
Net book value at 31 March 2023	**74,566**	**2,176**	**20,571**	**0**	**1,397**	**98,710**
Net book value at 31 March 2022	**71,591**	**1,790**	**22,175**	**0**	**0**	**95,556**

* “De-recognition – other” of £21.091m shown above in both the Cost and Depreciation sections relates to historic Plant, Furniture and Equipment (PFE) Assets that have been fully depreciated dating from 1994/95 to 2016/17. These assets were never written out at the time that they were fully depreciated, despite having a net book value of zero. In future years fully depreciated PFE assets will be derecognised in the appropriate year (Accounting Policy xvii states that these assets will be depreciated over 5 years).

Revaluations

The PCC carries out a rolling programme that ensures that all Land and Buildings required to be measured at current value are revalued at least every five years, with desktop valuations being carried out more frequently where appropriate. Further information about the revaluations including the bases used is set out in Accounting Policy xvii to the Accounts. Values for PPE are set out below:

2022/23 PCC and Group		Land and buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total 2023/24 PCC and Group
£000		£000	£000	£000	£000
24,173	Carried at historical cost	27	19,561	845	20,433
0	Carried at current value at 31 March 2024	72,152	0	0	72,152
64,705	Carried at current value at 31 March 2023	6,626	0	0	6,626
9,832	Carried at current value at 31 March 2022	0	0	0	0
98,710	**Total Valuations**	**78,805**	**19,561**	**845**	**99,211**

The Group held no surplus assets as at 31 March 2024 (31 March 2023 nil).

22. Assets Held for Sale

Through the Asset Rationalisation Programme the PCC is actively reducing the extent of land and buildings held for operational purposes. Where the characteristics of an asset matches those set for asset held for sale in the Code, it is necessary to show assets held for sale separately and ensure the carrying value is estimated in accordance with accounting policy.

There was 1 asset classified as held for sale as at 31 March 2024 (1 as at 31 March 2023).

2022/23 £000		2023/24 £000
762	**Balance outstanding at start of year**	**750**
0	Assets re-classified as held for sale	0
(12)	Revaluation gains / (losses) via Revaluation Reserve	56
0	Revaluation gains via CIES	0
0	Assets re-classified as operational	0
0	Assets sold	0
750	**Total**	**806**

The gain of £0.042m on disposal of non-current assets shown in the CIES includes £0.027m related to disposal of vehicles and £0.015m in respect of a minor under-accrual in 2021/22 of the capital receipt for the sale of the land at Leek Wootton.

23. Investment Properties

Ilmington Mast was re-classified (and re-valued) during 2017/18 as the property is now held solely for investment purposes and is no longer used as an operational asset. Rental income of £0.053m from Ilmington Mast has been accounted for in 2023/24 (£0.046m in 2022/23) in the Financing and Investment Income and Expenditure line in the CIES. There are no restrictions on the PCC's ability to realise the value inherent in its investment property or on the PCC's right to the remittance of income and the proceeds of disposal. The PCC has no contractual obligations to purchase, construct or develop investment property or to undertake repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties for 2023/24 and measured using significant observable inputs (Level 2 of the fair value hierarchy):

2022/23 £000		2023/24 £000
505	Balance at start of the year – PCC and Group	455
0	Additions in year – Land & Buildings	0
(50)	Net gains/(losses) from fair value adjustments	(23)
455	**Balance at end of the year – PCC and Group**	**432**

24. Intangible Assets

Software is accounted for as intangible assets, to the extent that the software is not an integral part of a particular ICT system and accounted for as part of the hardware item in Property, Plant and Equipment. All software is given a finite useful life of 5 years.

The carrying amount of software assets is amortised on a straight-line basis. The amortisation charge to revenue expenditure is absorbed as an overhead in Policing Services. Amortisation costs are charged to the Net Cost of Services in the CIES.

The movement of Intangible Assets during the year is as follows:

2022/23 Software £000		2023/24 Software £000
	Balance at start of year – PCC and Group	
8,579	Gross carrying amounts	2,493
(7,500)	Accumulated amortisation	(1,468)
1,079	**Net carrying amount at start of year**	**1,025**
289	Additions - purchased	1,700
0	Additions – transfer from Assets Under Construction	1,265
(6,375)	De-recognition – other from Gross carrying amounts *	(1,144)
6,375	De-recognition - other from Accumulated amortisation *	1,144
(343)	Amortisation for the period	(269)
1,025	**Net carrying amount at end of year**	**3,721**

	Comprising:	
2,493	Gross carrying amount	4,314
(1,468)	Accumulated amortisation	(593)
1,025	**Balance at end of the year – PCC and Group**	**3,721**

* "De-recognition – other" of £6.375m shown in 2022/23 in the table above relates to historic Intangible Assets that have been fully depreciated dating from 2001/02 to 2017/18. These assets were never written out at the time that they were fully depreciated, despite having a net book value of zero. In future years fully depreciated Intangible assets will be derecognised in the appropriate year (Accounting Policy xvii states that these assets will be depreciated over 5 years).

25. Debtors

This note shows money owed to the Group and PCC for funding and services provided on or before the 31 March 2024 where the money has not been received by this date.

31 March 2023 £000		**31 March 2024 £000**
1,828	Trade Receivables	1,064
4,568	Prepayments (including inventories of £0.345m)	4,800
12,778	Other Receivables	14,182
19,174	**Group Debtors**	**20,046**
(2,238)	**Less** Chief Constable Debtors: Prepayments	(2,763)
(8,328)	**Less** Chief Constable Debtors: Other Receivables	(7,930)
8,608	**PCC Debtors**	**9,353**

26. Cash and Cash Equivalents

The balance of the PCC's cash and cash equivalents is made up of the following elements:

31 March 2023 £000		**31 March 2024 £000**
1	Cash held by the Group	1
1,769	Bank current accounts	1,106
0	Short term deposits	0
1,770	**Total Group and PCC**	**1,107**

27. Creditors

This note shows money owed by the Group and PCC for goods and services purchased and received on or before the 31 March 2024 where the money has not been paid by this date. Further information regarding Creditors is shown in Note 29 – Financial Instruments.

31 March 2023 £000		31 March 2024 £000
(5,637)	Trade Payables	(4,474)
(16,033)	Other Payables	(17,823)
(21,670)	**Group Creditors**	**(22,297)**
0	**Less** Chief Constable Creditors: Trade Payables	0
9,685	**Less** Chief Constable Creditors: Other Payables	9,661
(11,985)	**PCC Creditors**	**(12,636)**

28. Provisions, Contingent Assets and Contingent Liabilities

A £0.195m provision was charged to the CIES in 2020/21 in respect of costs of a court case that will give rise to payments in the future. £0.040m of this was used during 2022/23, leaving a balance as at 31 March 2023 of £0.155m. An additional provision of £0.122m has been made in 2023/24 in respect of costs of other court cases that will give rise to payments in the future.

29. Financial Instruments

Categories of Financial Instruments

The PCC holds simple financial instruments (investments/Cash and borrowings), which is reflected in the scope of this Note to the Accounts. The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	Long Term		Current	
As at 31 March 2024	Investments £000	Debtors £000	Investments/Cash £000	Debtors £000
Fair value through profit or loss	0	0	0	0
Amortised cost (previously loans and receivables)	0	0	1,107	11,384
Fair value through other comprehensive income	0	0	0	0
Debtors that are not financial instruments (taxes and payments in advance)	0	0	0	8,662

Financial Assets As at 31 March 2023	Long Term		Current	
	Investments	Debtors	Investments/Cash	Debtors
	£000	£000	£000	£000
Fair value through profit or loss	0	0	0	0
Amortised cost (previously loans and receivables)	0	0	1,770	11,823
Fair value through other comprehensive income	0	0	0	0
Debtors that are not financial instruments (taxes and payments in advance)	0	0	0	7,350

Financial Liabilities As at 31 March 2024	Long Term		Current	
	Borrowings	Creditors	Borrowings	Creditors
	£000	£000	£000	£000
Fair value through profit or loss	0	0	0	0
Amortised cost	12,722	0	6,644	12,883
Creditors that are not financial instruments (taxes, National Insurance and prepayments)	0	0	0	9,414

Financial Liabilities As at 31 March 2023	Long Term		Current	
	Borrowings	Creditors	Borrowings	Creditors
	£000	£000	£000	£000
Fair value through profit or loss	0	0	0	0
Amortised cost	15,065	0	4,664	11,959
Creditors that are not financial instruments (taxes, National Insurance and prepayments)	0	0	0	9,711

Income, Expense, Gains and Losses

The interest received on Financial Assets (investments) and interest paid on Financial Liabilities (borrowings) are as follows:

	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000
2023/24		
Interest Revenue: financial assets measured at amortised cost	(459)	0
Interest Expense Payable and Similar Charges	625	0
2022/23		
Interest Revenue: financial assets measured at amortised cost	(192)	0
Interest Expense Payable and Similar Charges	664	0

The PCC received a £0.403m (£0.434m in 2022/23) contribution from the Southern Justice Centre partnership to meet the cost of the principal and interest on total outstanding loans of

£3.5m (£3.7m as at 31 March 2023), relating to the cost of building the complex; the figures in the table above are gross of the contribution.

Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions (other significant observable inputs – Level 2 of the fair value hierarchy):

- estimated interest rates at 31 March 2024 of 3.46% for loans from the Public Works Loans Board (PWLB);
- discount rates of between 4.5% and 5.0% for Link's calculation of fair value of PWLB loans, based on local authority bonds in issue;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount (equal to the carrying amount shown in the table above).

The fair values calculated are as follows:

PCC and Group	31 March 2023		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	17,729	16,777	15,366	14,354

The fair value of the liabilities is different from the carrying amount because the Group's portfolio of loans includes only fixed rate loans where the interest rate payable is generally lower than the prevailing discount rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders at a different rate from current market rates. A calculation of the fair value amount is supplied by the PWLB, using redemption rates, however, IFRS13 requires a different basis to be used and the fair value figures in the table have been calculated by the PCC's Treasury Advisors Link, using the basis above, PWLB basis for Fair Value would be £15.97433m as at 31 March 2024 (31 March 2023: £17.912m).

30. Nature and Extent of Risks Arising from Financial Instruments

The Group's activities expose it to a variety of financial risks, principally:

- **Credit risk:** The possibility that other parties might fail to pay amounts due to the Group;
- **Liquidity risk:** The possibility that the Group might not have funds available to meet our commitments to make payments;

- **Market risk:** The possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements (the Group does not hold any share equity).

The Group has adopted CIPFA's Treasury Management in Public Services Code of Practice and set treasury management indicators to control financial instrument risks in accordance with CIPFA's Prudential Code. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund police services. Risk management is carried out by a Treasury Management Team, under policies approved by the PCC in the annual Treasury Management Strategy. The PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Treasury Management Strategy can be found on the PCC's website.

Credit Risk

The overriding aim of the Group is to maintain the security of its capital and liquidity of its investments over the requirement for an investment return. The Group will also aim to achieve the optimum return on its investments, commensurate with proper levels of security and liquidity. The risk appetite of the Group is extremely low in order to give overriding and absolute priority to the security of its investments. The borrowing of monies purely to invest or lend on and make a return is unlawful and the Group does not engage in such activity.

The principal risks are minimised by the Annual Investment Strategy, which forms part of the overall Treasury Management Strategy. It is a requirement that cash balances are invested with banks and building societies with strong short-term credit rating, other local authorities and the UK Government Debt Management Office. However, in continuance of the caution, which was adopted following turbulent financial markets in 2008/09, the Group limited its list of borrowers to the Bank of England and other local authorities in 2023/24.

The Group has stipulated the minimum acceptable credit quality of counterparties for inclusion on the counterparty or lending list. The 'creditworthiness methodology' used to create the counterparty list takes account of the ratings and observations published by three ratings agencies, Fitch, Moodys and Standard and Poors.

It is recognised that ratings or the ratings of any one agency should not be given undue weighting or be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector and economic and political environments in which the institutions operate. The assessment will also take account of information that reflects the opinion of the markets and overlay that information on top of the credit ratings. Other information sources used will include the financial press and share price in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. The aim of the strategy is to generate a list of highly creditworthy counterparties, which will allow investments to spread rather than be concentrated with a limited range of institutions.

The creditworthiness of institutions is monitored on an on-going basis. Should an institution no longer meet the minimum criteria and be deemed no longer appropriate to invest with then investments will be moved immediately.

At 31 March 2024 there were no short-term investments for the Group.

It is not unheard of for local authorities and public bodies to hold investments that subsequently the financial institution fails to repay. However, there has been no experience of default on investment of these cash balances and there is no reason to suspect that there will be in the future. Counter party lists from the Force's Treasury advisors Arlingclose are updated regularly and adhered to rigorously.

During 2023/24 surplus cash was at a level whereby no new long-term borrowing was required.

Where it is appropriate to do so customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings with parameters set by the Group. However, the vast majority of transactions do not justify this approach.

The Group generally allows a 30-day standard credit term for customers, however £0.375m of the £1.081m balance outstanding from customers as at 31 March 2024 (£1.262m of £1.911m as at 31 March 2023) was past the point of 30 days from the date of invoice. This was mainly due to delays in receiving payments from some customers for the Police National Vetting Service. However, targeted debt collections processes were put in place from January 2023 onwards, resulting in a significant reduction in the level of outstanding debt throughout 2023/24, as shown in the table below.

The past due amount as at the respective year ends can be analysed as follows:

31 March 2023 £000		31 March 2024 £000
499	Less than 3 months	273
247	3 to 6 months	54
255	6 to 12 months	20
261	Over 12 months	28
1,262		**375**

The following table summarises the potential maximum exposure at the year end to credit risks other than treasury investments and cash-equivalent investments.

	%	£000
Balance of debtors ledger at 31 March 2024		1,081
Historical experience of default	0.5	
Historical experience adjusted for market conditions at 31 March 2024	0.2	
Estimated maximum exposure to default at 31 March 2024		72
Estimated maximum exposure to default at 31 March 2023		208

The provision for bad debts has been reduced from £0.208m as at 1 April 2023 to £0.072m as at 31 March 2024 to reflect the work that has been undertaken to recover the old, outstanding debt. Invoices amounting to £0.025m have been written off during the year (0.2% of total invoiced income of £13.076m for the year) and work is ongoing to recover the remaining aged debt, particularly that over 90 days old.

Liquidity Risk

The Group has a cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the Group has ready access to borrowings from the PWLB. There is no significant risk that it will be unable to raise any further requirement for finance to meet its commitments under financial instruments, although this is not anticipated.

We continue to monitor interest rates for any potential further borrowing requirements, as well as for investment purposes.

Borrowing limits for the Group are set in the Prudential Indicators prepared as a requirement of the CIPFA Prudential Code. Maximum borrowing limits for 2023/24 were set at £35m. The Group maturity analysis of its financial liabilities is:

31 March 2023 £000		31 March 2024 £000
4,664	Less than one year – Short-term Borrowing	6,644
2,342	Between one and two years	2,348
6,970	Between two and five years	6,899
5,753	Between five and twenty years	3,475
19,729		**19,366**

All trade and other payables are due to be paid in less than one year.

Market Risk

The Group holds fixed rate short-term investments. During 2023/24 the Bank of England, in an attempt to control high levels of inflation, increased Bank Rate three times, from 4.25% at the start of the financial year to 5.25% in August 2023, where it remained. As a result of this investment income earned during the year has increased significantly from £0.192m in 2022/23 to £0.459m in 2023/24. An increase in interest rates has the following effect on investments:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services (CIES) will increase;
- Investments at fixed rates – the fair value of assets will rise.

A reduction in interest rates will have the opposite effect. Generally the nature of short-term investments indicates that any difference between the actual value and fair value of the investment would be marginal.

The Group holds fixed rate loans, which eliminates the risk of interest rate movement on borrowing. Borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The approach to borrowing for capital projects is to delay borrowing where possible and to temporarily use working capital balances. The current, increased rates of interest for borrowing and lending mean that it is advantageous to delay long-term borrowing whilst the overall cash flow is positive. Capital expenditure temporarily funded from working capital up to 31 March 2024

was £15.0m (£17.0m as at 31 March 2023). It is possible that this capital expenditure will eventually require external borrowing. There is a risk that rates may be adverse when and if this borrowing takes place. Monitoring medium and long-term borrowing costs versus the opportunity costs of not investing working capital mitigates this risk. The Treasury Management team has an active strategy for assessing interest rates exposure that feeds into setting the MTFP and annual budget, which is used to update the budget quarterly during the year.
It is calculated that if average interest rates had been 1% higher during 2023/24 with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on fixed rate borrowings	154
Increase in interest receivable on fixed rate short term investments	(93)
Impact on Surplus or Deficit on the Provision of Services	**61**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

31. Proceeds of Crime

The Act gives powers to the Police and Customs to seize cash derived from, or intended for use in crime, and to secure its forfeiture in civil magistrates' court proceedings. The PCC is currently holding cash totalling £0.810m (31 March 2023: £0.776m).

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:-

2022/23 £000		2023/24 £000
(192)	Interest received	(402)
664	Interest paid	625
472	**Total – Group and PCC**	**223**

The surplus/deficit on the provision of services has been adjusted for the following non-cash movements:-

PCC 2022/23 £000	Group 2022/23 £000		PCC 2023/24 £000	Group 2023/24 £000
(7,245)	(7,245)	Depreciation	(7,937)	(7,937)
(1,092)	(1,092)	Downward / (Upward) valuations	1,348	1,348
(343)	(343)	Amortisation of intangible assets	(269)	(269)
(1,494)	(5,070)	(Increase)/decrease in revenue creditors	1,343	1,367
(575)	9,790	Increase/(decrease) in revenue debtors	746	528
0	0	Increase/(decrease) in inventories	0	345
1,000	1,000	Increase / Reduction in Short-term Borrowing	(2,000)	(2,000)
6,951	0	Movement in Intra-Group Funding	382	0

0	(30,525)	Movement in pension liability	0	(14,646)
0	40	Movement in provisions	0	(122)
(50)	(50)	Changes in fair value of investment property	(23)	(23)
(92)	(92)	Carrying amount of non-current assets sold	(12)	(12)
(2,940)	**(33,587)**	**Total – PCC and Group**	**(6,422)**	**(21,421)**

The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23 £000		2023/24 £000
(100)	Proceeds from the sale of property, plant and equipment	54
394	Capital Grants	628
294	**Total – Group and PCC**	**682**

33. Cash Flow Statement – Investing Activities

2022/23 £000		2023/24 £000
10,261	Purchase of property, plant and equipment and intangible assets	4,832
(4,749)	Proceeds from the sale of property, plant and equipment (adjusted for Debtors)	(62)
(386)	Other receipts from investing activities	(628)
5,126	**Total – Group and PCC**	**4,142**

34. Cash Flow Statement – Financing Activities

2022/23 £000		2023/24 £000
2,427	Repayment / (receipt) of long-term borrowing	2,363
2,427	**Total – Group and PCC**	**2,363**

35. Defined Benefit Pension Schemes

The costs and liabilities associated with retirement benefits are primarily recorded in the Chief Constable's Accounts.

Participation in Pension Schemes

As part of the terms and conditions of employment for police officers and other employees the Chief Constable makes contributions towards the cost of post-employment benefits (pensions). Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement, no matter when the actual financial cost is incurred. The Chief Constable participates in two defined benefit pension schemes:

- the Local Government Pension Scheme (LGPS), for police staff and PCSOs, administered locally by Warwickshire County Council. This is a funded, defined benefit scheme, meaning that the Chief Constable and the employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. With effect from 1 April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.

- the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Administration. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due. The disclosures for the various Police Pension Schemes, including the Injury Awards Scheme, are consolidated in the notes below, as the rules of the schemes are not materially different. The income and expenditure incurred by the police pension schemes and how they are funded is summarised in the section covering the Police Pensions Fund Account. With effect from 1 April 2022, all remaining current members of the 1987 and 2015 schemes were transferred to the 2015 scheme.

The pension schemes above provide members with indexed-linked benefits, which are determined predominantly by the individual's pensionable salary and length of service. As part of the government's pension reforms, these schemes are undergoing significant changes in how they are funded and the benefits they offer. However, the purpose of this note is to explain the financial impact, in accordance with the Code, of the pension schemes, on the Accounts. Details of how the police pension schemes operate can be found on the Home Office website and details of how the LGPS operates can be found on the Warwickshire County Council website.

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

McCloud / Sargeant Ruling - Police Pension Scheme 2015 (CARE scheme) Legal Challenge

Legal Claims

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims were stayed until the remedy was bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

McCloud Remedy

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

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

Now that the remedy window is closed, GAD have moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liabilities are held within the legacy scheme GAD expect benefits to be paid from. In the 2022/23 disclosures, this led to a past service cost of £15m being added to the 1987 Scheme and a past service cost of £1m added to the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme there was a past service gain of £16m added to this Scheme: a net nil effect in the consolidated position shown in the tables below.

Now that all the McCloud-related liabilities have moved into the legacy schemes, contribution adjustments are being carried out by administrators to ensure affected members have paid the correct contributions for this portion of service. These adjustments can be positive or negative, depending on which schemes a member is moving between. In GAD's accounting disclosures at 31 March 2024, they have allowed for any contributions adjustments made during 2023/24 as a past service cost or gain.

Other court cases

The following court cases may also impact LGPS benefits in the future:

- Walker;
- O'Brien;

It is our understanding these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical Employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, we have not made any allowance for the potential remedies to these judgements.

Impact of COVID-19

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

LGPS Asset Ceiling Calculation

Under the accounting standard IFRIC 14 IAS19, a net asset restriction may apply where the Employer's LGPS Assets are greater than the Obligations as at the Balance Sheet date. The Standard restricts (by way of an "asset ceiling") the amount of accounting surplus that the Employer may be able to disclose as at 31 March 2024. The Group's Balance Sheet position, prior to applying the asset ceiling adjustment is a net asset of £11.9m.

The Group's LGPS actuaries, Hymans, were commissioned to prepare an asset ceiling paper to provide the Group with asset ceiling calculations as at 31 March 2024.

The asset ceiling defined by IAS19 is "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan."

IFRIC 14 IAS 19 also states: "Minimum funding requirements exist in many countries to improve the security of the post-employment benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum amount or level of contributions that must be made to a plan over a given future period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions."

IFRIC 14 asks employers to analyse minimum funding requirement contributions split between future service and past service elements.

Under IAS19, IFRIC 14 requires an additional liability to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid (i.e. available as a refund or reduction in future contributions).

The methodology used by Hymans, as agreed with the Employer, assumes that the Employer has no unconditional right to a refund from the Fund and therefore there is no economic benefit available as a refund. It also assumes that economic benefit is available to the Employer as a reduction in future contributions. The methodology considers both future service contributions and past service contributions as a minimum funding requirement. Past service contributions, where positive, are used to determine if there is an additional liability to recognise under IAS19.

Taking the above methodology into account, Hymans have calculated the Asset Ceiling and the economic benefit available as a reduction in future contributions as:

the present value of future service cost (A)
less
the present value of future service contributions (B)

Where B is greater than A, the economic benefit available as a reduction in future contributions is floored at £0. This is the case for the Group and, as such, the Net Asset of £11.9m would be floored at £0.

However, the second part of the calculation takes into account the present value of agreed past service contributions. These contributions are being made by the Group at around £200k per annum. Hymans have calculated the present value of these past service contributions to be £2.8m.

Therefore the total effect of the asset ceiling on the net asset is £14.7m (£11.9m plus £2.8m). Applying this to the calculated net asset of £11.9m results in a net liability of £2.8m. The Group has chosen to restrict its net asset position in line with the methodology set out above and is now showing a net LGPS liability of £2.8m as at 31 March 2024, as set out in the tables below.

The adjustment of £14.7m has been applied to the Accounts as a remeasurement of the liability. Prior to applying the asset ceiling adjustment, the net remeasurement was a gain of £11m, but is now shown as a loss of £3.7m and is accounted for in the CIES as Other Comprehensive Income and Expenditure. See the “Reconciliation of the Re-measurement” table below for the breakdown of the remeasurement shown in the CIES.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is reported in the Cost of Services when they are earned by police officers, police staff and PCSOs, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Police Fund via the Group MIRS. The following transactions have been made in the Group CIES and the Police Fund via the MIRS during the year:

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
CIES			
Cost of Services:			
– current service costs	5,334	7,630	12,964
– past service costs and gain/loss from settlements	3	10	13
Financing and Investment Income and Expenditure			
– net interest expense / (income)	(34)	40,810	40,776
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	**5,303**	**48,450**	**53,753**
Other Post-Employment Benefits charged to the CIES			
Re-measurement of the net defined benefit liability and return on plan assets	3,728	(8,233)	(4,505)
Total Post Employment Benefit charged to the CIES	**9,031**	**40,217**	**49,248**
MIRS			
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(5,303)	(48,450)	(53,753)
Actual amount charged against the Police Fund Balance for pensions in the year			
– employers’ contributions payable to the scheme	(5,600)	(32,167)	(37,767)
– benefits paid direct to beneficiaries	0	(1,340)	(1,340)

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
CIES			
Cost of Services:			
– current service costs	9,886	22,250	32,136
– past service costs and gain/loss from settlements	0	760	760
Financing and Investment Income and Expenditure			
– net interest expense	1,881	32,040	33,921
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	**11,767**	**55,050**	**66,817**
Other Post-Employment Benefits charged to the CIES			
Re-measurement of the net defined benefit liability and return on plan assets	(73,629)	(346,967)	(420,596)
Total Post Employment Benefit charged to the CIES	**(61,862)**	**(291,917)**	**(353,779)**
MIRS			
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(11,767)	(55,050)	(66,817)
Actual amount charged against the Police Fund Balance for pensions in the year			
– employers' contributions payable to the scheme	(4,479)	(30,603)	(35,082)
– benefits paid direct to beneficiaries	0	(1,210)	(1,210)

Pensions Assets and Liabilities Recognised in the Balance Sheets for the Chief Constable and the Group

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

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
Present value of the defined benefit obligation	(162,697)	(897,420)	(1,060,117)
Fair value of plan assets	159,858	0	159,858
Net liabilities arising from the defined benefit obligation	**(2,839)**	**(897,420)**	**(900,259)**

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
Present value of the defined benefit obligation	(144,000)	(890,710)	(1,034,710)
Fair value of plan assets	144,592	0	144,592
Net liabilities arising from the defined benefit obligation	**592**	**(890,710)**	**(890,710)**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation) for the Chief Constable and the Group

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April 2023	**(144,000)**	**(890,710)**	**(1,034,710)**
Current service cost	(5,334)	(7,630)	(12,964)
Interest cost	(6,910)	(40,810)	(47,720)
Contributions by scheme participants	(1,822)	(5,710)	(7,532)
Re-measurement of liabilities *	(8,804)	7,980	(824)
Benefits paid	4,176	39,470	43,646
Past service costs	(3)	(10)	(13)
Curtailments	0	0	0
Closing balance 31 March 2024	**(162,697)**	**(897,420)**	**(1,060,117)**

* as adjusted to take account of the asset ceiling calculation (see explanation above)
- £5.9m gain less £14.7m adjustment = £8.8m loss shown in table above.

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April 2022	**(208,052)**	**(1,214,440)**	**(1,422,492)**
Current service cost	(9,886)	(22,250)	(32,136)
Interest cost	(5,830)	(32,040)	(37,870)
Contributions by scheme participants	(1,466)	(5,100)	(6,566)
Re-measurement of liabilities	78,123	345,620	423,743
Benefits paid	3,111	38,260	41,371
Past service costs	0	(760)	(760)
Curtailments	0	0	0
Closing balance 31 March 2023	**(144,000)**	**(890,710)**	**(1,034,710)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets for the Chief Constable and the Group

Reconciliation of fair value of the scheme assets (LGPS)	Total 2022/23 £000	Total 2023/24 £000
Opening balance at 1 April	**142,303**	**144,592**
Interest income	3,949	6,944
Re-measurement gain/(loss): The return on plan assets, excluding the amount included in the net interest expense	(4,494)	5,076
Contributions by employer	4,479	5,600
Contributions from employees into the scheme	1,466	1,822
Benefits paid	(3,111)	(4,176)
Closing balance 31 March	**144,592**	**159,858**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The Police Pension Scheme has no assets to cover its liabilities.

The net liabilities show the underlying commitments that the Chief Constable and the Group has, in the long run, to pay post-employment retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable and the Group remains healthy. The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, (i.e. before payments fall due) as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid.

The total contributions budgeted to be made to the LGPS by the Chief Constable in the year to 31 March 2024 is £6.125m. Expected contributions for the Police Pension Schemes by the Chief Constable in the year to 31 March 2024 are £16.493m.

Reconciliation of the Re-measurement of the Net Defined Benefit Liabilities for the Chief Constable and the Group

The analysis of the re-measurement of the net defined benefit liabilities for 2023/24 is shown in the table below. The two actuaries concerned have different approaches in providing their respective analyses and the table below is therefore a composite analysis.

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
Changes in financial assumptions*	4,731	(18,713)	(13,982)
Changes in demographic assumptions	(866)	0	(866)
Return on plan assets	(5,076)	0	(5,076)
Experience gains and losses	4,939	10,480	15,419
Total re-measurement	**3,728**	**(8,233)**	**(4,505)**

* as adjusted to take account of the asset ceiling calculation (see explanation above) – £10m gain less £14.7m adjustment = £4.7m loss shown in table above.

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
Changes in financial assumptions	(89,574)	(396,667)	(486,241)
Changes in demographic assumptions	(2,521)	(19,260)	(21,781)
Return on plan assets	4,494	0	4,494
Experience gains and losses	13,972	68,960	82,932
Total re-measurement	**(73,629)**	**(346,967)**	**(420,596)**

LGPS Assets

The LGPS assets consist of the following categories, by proportion of the total assets held:

	Total 31 March 2023 £000	Split of Assets between Investment categories %	Total 31 March 2024 £000	Split of Assets between Investment categories %
Cash & Cash Equivalents	3,032	2	5,922	4
Equities	62	0	0	0
Bonds	22,993	16	24,268	15
Investment Funds & Unit Trusts	93,989	65	105,092	66
Private Equity	10,276	7	11,342	7
Property	14,240	10	13,234	8
Total Assets	**144,592**	**100**	**159,858**	**100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit actuarial method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The assets and liabilities of the LGPS which is administered by Warwickshire County Council (County Council Fund) have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022, projected forward to 31 March 2024. The liabilities for the Police Pension Schemes have been assessed by the Government Actuary's Department based on the latest full valuation of the scheme as at 31 March 2020, projected forward to 31 March 2024.

The principal assumptions used by the actuaries have been:

2022/23			2023/24	
LGPS	Police Pension Schemes		LGPS	Police Pension Schemes
		Mortality assumptions		
		Longevity at 65 for current pensioners:		
21.0 years	21.9 years	Men	20.9 years	21.9 years
24.2 years	23.5 years	Women	24.0 years	23.6 years
		Longevity at 65 for future pensioners:		
22.3 years	23.5 years	Men	22.1 years	23.6 years
25.9 years	25.0 years	Women	25.7 years	25.1 years
-	2.60%	Rate of CPI inflation	-	2.60%
3.95%	3.85 %	Rate of increase in salaries (long-term)	3.75%	3.85 %
2.95 %	2.60 %	Rate of increase in pensions	2.75 %	2.60 %
4.75 %	4.65%	Rate for discounting scheme liabilities	4.85 %	4.75%
-	3.85 %	CARE Revaluation Rate	-	3.85 %
2022/23			**2023/24**	
LGPS	**Police Pension Schemes**		**LGPS**	**Police Pension Schemes**
pre-April 2008 service: 50% post-April 2008 service: 75%	100%	Take-up of option to convert annual pension into retirement lump sum	pre-April 2008 service: 50% post-April 2008 service: 75%	100%

Following discussions at a national level between Grant Thornton and GAD, GAD re-calculated the liability for the 2022/23 Police Pension Schemes to take account of the impact of higher levels of inflation in the second half of 2022/23. In addition to the long-term CPI inflation assumption above, GAD also included an allowance for known CPI increases between September 2022 and March 2023. GAD used this part year inflation information alongside their assumption above to set the expected inflationary increase of 5.46% for 2023/24. This increase applies to benefits that have increases directly linked with CPI.

Life expectancy is based on the Self-Administered Pensions Scheme (SAPS) year of birth tables adjusted for specific characteristics of the membership of the two schemes.

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	27,919	(27,919)
Rate of increase in salaries (increase or decrease by 1%)	16,840	(16,840)
Rate of increase in pensions (increase or decrease by 1%)	169,650	(169,650)
Rate for discounting scheme liabilities (increase or decrease by 1%)	(167,890)	167,890

Police Pension Fund Account

The Chief Constable administers the Police Pension Fund Account (the Account) on behalf of the PCC; amounts debited and credited to the Account are specified by legislation, the Police Pension Fund Regulations 2007 [Statutory Instrument 2007 No 1932], (the Regulations). In relation to the Account the use of the word 'Fund' should not be taken to mean the Police Pension Scheme is a funded scheme, as there are no assets or investments associated with the Account to provide for future benefits. Instead the purpose of the Account is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to balance the account for that year.

2022/23			2023/24	
£000	£000		£000	£000
		Contributions Receivable		
		From employer		
(11,860)		- Normal at 31% of pensionable pay	(13,207)	
(554)		- Ill Health Capital Sum Income	(557)	
(44)		- Other – Pre 1974 Contributions (West Midlands)	(48)	
(5,091)		From members (serving police officers)	(5,719)	
	(17,549)			**(19,531)**
	(752)	**Individual Transfers In from other schemes**		**(11)**
		Benefits Payable		
28,865		Pensions	31,589	
7,969		Commutations and Lump Sum retirement benefits	6,354	
0		Lump sum death benefits	0	
	36,834			**37,943**
		Payments to and on account of leavers		
50		Refunds of contributions	16	
165		Individual transfers out to other schemes	0	
	215			**16**
	18,748	**Sub-total for the year before transfer from the Group of amount equal to the deficit**		**18,417**
	(18,748)	**Additional funding payable by the Group to meet deficit for the year**		**(18,417)**
	0	**Net Amount Payable / Receivable for the year**		**0**
	(18,748)	**Actual Home Office Top Up funding**		**(18,417)**

Notes to the Police Pension Fund Account

The principles contained in the Regulations, which have been adopted in preparing the Account are as follows:

1. The Account collects the costs and income relating to retired police officers that are in receipt of pensions and income associated with serving police officers that are members of the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) or the Police Pension Scheme 2015 (PPS). There are certain exceptions to this arrangement, such as pensions payable under the Police Injury Pension Regulations, which are charged directly to the Cost of Services in the CIES;

2. The Account is prepared on an accruals basis with the exception of accounting for lump sum transfer values to and from other pension schemes. Due to the unpredictable nature of transfer values they have been attributed to or transferred from the Account on a payment and receipts basis;

3. The annual cost of police pensions is met, in part, by contributions from the employer and serving police officers and other minor sources of income. Under the Police Pension Fund Regulations 2007, if the Account is in deficit an amount equal to the deficit is transferred from the Police Fund to meet the deficit; the cost to the Police Fund is subsequently reimbursed by the Home Office by way of the Pensions Top-Up. Conversely, if the Account was to be in surplus, this would be transferred to the Police Fund and subsequently paid over to the Home Office;

4. The amounts due from the Home Office in respect of the shortfall on the Account is the responsibility of the Chief Constable and has therefore been included in the Chief Constable's (and the Group's) Balance Sheet;

5. This Account does not take account of long-term liabilities to pay future pension benefits after the year end, details of the Group's pension liability can be found in Note 36;

6. Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 31% of police officer pensionable pay;

7. Police officer contributions are deducted from officer salaries. The contribution rates were increased on 1 April 2012 to reflect the agreement reached between the Home Secretary and the Police Negotiating Board. Contribution rates range between 11.00% and 15.05% dependant on the range the police officer's salary falls into and whether the officer is a member of the OPPS, NPPS or PPS;

8. There are no related party transactions to the Account.

Glossary of Terms

Accounts and Audit (England) Regulations 2015 – The regulations that govern the preparation, approval and audit of statements of accounts and other accounting statements prepared in respect of the year ending 31 March 2016 onwards, as amended by the Accounts and Audit (Amendment) Regulations 2022.

Accounting Policies – The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting the Statement of Accounts.

Accrual – The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

Actuarial Gains and Losses – For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

Accumulated Absences Account – This account holds the liability value of accumulated accrued absences (annual leave, time owing in lieu etc) that are due to employees at the end of the financial year.

Actuarial Valuation – A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

Amortisation – The expensing of the acquisition cost minus the residual value of intangible assets in a systematic manner over their estimated useful economic lives.

Amortised Cost – The carrying amount of some financial assets and liabilities in the Balance Sheet will be written down or up via the Comprehensive Income and Expenditure Statement over the term of the instrument.

Appropriations – Amounts transferred to or from revenue or capital reserves.

Asset – An item owned by the PCC, which has a value, for example, land and buildings, vehicles, equipment and cash. These can be held over the long (non-current) or short (current) term.

Billing Authority – A local authority that, by statute, collects the council tax and national non-domestic rates and manages the Collection Fund.

Budget – A statement of the PCC's Policing Plan in financial terms for a specific financial year, which starts on 1 April and ends on 31 March. A budget is prepared and approved by the PCC before the start of each financial year.

Capital Adjustment Account – An account that manages the timing differences between the amounts that have been set aside for capital expenditure, which are not aligned with the charges made for assets such as depreciation, revaluation and impairment, along with the amortisation of intangible assets.

Capital Expenditure – Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

Capital Financing Charges – The repayment of loans and interest for capital projects.

Capital Grant – A grant from central government used to finance specific schemes in the capital programme.

Capital Programme – The plan of capital projects and future spending on purchasing land, buildings, vehicles, IT and equipment.

Capital Receipts – The proceeds from the sale of an asset, which may be used to finance capital expenditure or to repay outstanding loan debt.

Cash – Cash in hand and held at the bank in on-demand deposits.

Cash Equivalents – Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows – Inflows and outflows of cash and cash equivalents.

Chief Constable – Chief Constable is the rank used by the chief police officer of a territorial police force, who has overall responsibility for the day to day operational direction and control of the Force. The Chief Constable has ultimate statutory responsibility for maintaining the King's peace.

CIPFA – The Chartered Institute of Public Finance and Accountancy is the body that oversees financial standards and financial reporting in public organisations. It is also the professional body for accountants working in the public services.

Code of Practice on Local Authority Accounting in the United Kingdom (The Code) – The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Standards Committee, except where these are inconsistent with specific statutory requirements. The Code specifies the principles and practices, sets out the accounting requirements for local authorities and is based on International Financial Reporting Standards (IFRS).

Collection Fund Adjustment Account – The account that manages the differences arising from the recognition of council tax income as it falls due from taxpayers compared to the statutory arrangements for receiving amounts from the billing authorities.

Comprehensive Income and Expenditure Statement - The total of income less expenditure, including other comprehensive income and expenditure items, presented in the CIES and prepared in accordance with IFRS as set out in the Code.

Contingency – A sum of money set aside to meet unforeseen expenditure or a liability.

Corporation Sole – this a legal entity consisting of a single incorporated office, occupied by a sole person. This allows corporations to pass from one office holder to the next successor-in-office, giving the positions legal continuity with subsequent office holders having identical powers to their predecessors.

Council Tax – The local tax levied on householders, based on the relative market values of property, which helps to fund local services including the police.

Creditors – Individuals or organisations to which the Police and Crime Commissioner owes money at the end of the financial year.

Current Assets – These are assets which can either be converted to cash or used to pay current liabilities within 12 months. Typical current assets include cash, cash equivalents, short-term investments, debtors and stock.

Current Liabilities – These are liabilities that are to be settled within 12 months. Typical current liabilities include creditors and loan payments due within 12 months.

Current Service Costs (Pensions) – The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employees' service in the current period.

Curtailment Costs – Costs that arise when many employees transfer out of the pension scheme at the same time, such as when an organisation transfers its members to another scheme. The cost represents the value of the pensions rights accrued by the transferring staff.

Debtors – Individuals or organisations who owe the PCC money at the end of the financial year.

Defined Benefit Scheme – A pension scheme which defines the benefits paid to individuals independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Depreciation – An annual charge to reflect the extent to which an asset has been worn or consumed during the financial year, which is charged to the Comprehensive Income and Expenditure Statement.

Disclosure – Information that must be shown in the accounts under the CIPFA Code of Practice.

Discretionary Benefits – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the PCC's discretionary powers.

Earmarked Reserves – Monies set aside that are intended to be used for a specific purpose and held in the Balance Sheet.

Exit Packages – Payments such as redundancy payments, either voluntary or compulsory, or early retirement payments made to employees leaving the Group before their due retirement dates.

Fair Value – The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments – The borrowings and investments disclosed in the Balance Sheet, consisting of loans and investments.

Finance Leases and Operating Leases – A Finance lease transfers all of the risks and rewards of ownership of a non-current asset to the lessee. If these leases are used, the assets acquired have to be included within the non-current assets in the balance sheet at the market value of the asset involved. With an operating lease, the ownership of the asset remains with the leasing company and an annual rent is charged to the revenue account.

Financial Management Code of Practice for the Police Services of England and Wales 2012 – The Financial Management Code of Practice provides clarity around the financial governance arrangements within the police service in England and Wales, and reflects the fact that the police service has a key statutory duty to secure value for money in the use of public funds.

Financial Reporting Standards (FRS) – Recommendations on the treatment of certain items within the accounts.

Financing Activities – Activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

Financial Year – The period of twelve months for the accounts, from 1 April to 31 March.

General Fund – The main account which income is received into and expenditure is paid from.

General Reserves – Funds set aside to be used in the future.

Government Grants – Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

Gross Spending – The costs of providing services before allowing for government grants and other income.

Group Accounts – The financial statements that combine the accounts for the PCC and the Chief Constable, that show the performance of the Group as if it was a single entity.

Home Office Grant (Pensions) – If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year, the Home Office will fund the deficit by way of a grant.

Impairment – The amount by which the recoverable value of an asset falls below its carrying (or book) value.

Intangible Asset – A non-physical non-current asset, e.g. computer software.

Interest Income – The money earned from investing activities, typically the investment of surplus cash.

International Accounting Standards Board (IASB) – This is the independent, accounting standard-setting body, which is responsible for developing International Financial Reporting Standards and promoting the use and application of these standards.

International Financial Reporting Standards (IFRS) & International Accounting Standards (IAS) – The accounting rules and principles, adopted by the International Accounting Standards

Board, on which the Statement of Accounts is based. The Code is prepared in accordance with the IFRS.

Investing Activities – The buying and selling of long-term assets and investments that are not cash equivalents.

Jointly Controlled Operations - Activities undertaken by the Chief Constable and/or the PCC that are jointly controlled with other venturers. The jointly controlled operation does not give rise to the creation of a separate entity.

Liabilities – Amounts that are due to be settled by the PCC in the future, which includes Current Liabilities and Long Term Liabilities.

Major Precepting Authority – Authorities that make a precept on the billing authority's collection fund, e.g. County Councils and Police and Crime Commissioners.

Materiality – Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of financial statements. Materiality depends on the nature or size of the item omission or misstatement judged in the surrounding circumstances.

Minimum Revenue Provision (MRP) – The statutory minimum amount that is required to be set aside on an annual basis as a provision to repay debt.

National Non-Domestic Rates (NNDR) – The national non-domestic rate in the pound is the same for all non-domestic rate payers and is set annually by the government. Income from non-domestic rates goes into a central government pool that is then distributed according to resident population.

Net Book Value – The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current values less the cumulative amounts provided for depreciation.

Non-Current Assets (Fixed Assets) – Tangible assets, such as buildings and equipment are assets that yield benefits for a period of more than one year. Intangible non-current assets have no physical substance but provide a benefit for more than one year, e.g. computer software.

Notes to the Accounts – The notes contain information in addition to that presented in the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.

Operating Activities – The activities of the entity that are its normal activities, excluding its investment and financing activities.

Outturn – The actual amount spent in the financial year.

Past Service Cost – For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods but arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Payments in Advance – These represent payments made prior to 31 March for supplies and services received on or after 1 April.

Pension Fund – The fund that makes pension payments following the retirement of its participants.

Pensions Expected Rate of Return on Assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pensions Interest Costs – For a defined benefit scheme, the expected increase during the period at the present value of the scheme liabilities because the benefits are one period closer to settlement.

Pensions Reserve – A non-cashable reserve used to reconcile payments made for the year to various statutory pension schemes and the net change in the recognised liability under IAS19 for the same period.

Police and Crime Commissioner (the PCC) – an elected representative charged with securing efficient and effective policing of a police area in England and Wales. PCCs replaced the now abolished Police Authorities from 2012.

Police Act 1996 – An Act of the Parliament of the United Kingdom which defined the current police areas in England and Wales, constituted the Police Authorities for those areas (now superseded by PCCs), and set out the relationship between the Home Secretary and the English and Welsh territorial police forces.

Police and Crime Panel – The Police Reform and Social Responsibility Act 2011 established Police and Crime Panels within each force area in England and Wales. The panel is responsible for scrutinising PCCs' decisions; they also review the Police and Crime Plan and have a right of veto over the precept.

Police and Crime Plan - The Police Reform and Social Responsibility Act 2011 introduces a duty on the PCC to prepare a Police and Crime Plan which should determine, direct and communicate their priorities during their period in office.

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

Police Principal Grant – This is part of the total specific government grant support for police services. The amount is determined annually by the Home Office on a formula basis.

Police Reform and Social Responsibility Act 2011 (The Act) – this is an Act of the Parliament of the United Kingdom. It transfers the control of police forces from Police Authorities to elected PCCs. The first PCC elections were held in November 2012, and are held every four years thereafter (in May).

Precept – The amount of council tax that the PCC, as a major precepting authority, has instructed the billing authorities to collect and pay over in order to finance its net expenditure.

Provisions – The amounts set aside to provide for liabilities that are likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

Public Works Loan Board (PWLB) – A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury, which provides long-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Receipts in Advance – These represent income received prior to 31 March for supplies and services provided by the Authority on or after 1 April.

Reimbursements – Payments received for the work carried out for other public organisations, e.g. the government.

Related Parties – Bodies or individuals that have the potential to control or influence the Chief Constable and/or the PCC.

Reserves – Monies set aside by the PCC that do not fall within the definition of provisions. Reserves held for specific purposes are known as earmarked reserves.

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.

Revaluation Reserve – The Reserve records the accumulated gains on the non-current assets held by the PCC arising from increases in value. It is charged with the part of the depreciation charge for the asset which relates to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.

Revenue Expenditure and Income – Day to day expenses mainly salaries, general running expenses and debt charges. These costs are met from the Council Tax, Government Grants, fees and charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) – Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset. These costs may be charged as expenditure to the relevant service in the CIES in the year.

Revenue Support Grant (RSG) – General Government Grant support towards the PCC's expenditure.

Scheme Liabilities (Pensions) – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that are committed to be provided for service up to the valuation date.

Scheme of Delegation and Consent, Financial and Contract Regulations 2012/13 – The Scheme of Delegation and Consent details the key roles of the PCC and those functions that they designate to the Chief Executive, Treasurer, the Chief Constable and, if appointed, the Deputy PCC. The scheme also provides a framework to ensure that business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. The Financial and Contract Regulations establish overarching financial responsibilities; confer duties, rights and powers upon the PCC, the Chief Constable and their officers providing clarity about the financial accountability of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.

Specific Grant – Payments from the government to cover Local Authority spending on a particular service or project. Specific grants are usually a fixed percentage of the cost of a service or project and have strict rules detailing eligible expenditure.

Surplus or Deficit on the Provision of Services – The total of income less expenditure, excluding the components of Other Comprehensive Income and Expenditure. Presented in the Comprehensive Income and Expenditure Statement in accordance with IFRS as set out in the Code.

Tangible Non-current Assets – Physical non-current assets, e.g. land, buildings, vehicles and equipment held for a period of over one year.

Taxation and Non-Specific Grant Income – Council Tax and all grants and contributions recognised in the financial year.

Telling the Story – CIPFA’s review of the presentation of Public Sector financial statements. The CIES now reflects the way that organisations operate and manage services.

Transfer Value – A sum of money transferred between pension schemes to provide an individual with entitlement to benefits under the pension scheme to which the transfer is made.

APPENDIX 1

Warwickshire Police and Crime Commissioner's Annual Governance Statement 2023/24