

**Police and Crime
Commissioner for
Gloucestershire**

**Statement of accounts
2022/23**

Audited

CONTENTS

	Pages
Narrative report by the Police & Crime Commissioner (PCC) Chief Finance Officer	1 - 9
Statement of Responsibilities	10
Certification of the Accounts by the PCC	10
Auditor's Report	11 - 16
Statement of Accounts	
Comprehensive Income and Expenditure Statements	17 - 18
Movement in Reserves Statements	19 - 22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Accounts	25 - 75
Police Pension Fund	76 - 78
Annual Governance Statement	79
Glossary	88 - 86

STATEMENT OF ACCOUNTS 2022/23

NARRATIVE REPORT BY THE POLICE AND CRIME COMMISSIONERS CHIEF FINANCE OFFICER

The purpose of this report is to provide a clear guide to the most significant matters reported in the accounts and to comment on the Constabulary's financial performance and economy, efficiency and effectiveness during the year.

The Police Reform and Social Responsibility Act 2011 established the Chief Constable for Gloucestershire and the Police and Crime Commissioner (PCC) for Gloucestershire as separate legal entities (corporations sole). The primary function of the Chief Constable is the exercising of operational policing duties under the Police Act 1996. The PCC's function is to hold the Chief Constable to account for the exercise of these duties, thereby securing the maintenance of an efficient and effective police force in Gloucestershire. The Chief Constable is accountable to the PCC.

Both the PCC and the Chief Constable are required to publish statement of accounts. For accounting purposes the PCC and the Chief Constable together are known as the Group. A separate set of statutory accounts has been published for the PCC and Group to recognise all of the financial transactions incurred during 2022/23 for policing Gloucestershire. The accounts which follow show the Police and Crime Commissioners financial results for 2022/23. Together with those of the Group.

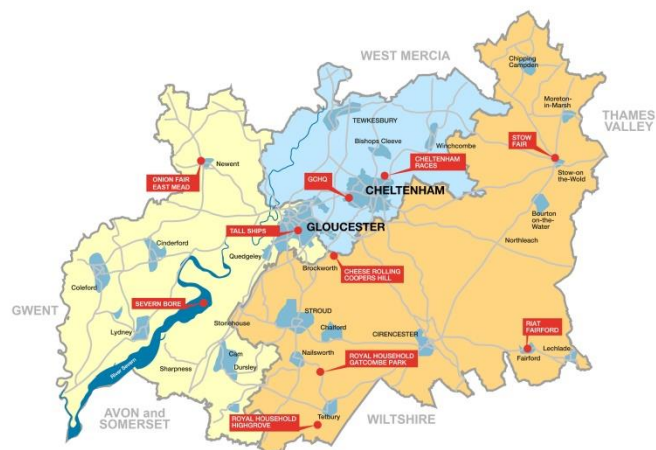
The Chief Constable holds office as a servant of the crown and is not an employee. He has a statutory responsibility for the control over officers and employs the majority of the staff. The PCC is elected by the public every four years (reduced to three years following the COVID-19 pandemic) and holds the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. The PCC has retained employment only of staff in the Office of the PCC (OPCC). The PCC has retained ownership of all assets, and all contracts are let in the name of the PCC. The PCC is responsible for establishing all reserves and controls the cash flow.

Organisational Overview and External Environment

Gloucestershire is a largely rural county encompassing the Cathedral city of Gloucester, the historic Spa town of Cheltenham, the Royal Forest of Dean and a number of picturesque Cotswolds villages. Gloucestershire's urban centres are diverse with a thriving night-time economy.

The County hosts a number of significant events throughout the year which attract national attention. These include the National Hunt Festival (Gold Cup) at Cheltenham Racecourse, the Royal International Air Tattoo at Fairford, the Tall Ships Festival at Gloucester Docks and the annual Cheese Rolling competition at Cooper's Hill.

There are a number of royal households including Highgrove and Gatcombe Park, two airports and two universities; the University of Gloucestershire and the Royal Agricultural University. GCHQ is one of the UK's leading intelligence agencies and as such a large employer in the county.



STATEMENT OF ACCOUNTS 2022/23

The Police and Crime Plan for 2021/2025 was launched following the election of the PCC in May 2021 and is reviewed annually. Every PCC must set out the policing priorities for their area, which form the basis for the Police and Crime Plan. The PCC set six priorities:

- Creating safer communities
- Tackling violence against women and girls
- Strengthening your Constabulary
- Targeting the causes of crime
- Supporting victims and reducing reoffending
- Empowering local communities

The Constabulary has appointed a police lead for each priority who works together with the priority lead to ensure that delivery plans are developed for each priority. Every six months the police leads report the progress on these plans to the PCC's Governance Board.

Governance

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The Chief Constable and the PCC have prepared a joint statement and have elected to publish the statement as a separate document. The Annual Governance Statement gives an assessment of the effectiveness of internal control procedures, and should report any significant governance issues that have been identified. There are no significant governance issues.

Our approach to good governance:

- Governance of all ongoing operational matters is a Constabulary responsibility
- The Office of the Police and Crime Commissioner (OPCC) is represented effectively at all appropriate groups and boards
- Without prejudice to the operational independence of the Chief Constable and the specific duties of the Police and Crime Commissioner, governance is undertaken only once (where possible) on behalf of both legal entities
- Decision-making will take place at the most efficient and effective level in a style that is supportive and inclusive
- There is appropriate opportunity by relevant stakeholders to influence direction and key decisions
- Clear communication and visibility of decision making is available to staff and the public.

We work with our partners, local communities and those who come into contact with us as victims, witnesses, partners, volunteers and staff, so that we are clear on what it is we need to do to deliver our priorities and make improvements to our policing services.

Risks and Opportunities

Effective risk management is an essential element of our planning and accurate and timely identification, assessment and management of risks are key to our decision making. We ensure that there are appropriate structures and processes in place to identify and evaluate risks and that appropriate controls and mitigation techniques are developed to address them.

In relation to financial risks and opportunities the approach is to maintain a register which is regularly reviewed by the Finance Panel, with reporting by exception to the Governance Board. Risks and opportunities may then either be mitigated or reduced through management action such as applying a control. If they cannot be reduced or mitigated in this way they will then be escalated to in year reporting in the financial performance reports or through to the Medium Term Financial Plan.

STATEMENT OF ACCOUNTS 2022/23

Financial Performance

The resources put into Policing are split into three separate pots: revenue, capital and pensions.

Revenue budgets pay for the staffing and day to day running costs of the organisation and also allow prudent provisions set aside for known future needs. This is funded from a combination of Central Government funding and Council Tax. The central government bodies (Home Office and the Ministry of Housing Communities and Local Government) determine their contributions as part of the national funding settlements made in December each year and the PCC makes the decisions about how much council tax to set in February. Central government funds its contributions from all the taxes paid to HMRC and Council Tax is collected by local councils.

In February 2022 the PCC approved a revenue expenditure budget for April 2022 to March 2023 of £139.985m made up of £73.536m (53%) from central government and £66.449m (47%) from Council Tax. The police element of the Band D Council Tax was set at £280.08, an increase of £10.00, an increase of 3.7% on that set for 2021/22.

This revenue budget was split:

- Constabulary budget - £137.378m
- OPCC budget - £1.437m
- PCC's Commissioning fund - £1.170m.

If expenditure is less than budgeted at yearend the difference is put into the reserves, if expenditure exceeds available resources then the reserves are used to make-up the difference.

Capital budgets are funded by the sale of excess assets, reserves built up from previous year's revenue budgets, some specific grant funding from central government and from undertaking borrowing and sometimes this is topped up with revenue budget funding.

In February 2022 the PCC approved a capital expenditure budget for April 2022 to March 2023 of £14.501m funded by £1.300m capital grant, £9.520m of new (internal and external) borrowing and £3.681m of reserves.

The capital budget was split:

- £1.3m on replacing vehicles going out of service
- £1.5m on new IT systems ,equipment and Transformation projects
- £2.0m to continue the redevelopment of the Bamfurlong operations centre

A further £9.710m was set aside for a number of projects in the development pipeline but without formal approval or a final business case. This is the current total of those projects in future years. They included significant projects such as the Records Management System (RMS) and amounts to address the replacement, upgrade or refresh of other legacy ICT.

Pension Costs

The Pensions costs for existing staff and officers which will need to be paid in the future are met from contributions from the revenue budget today, (included in the revenue budget figures above), whilst existing Police pensions are firstly paid by the local Policing Pensions Fund and then any costs in excess of the contributions from today's staff are recovered from central government as a grant.

Police staff are eligible to be members of the Local Government Pension scheme. The employee and employer make contributions into the scheme which are invested into a pension fund administered by Gloucestershire County Council.

STATEMENT OF ACCOUNTS 2022/23

Financial Monitoring

Financial performance against the revenue and capital budgets is monitored throughout the year and reported monthly to the Finance Panel the minutes of which are presented to the Governance Board attended by both the PCC and the Chief Constable.

High level outturn – revenue

The Outturn for the year to 31 March 2023 shows a draft underspend of £1.949m, 1.39% of the Net Revenue Budget, after reserves transfers including £300k to the General Fund to top the fund up in line with the approved budget.

This surplus of £1.949m was transferred to the following reserves:

- £0.500m to Specific Earmarked Reserves, for Year One of the “victims hub”
- £0.178m to Specific Earmarked Reserves, for Year One of the “firearms licencing team”
- £1.263m to Inflation Reserve, to balance against continued pay and non-pay inflation over and above budget and potential contingency against the meeting of the 2023/24 saving target

The Outturn position is after £0.760m of MRP (Minimum Revenue Provision), and £0.947m of RCCO (Revenue Capital Contribution) towards capital purchases of £6.794m in year.

The opening General Fund Balance at 1 April 2022 was £24.776m, including general reserves of £5.296m.

The closing position as at 31 March 2023 is £28.739m, with a general fund reserve of £5.596m (£5.596m is 4% of the net expenditure budget in 2022/23 of £139.985m).

Capital Expenditure

- The original budget of £14.501m for 2022/23 rose to £18.806m due to carry forwards from 2021/22 of £5.546m, and deferral of Emergency Services Network This is the national programme to replace the current police radio network (£1.831m) and the addition of other projects, most significantly the grant funded investments for the provision of environmental and energy improvements and Grant funded projects under the Home Office Safer Streets scheme.
- Capital Spend in 2022/23 was £6.794m, of which the new operations centre at Bamfurlong is 30% (at £2.017m).
- 2022/23 spend was behind budget mainly due to the inclusion of the full Core Records Management System (RMS budget) (of £6.761m), the delivery of which is deferred to 2023/24.

This expenditure was financed by:

	£000
Capital Grant	1,329
Capital Receipts	80
Revenue Contribution	947
Reserves	282
Borrowing	4,156
Total	6,794

The reserves of the Group are held by the PCC and are available for the Chief Constable to utilise in the performance of his duties, with approval by the PCC. Details of these reserves and their purposes are included in these financial statements. The PCC has a Reserves Strategy which is published on the OPCC website.

STATEMENT OF ACCOUNTS 2022/23

Strategy and Resource Allocation

The core grant per head of population received for Gloucestershire for 2023/24 is £116.80. This represents just 82% of the national average and makes us one of the lowest funded Forces. Gloucestershire received just a 1.76% increase in government grant for 2023/24 set against a £9.2m (6.6%) increase in net cost. Government grant funding now represents just 53% of the total funding for Gloucestershire, compared to 66% in 2010.

For 2023/24 the PCC intends to use the maximum precept flexibility of £15. He has also indicated his intention to use the maximum flexibility across the Spending Review period.

In July 2019 the Prime Minister promised 20,000 extra police officers, recruited over the following three years.

In 2020/21 6,000 additional officers were announced and Gloucestershire was allocated 46 additional officers. These officers have been recruited. In 2021/22 a further 6,000 officers were announced and Gloucestershire was allocated 43 additional officers, plus 2 for the Regional Organised Crime Unit (ROCU), and later in the year 1 for Counter Terrorism. In 2022/23, of the 8,000 additional officers nationally, Gloucestershire was allocated 58 officers, plus a further 3 for ROCU.

Therefore the total increase from uplift grant is $46+43+1+58=148$ FTE, plus 5 for our ROCU, making a total uplift of 153 recruits.

In return for the significant increase in investment in policing, the Home Office expects the police to continue to build on the progress made on improving efficiency and productivity. The Government expects to see: £80 million of efficiency savings from across the law enforcement sector.

Nearly 80% of budgeted expenditure is for the cost of officers and staff. The additional funding coming into Policing is beginning to see increases but we are still not yet back to 2010 levels.

The investment was frontloaded across the three years of the PCC's first term and will be supported using one-off funding which has been created through reviewing existing reserves and maximising the ability to smooth capital expenditure over the usable lifetime of assets as required by the CIPFA Treasury Management Code of Practice.

The Budget for 2023/24 provides the resources to deliver the Police and Crime Plan, and over the medium term, focussing this on Strengthening the Constabulary. This budget will provide much needed investment in staffing which will release officers back to do a public facing role by:

- Investing in the establishment of a Victims Hub which will not only meet the statutory requirements of services to victims but streamline the service from both a provider and victim perspective without reducing the Commissioner's support to victim charities and services
- Investing in more call handlers and dispatchers in the Force Control Room to improve call response times on 101 and 999, within a context of nationally increasing use of these emergency numbers
- Innovating in the use of Special Constabulary and volunteer PCSOs to work with their employed colleagues in new ways and bring the best of volunteering into the emergency sector.

STATEMENT OF ACCOUNTS 2022/23

In their most recent published assessment in 2021, following a change of direction in their assessment in some key areas, HMICFRS rated Gloucestershire Constabulary as inadequate for efficiency, and value for money.

This assessment was based on two findings the first one being that: "Budgets and plans were not balanced over the medium term"

To counter that criticism we have progressed the following:

- The budget for 2022/23 was balanced with a savings requirement commensurate with the national funding settlement expectation that forces will find their element of an £80M savings requirement
- That savings requirement was met in full
- The budget for 2023/24 has been balanced with a savings requirement of £600k which will be managed through the Efficiencies and Savings workstream that has successfully delivered on the 2022/23 target
- The pressure in the medium term has been much reduced from £5M to £3.1M
- The MTFP has been refreshed in terms of recognising the likely need to invest in infrastructure
- The pressure in the medium term can also be reduced through LEAN process reviews and taking the opportunities for releasing savings and efficiencies created by new technologies.

The second of the two findings was that: "There was not a strong enough link between the budget, the medium term planning and demand analysis.

To counter that criticism we have progressed the following:

- In setting the budgets for 2023/24 the finance team worked closely with the business planning team and further developed the links between resource allocation and the risk assessment which supports the development of the Force Management Statement
- The investments are in the areas of highest rising demand and areas where we would otherwise fail inspection: Victims Hub, 999s and other calls for service from all quarters
- During 2022/23 the Police and Crime Commissioner has worked with the Constabulary to identify ways of closing the gap in previous MTFP and has done that by reconsidering its planned investments in the future and responsibly closing its financial gap before considering where and how to invest
- Further reviewed the budget in detail to identify any opportunity to immediately reduce costs and reviewed all income lines to ensure they are budgeted where they are ongoing
- Commissioned feasibility studies on building conditions, ICT data architecture reviews and environmental condition surveys to understand the capital infrastructure requirement prior to looking at transformation projects
- Managed inflationary pressures and pay award demands
- Further development the contract register to ensure value through delivery of effective procurement
- Taken opportunities to diversify income streams through the use of external funding and specific grant applications, taking the pressure of investment off Council Tax.

In order to develop the MTFP it is necessary to make a number of assumptions regarding funding and costs for 2024/25, 2025/26 and 2026/27. The assumptions below are very likely to change and will be kept under review.

The assumptions for the MTFP are:

- There will be a pay rise for officers and staff in September 2023 of 2% and this will be repeated across the planning period, rising to 3% in 2026/27, as per the assumptions within the Comprehensive Spending Review

STATEMENT OF ACCOUNTS 2022/23

- Inflation assumptions are based upon the rates for the Consumer Price Index (CPI) projected by the Office for Budget Responsibility (OBR)
- Grant funding will increase by the Constabulary's national share of funding of the amounts announced for the spending review period
- There will be no formula funding review during the planning period
- It is assumed that the tax base will increase by 1.5% per year for the next three years. For 2023/24 the tax base has increased by 1.06%.
- The MTFP assumes that there is a small Collection Fund surplus and that deficits can be met from the funding provided in 2020/21 for the MTFP period
- The PCC will put the council tax up each year by the maximum flexibility of £15
- The investment in the plan is frontloaded and any further investment in officers is not assumed. Therefore any further investment in officers in that period would need to come from efficiency savings.

Performance

The Police and Crime Commissioner publishes an annual report on their performance for the year. This report is available on the Gloucestershire OPCC website

The performance in the year includes, but is not limited to the following achievements;

- Operation Odyssey: innovation in the gathering of disclosable information from victim's phone which negates the need to keep devices for long periods of time.
- Doggy DNA: An international first DNA marker system developed to help investigate criminal cases involving the theft of dogs through forensic analysis.
- Long Range Camera: Gloucestershire Constabulary was the first force to use a long range camera that can spot drivers breaking the law up to 1Km away not just for speeding but for other forms of anti social driving. This includes the non wearing of seat belts, mobile phone use and tail gating. In 2020 the Constabulary detected 1,406 seatbelt offences. In the 10 months to the end of October 2021 2,255 offences had been captured, more than 95% of these were by long range camera.
- The Sabrina Centre: An award winning training centre for innovation and design.
- Environmental Certification: The first Force nationally to receive ISO 14001 certification for environmental management.
- Electric Fleet: The largest proportion of electric vehicles for and Force in the country.
- Supportive Leadership and Wellbeing: Strong leadership training and emphasis on employee well-being within the constabulary.
- The FLARE app. A free anonymous reporting app for reporting incidents of violence and intimidation against women and girls. The report will include location data so that further preventative action can be taken by partner agencies.
- Better Together: The introduction of the Better Together Team has been commended by HMICFRS for their work in improving diversity within the constabulary workforce.
- Restorative Justice: The approaches taken by the award winning team have been recognised nationally as best practice.
- Children First: Working with partners to young people from the criminal justice system. The scheme has received national recognition from the Howard League in their community awards for restorative approaches.
- Electronic monitoring of Offenders: Gloucestershire is one of only six forces conducting a path finder trial with the ministry of justice on the extend use of electronic monitoring.
- Special Constabulary WAPO team: The Wanted, Arrestable, and Priority Offender Team are a dedicated team of Special Constables that track and arrest domestic abuse subjects.

STATEMENT OF ACCOUNTS 2022/23

- Domestic Homicide Reviews: The partnership approach has been recognised as best practice by the Home Office.

Basis of Preparation and Presentation

The Statement of Accounts are prepared on a going concern basis, assuming that Gloucestershire Constabulary will continue in operation for the foreseeable future.

It is the purpose of the statement of accounts to demonstrate that the Chief Constable has accounted for public money properly and in accordance with all relevant financial standards. The accounts provide useful information to a wide range of users about the financial position, financial performance and cash flows of Gloucestershire Constabulary because they are in the same format as those prepared by others and therefore directly comparable. The accounts are, therefore, necessarily detailed and technical with explanatory notes.

The Chief Constable is required by statute to make funding decisions on a different basis from the way in which these decisions are reported within the Statement of Accounts. The Expenditure and Funding Analysis statement shows how the managed costs differ from the reported costs in these statements. This is because a number of adjustments are made in the statement of accounts to incorporate accounting adjustments in the areas of pensions, employee benefits and depreciation which are not funded by statute.

For accounting purposes the concept of “substance over form” requires that the economic substance of transactions and events must be recorded in the financial statements rather than just their legal form, in order to present a true and fair view of the affairs of the entity. These accounts are produced in line with this concept.

The format and content of the Accounts are laid down by the Code of Practice on Local Authority Accounting in the UK 2022/23 (the ‘Code’) based on International Financial Reporting Standards, adopted by CIPFA, the professional body of public sector accountants. The accounting policies adopted by the Chief Constable comply with recommended accounting practices and are explained on pages 25 to 32.

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales
- Scheme of Delegation between the PCC and the Chief Constable
- Corporate Governance Framework for the Group.

These financial statements include the following:

- Statement of Responsibilities. This sets out the responsibilities of the Chief Constable and the Chief Finance Officer in respect of the Statement of Accounts
- Comprehensive Income and Expenditure Statement. This recognises the financial resources belonging to the PCC consumed at the request of the Chief Constable for the year to 31st March 2023 (as opposed to the overall cost of policing Gloucestershire as shown by the Group Accounts)
- Movement in Reserves Statement. This statement summarises the movements to and from the reserves for the year 2022/23. The only movements applicable to the Chief Constable accounts are those relating to pensions. It should be noted that all reserves are held by the PCC, not by the Chief Constable
- Balance Sheet as at 31st March 2023. The Balance Sheet shows the value of the assets and liabilities recognised by the Chief Constable. The Balance Sheet includes pension liabilities and assets. The net pension liability is underwritten by an intra-group debtor with the PCC
- Cash Flow Statement. This shows the changes in cash and cash equivalents of the Chief Constable during the accounting period. The Chief Constable does not manage any of

STATEMENT OF ACCOUNTS 2022/23

these transactions and accordingly this statement does not show any figures. Movements of monies are included in the Accounts of the PCC

- Police Pension Fund Accounts. These comprise the Fund account, the Net assets Statement and the related notes, shown at the end of the Statement of Accounts.

Pension Schemes

The Group participates in two pension schemes: the Police Pension Scheme and the Local Government Pension Scheme (LGPS). Both schemes are categorised as 'defined benefit' schemes.

The Police Pension Scheme is an unfunded defined benefit scheme. There are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension's payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government top-up grant. The Group received a top up grant for 2022/23 of £20.281m for 100% of the deficit.

The Group is obliged to include the police pension accounts in their statement of accounts, and the Fund Account and Notes are shown on pages 76 to 78.

In accordance with the requirements of International Accounting Standard No 19 – Employee Benefits (IAS19), as amended, the Chief Constable Statement of Accounts includes net pension liabilities and a pension's asset in its Balance Sheet, and entries in the Comprehensive Income and Expenditure Statement to reflect movements in the assets and liabilities relating to the pension schemes.

I hope that the explanatory notes to these Accounts have been helpful. A summary set of accounts for the Group has been produced and is published on the Gloucestershire Constabulary website.

Peter Lewis FCPFA

Section 151 and Police and Crime Commissioners Chief Finance Officer

DATE: 22/03/2024

STATEMENT OF ACCOUNTS 2022/23

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The PCC's Responsibilities

The PCC is required to:

- Make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer.
- Manage his affairs to secure economic, efficient and effective use of resources and to safeguard his assets.
- Approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the PCC's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts the PCC Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

CERTIFICATION OF THE ACCOUNTS BY THE CHIEF FINANCE OFFICER

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner for Gloucestershire as at 31 March 2023 and his income and expenditure for the year then ended.

Peter Lewis FCPFA

Section 151 and Police and Crime Commissioner's Chief Finance Officer

Date: 22/03/2024

CERTIFICATION OF THE ACCOUNTS BY THE POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE

I approve the Statement of Accounts.

C Nelson

Police and Crime Commissioner

Date: 22/03/2024

STATEMENT OF ACCOUNTS 2022/23

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Gloucestershire (the 'Police and Crime Commissioner' or the 'PCC') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2023, which comprise the Group Comprehensive Income and Expenditure Statement, the PCC Comprehensive Income and Expenditure Statement, Movement in Reserves Statement for the PCC Group, Movement in Reserves Statement for the PCC, PCC and Group Balance Sheet, PCC and Group Cash Flow Statement and notes to the accounts, including a summary of significant accounting policies, and include the Police Pension Fund financial statements comprising the Gloucestershire Police Pension Fund Account, Gloucestershire Police Pension Net Assets Statement] and notes to the Gloucestershire Police Pension Fund Accounts. The notes to the financial statements include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2023 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Police and Crime Commissioner and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police and Crime Commissioner and the group to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

STATEMENT OF ACCOUNTS 2022/23

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

STATEMENT OF ACCOUNTS 2022/23

Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer

As explained more fully in the Responsibilities for the Statement of Accounts, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, 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, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011). We also identified the following additional regulatory frameworks in respect of the police pension fund: Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.

We enquired of management and the Police and Crime Commissioner concerning the Police and Crime Commissioner and group's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit, human resources and the Police and Crime Commissioner whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journals, including those posted by senior management. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual journals including those posted by senior management,

STATEMENT OF ACCOUNTS 2022/23

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuations of the net pension liabilities/ assets and the valuation of property plant and equipment, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition and management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the police sector
- understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
 - we obtained
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except:

STATEMENT OF ACCOUNTS 2022/23

On 11 April 2022 we identified a significant weakness in the governance arrangements in relation to transparency and accountability. We recommended that a review should be undertaken to ensure the correct information is available to the public on the Force and the Police and Crime Commissioner websites to ensure this is consistent with what is required by the Police Reform and Social Responsibility Act.

As reported on 6 December 2023, the position has not improved, and a further key recommendation has been made to review this area and implement improvements. Therefore, the significant weakness remains in place.

On 6 December 2023, we identified further significant weaknesses in the Police and Crime Commissioner's arrangements for improving economy, efficiency and effectiveness. This was in relation to:

- deficiencies in effectively delivering domestic abuse services to the public, and;
- deficiencies in delivering an effective call handling service to victims of crime and vulnerable people.

We recommended that the Police and Crime Commissioner should:

- complete a full review of its arrangements in relation to the management of domestic abuse to ensure that it is delivering an effective service to the public.
- consider the outcomes of the PEEL report in relation to call handling continue to be considered in detail and the action plan continually monitored to track improvements against the recommended areas, formally reporting progress through the governance structure.

Responsibilities of the Police and Crime Commissioner

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of the Police and Crime Commissioner of Gloucestershire for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

STATEMENT OF ACCOUNTS 2022/23

Use of our report

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Grace Hawkins, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Grant Thornton UK LLP

Bristol

22 March 2024

STATEMENT OF ACCOUNTS 2022/23

Group Comprehensive Income and Expenditure Statement for the year ended 31st March 2023

2021/22			2022/23		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Gross expenditure, gross income and net expenditure of continuing operations					
162,233	(23,528)	138,705	176,128	(25,837)	150,291
162,233	(23,528)	138,705	176,128	(25,837)	150,291
Other Operating Expenditure					
541	0	541	0	(79)	(79)
541	0	541	0	(79)	(79)
Financing and Investment Income and Expenditure					
2,043	0	2,043	2,047	0	2,047
34,969	0	34,969	44,201	0	44,201
0	(7)	(7)	0	(286)	(286)
37,012	(7)	37,005	46,248	(286)	45,962
Taxation and Non-Specific Grant Income					
0	(100)	(100)	0	(1,329)	(1,329)
0	(39,926)	(39,926)	0	(41,815)	(41,815)
0	(1,198)	(1,198)	0	(1,198)	(1,198)
19,932	(19,932)	(0)	20,281	(20,281)	0
0	(22,099)	(22,099)	0	(23,410)	(23,410)
0	(6,082)	(6,082)	0	(6,082)	(6,082)
0	(63,724)	(63,724)	0	(66,635)	(66,635)
19,932	(153,061)	(133,129)	20,281	(160,750)	(140,469)
219,718	(176,596)	43,122	242,657	(186,952)	55,705
Surplus/Deficit on Provision of Services					
0	(111)	(111)	1,576	0	1,576
0	(151,298)	(151,298)	0	(617,452)	(617,452)
0	(151,409)	(151,409)	1,576	(617,452)	(615,876)
219,718	(328,005)	(108,287)	244,233	(804,404)	(560,171)

The statement above shows the accounting cost in the year to 31st March 2023 of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.

STATEMENT OF ACCOUNTS 2022/23

PCC Comprehensive Income and Expenditure Statement for the year ended 31st March 2023

2021/22				2022/23			
PCC		Memorandum		PCC		Memorandum	
Gross Expenditure	Gross Income	Net Expenditure	CC Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	CC Net Expenditure
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Gross expenditure, gross income and net expenditure of continuing operations				Gross expenditure, gross income and net expenditure of continuing operations			
4,813	(23,528)	(18,715)	157,420	15,821	(25,837)	(10,016)	160,307
4,813	(23,528)	(18,715)	157,420	15,821	(25,837)	(10,016)	160,307
157,420	0	157,420	(157,420)	160,307	0	160,307	(160,307)
162,233	(23,528)	138,705	0	176,128	(25,837)	150,291	0
Net Cost of Service before funding				Net Cost of Service before funding			
Intra-group funding				Intra-group funding			
Net Cost of Service				Net Cost of Service			
Other Operating Expenditure				Other Operating Expenditure			
541	0	541	0	0	(79)	(79)	0
541	0	541	0	0	(79)	(79)	0
Total Other operating expenditure				Total Other operating expenditure			
Financing and Investment Income and Expenditure				Financing and Investment Income and Expenditure			
2,043	0	2,043	0	2,047	0	2,047	0
0	0	0	34,969	0	0	0	44,201
34,969		34,969	(34,969)	44,201	0	44,201	(44,201)
0	(7)	(7)	0	0	(286)	(286)	0
37,012	(7)	37,005	0	46,248	(286)	45,962	0
Total Financing and Investment Income and Expenditure				Total Financing and Investment Income and Expenditure			
Taxation and Non-Specific Grant Income				Taxation and Non-Specific Grant Income			
0	(100)	(100)	0	0	(1,329)	(1,329)	0
0	(39,926)	(39,926)	0	0	(41,815)	(41,815)	0
0	(1,198)	(1,198)	0	0	(1,198)	(1,198)	0
19,932	(19,932)	(0)	0	20,281	(20,281)	0	0
0	(22,099)	(22,099)	0	0	(23,410)	(23,410)	0
0	(6,082)	(6,082)	0	0	(6,082)	(6,082)	0
0	(63,724)	(63,724)	0	0	(66,635)	(66,635)	0
0	(151,298)	(151,298)	151,298	0	(617,452)	(617,452)	617,452
19,932	(304,359)	(284,427)	151,298	20,281	(778,202)	(757,921)	617,452
Total Taxation and Non-Specific Grant Income				Total Taxation and Non-Specific Grant Income			
219,718	(327,894)	(108,176)	151,298	242,657	(804,404)	(561,747)	617,452
Surplus/Deficit on Provision of Services				Surplus/Deficit on Provision of Services			
0	(111)	(111)	0	1,576	0	1,576	0
0	0	0	(151,298)	0	0	0	(617,452)
Total Comprehensive Income and Expenditure				Total Comprehensive Income and Expenditure			
219,718	(328,005)	(108,287)	0	244,233	(804,404)	(560,171)	0

The statement above shows the accounting cost in the year to 31st March 2023 of providing services in accordance with generally accepted accounting practices for the PCC, in addition to the amount of funding by way of grant income. Resources of the PCC consumed at the request of the Chief Constable (CC) are shown for comparative purposes. The consolidated accounting cost and funding for the PCC Group to 31st March 2023 is shown on the previous page.

STATEMENT OF ACCOUNTS 2022/23

Movement in Reserves Statement for the PCC Group for the year ended 31st March 2023

	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves (Note 9) £000	Unusable Reserves (Note 10) £000	Total Reserves £000
Balance at 31st March 2021	20,452	4,460	405	0	399	25,716	(1,701,538)	(1,675,822)
<u>Movement in reserves during 2021/22</u>								
Total Comprehensive Expenditure and Income	(43,122)	0	0	0	0	(43,122)	151,409	108,287
Adjustments between accounting basis & funding basis under regulations	47,446	0	0	0	0	47,446	(47,446)	0
Increase or (decrease) in 2021/22	4,324	0	0	0	0	4,324	103,964	108,287
Balance at 31st March 2022 carried forward	24,776	4,460	405	0	399	30,040	(1,597,575)	(1,567,535)

STATEMENT OF ACCOUNTS 2022/23

	General Fund Balance	Capital Receipts Reserve	Revenue Contribution to capital unapplied	Capital Contributions Unapplied	Capital Grants Unapplied	Total Usable Reserves (Note 9)	Unusable Reserves (Note 10)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31st March 2022	24,776	4,460	405	0	399	30,040	(1,597,575)	(1,567,535)
<u>Movement in reserves during 2022/23</u>								
Total Comprehensive Expenditure and Income	(55,705)	0	0	0	0	(55,705)	615,876	560,171
Adjustments between accounting basis & funding basis under regulations	59,667	0	0	0	0	59,667	(59,667)	0
Increase or (decrease) in 2022/23	3,963	0	0	0	0	3,963	556,209	560,172
Balance at 31st March 2023 carried forward	28,739	4,460	405	0	399	34,003	(1,041,366)	(1,007,363)

The General fund balance at 31st March 2023 includes £23.1m (2021/22: £19.5m) of earmarked reserves. Details of these earmarked reserves can be found in note 9.

STATEMENT OF ACCOUNTS 2022/23

Movement in Reserves Statement for the PCC for the year ended 31st March 2023

	General Fund Balance	Capital Receipts Reserve	Revenue Contribution to capital unapplied	Capital Contributions Unapplied	Capital Grants Unapplied	Total Usable Reserves (Note 9)	Unusable Reserves (Note 10)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31st March 2021	20,452	4,460	405	0	399	25,716	(1,701,538)	(1,675,822)
<u>Movement in reserves during 2021/22</u>								
Total Comprehensive Expenditure and Income	108,176	0	0	0	0	108,176	111	108,287
Adjustments between accounting basis & funding basis under regulations	(103,852)	0	0	0	0	(103,852)	103,852	0
Increase or (decrease) in 2021/22	4,324	0	0	0	0	4,324	103,963	108,287
Balance at 31st March 2022 carried forward	24,776	4,460	405	0	399	30,040	(1,597,575)	(1,567,535)

STATEMENT OF ACCOUNTS 2022/23

	General Fund Balance	Capital Receipts Reserve	Revenue Contribution to capital unapplied	Capital Contributions Unapplied	Capital Grants Unapplied	Total Usable Reserves (Note 9)	Unusable Reserves (Note 10)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31st March 2022	24,776	4,460	405	0	399	30,040	(1,597,575)	(1,567,535)
<u>Movement in reserves during 2022/23</u>								
Total Comprehensive Expenditure and Income	561,747	0	0	0	0	561,747	(1,576)	560,171
Adjustments between accounting basis & funding basis under regulations	(557,785)	0	0	0	0	(557,785)	557,785	0
Increase or (decrease) in 2022/23	3,963	0	0	0	0	3,963	556,209	560,171
Balance at 31st March 2023 carried forward	28,739	4,460	405	0	399	34,003	(1,041,366)	(1,007,363)

STATEMENT OF ACCOUNTS 2022/23

PCC and Group Balance Sheet as at 31st March 2023

31st March 2022			31st March 2023			
CC £'000	PCC £'000	Group £'000		CC £'000	PCC £'000	Group £'000
			Property, Plant & Equipment (Note 24)			
0	57,597	57,597	- land, buildings and plant	0	58,490	58,490
0	3,209	3,209	- vehicles	0	2,678	2,678
0	4,401	4,401	- equipment	0	5,178	5,178
0	11,846	11,846	- assets under construction	0	450	450
0	1,135	1,135	Investment Property (Note 24)	0	1,205	1,205
0	2,092	2,092	Intangible Assets (note 25)	0	1,732	1,732
0	0	0	Pensions assets (Note 11)	16,551	0	16,551
1,635,700	0	0	Pensions intra-group adjustment	1,083,300	16,551	0
1,635,700	80,280	80,280	Total Long Term Assets	1,099,851	86,284	86,284
			Current Assets			
0	384	384	- Inventories	0	414	414
5,623	15,107	20,730	- Short Term Debtors (Note 28)	3,495	17,214	20,709
2,519	5,623	0	- Intra-group adjustment	2,275	3,495	0
0	13,881	13,881	- Cash and Cash Equivalents (Note 29)	0	17,987	17,987
0	0	0	- Assets held for sale less than 1yr	0	0	0
8,142	34,995	34,995	Total Current Assets	5,770	39,109	39,109
			Current Liabilities			
2,519	15,711	18,230	- Short Term Creditors (Note 30)	2,275	15,659	17,934
0	137	137	- Short Term Borrowing (Note 31)	0	6,731	6,731
5,623	2,519	0	- Intra-group adjustment	3,495	2,275	0
0	66	66	- Provisions (Note 33)	0	0	0
8,142	18,433	18,433	Total Current Liabilities	5,770	24,665	24,665
			Long Term Liabilities			
0	16,005	16,005	- Long Term Creditors (Note 23)	0	15,365	15,365
0	12,672	12,672	- Long Term Borrowing (Note 31)	0	9,426	9,426
0	1,635,700	0	- Pensions intra-group adjustment	16,551	1,083,300	0
1,635,700	0	1,635,700	- Other Long Term Liabilities (Note 11)	1,083,300	0	1,083,300
1,635,700	1,664,377	1,664,377	Total Long Term Liabilities	1,099,851	1,108,091	1,108,091
0	(1,567,535)	(1,567,535)	Net Liabilities	0	(1,007,364)	(1,007,364)
			Usable reserves (Note 9)			
0	5,296	5,296	- General Fund	0	5,596	5,596
0	19,480	19,480	- Earmarked reserves	0	23,143	23,143
0	4,460	4,460	- Capital Receipts Reserve	0	4,460	4,460
0	405	405	- Revenue contribution to capital reserve unapplied	0	405	405
0	399	399	- Capital Grants Unapplied	0	399	399
0	30,040	30,040	Total Usable reserves	0	34,003	34,003
			Unusable Reserves (Note 10)			
0	9,650	9,650	- Revaluation Reserve	0	7,737	7,737
0	(1,635,700)	(1,635,700)	- Pensions Reserve	0	(1,066,749)	(1,066,749)
0	30,124	30,124	- Capital Adjustment Account	0	18,723	18,723
0	274	274	- Collection Fund Adjustment Account	0	507	507
0	(1,923)	(1,923)	- Short-term Accumulating Compensated Absences	0	(1,584)	(1,584)
0	(1,597,575)	(1,597,575)	Total Unusable Reserves	0	(1,041,366)	(1,041,366)
0	(1,567,535)	(1,567,535)	Total Reserves	0	(1,007,364)	(1,007,364)

The Balance Sheet incorporates balances on the funds and accounts of the Chief Constable, PCC and Group as at 31st March 2023. Note that the intra-group pension adjustment has been removed on consolidation at the Group level.

The unaudited Statement of Accounts were issued on 31 August 2023, and the audited accounts were authorised for issue on 22 March 2024.

Peter Lewis FCPFA

Section 151 and Police and Crime Commissioner's Chief Finance Officer

Date: 22 March 2024

STATEMENT OF ACCOUNTS 2022/23

PCC and Group Cash Flow Statement for the year ended 31st March 2023

2021/22			2022/23	
£'000	£'000		£'000	£'000
<u>Operating Activities (Note 37)</u>				
Cash inflows				
(62,948)		Council Tax receipts	(66,403)	
(22,099)		Allocation of ex-DCLG formula funding	(23,410)	
(39,926)		Police grant	(41,815)	
(6,082)		Council Tax support grant	(6,082)	
(7,574)		Other grants	(14,809)	
(1,230)		Cash received for goods and services	(2,921)	
(7)		Interest received	(286)	
<u>(8,549)</u>		Other operating cash receipts	<u>(9,418)</u>	
	(148,415)			(165,144)
Cash outflows				
83,212		Cash paid to and on behalf of employees	87,503	
23,716		Cash paid to suppliers of goods & services	31,054	
2,043		Interest paid	2,053	
<u>34,494</u>		Other operating cash payments	<u>37,022</u>	
	143,465			157,632
	(4,950)	<u>Net cash flows from operating activities</u>		(7,512)
<u>Investing Activities</u>				
11,647		Purchase of property, plant & equipment, investment property and intangible assets (Note 38)	7,540	
(34)		Sale of property, plant & equipment	(79)	
<u>(100)</u>		Other receipts from investing activities	<u>(1,329)</u>	
	11,513	<u>Net cash flow from Investing Activities</u>		6,131
<u>Financing Activities (Note 39)</u>				
-4,998		New loans raised	(5,000)	
572		Capital element of PFI payment	626	
<u>715</u>		Repayments of amounts borrowed	<u>1,648</u>	
	(3,711)	<u>Net cash flow from Financing Activities</u>		(2,726)
	2,852	<u>Net (increase)/decrease in cash and cash equivalents (Note 40)</u>		(4,106)
	(16,733)	Cash and cash equivalents at the beginning of the reporting period		(13,881)
	(13,881)	Cash and cash equivalents at the end of the reporting period		(17,987)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the PCC during the reporting period. As there is no distinction between the Group and the PCC movements there is no separate statement for the PCC.

STATEMENT OF ACCOUNTS 2022/23

NOTES TO THE ACCOUNTS

1. Statement of accounting policies 2022/23

a. General principles

The Statement of Accounts summarises the Group and PCC's transactions for the 2022/23 financial year and the position at the year-end of 31st March 2023. These financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23*. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Gloucestershire Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) for Gloucestershire and the Chief Constable for Gloucestershire. Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements included here represent the accounts for the PCC and also those for the PCC Group. The Financial Statements cover the twelve months to 31st March 2023. The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31st March 2023. The identification of the PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

Whilst all expenditure is paid for by the PCC, including the wages of police staff and officers, the actual recognition in the respective PCC and Chief Constable Accounts is based on economic benefit.

b. Estimation Techniques

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and contents set out in IAS 8 and IPSAS 3 (*Accounting Policies, Changes in Accounting Estimates and Errors*), specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Pervasive accounting concepts
- Accruals
- Going concern
- Primacy of legislative requirements

c. Accruals of expenditure & Income

The Balance Sheet and the Comprehensive Income and Expenditure Statement are maintained on an accruals basis in accordance with the Code of Practice. This means that the accounts are prepared on the basis of income due and expenditure payable in the year to 31st March 2023, whether or not the cash has actually been received or paid in the year. Debtors have been included where an invoice has been raised but not paid. All manual accruals with a value of £500 or more will be processed in the accounts. For manual accruals with a value of less than £500 inclusion in the accounts will be at the discretion of the relevant finance officer.

Interest payable and receivable is accrued within the accounts up to and including 31st March 2023.

d. Exceptional Items

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

STATEMENT OF ACCOUNTS 2022/23

e. VAT

It is the PCC's policy to reclaim VAT based on the tax date of a creditor invoice and when it is entered into the creditor system for payment rather than the point the invoice is actually paid.

f. Provisions and Contingent Liabilities

Provisions are made when an event has taken place that gives the PCC a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the PCC becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

g. Reserves

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

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

h. Property, plant and equipment

Non-current assets are assets that have physical substance and are held for use in the provision of services, or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis, provided that it yields benefits to the PCC and that it provides services for more than one financial year. Assets are capitalised when they are operationally ready for service. Prior to this they are categorised as Assets under Construction (Work in Progress). The PCC has selected a de minimis threshold of £20,000 (individually or as groups of assets) below which assets are not capitalised, apart from vehicle purchases, which are all capitalised.

The PCC for Gloucestershire has no material heritage assets that require separate classification.

Measurement

Non-current assets are valued as recommended by CIPFA and in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Assets are classified into the groupings required by the Code. Assets are valued as follows:

STATEMENT OF ACCOUNTS 2022/23

1. Land and property

The capital outlay is shown on the basis of a full valuation of the PCC's freehold and leasehold property at 31st March 2023, undertaken by BNP Paribas, Chartered Surveyors. A "de minimis" limit of £20,000 was used for these purposes.

Operational property and plant are measured for their service potential at current value i.e. existing use value. Where no market is in existence or where assets are specialised a Depreciated Replacement Cost measurement is used. All surplus assets are measured at fair value. Under IFRS 13 Fair Value is a market based assessment which uses the assumptions that market participants would use when pricing the asset under current market conditions. Where applicable the valuations reflect evidence of recent market transactions involving similar properties in each locality. Depreciated Replacement Cost is recognised as an acceptable method of estimating Market Value where more reliable methods cannot be applied.

The Balance Sheet includes the impact from the assessment of impairments to buildings.

2. Vehicles and equipment

Vehicles, plant and equipment are included at historical cost, less accumulated depreciation.

When an asset is re-valued, any increase in value is credited to the Revaluation Reserve unless the asset has previously been re-valued downwards, in which case it is credited to the Comprehensive Income & Expenditure account up to the value of the previous loss. Land and buildings are subject to a full revaluation exercise at least every five years with interim annual desktop valuations to assess the impact of general market movements. The last full valuation took place at 31st March 2023. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

In between valuations an annual impairment review is undertaken of properties with less than 40 years life to identify any significant drop in value. Where impairment is identified as part of the annual review or as a result of a valuation exercise, this is accounted for by:

- An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the revaluation reserve for the same asset and thereafter in Surplus or Deficit on the provision of Services.
- An impairment loss on a non-revalued asset shall be recognised in Surplus or Deficit on the Provision of Services.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The Asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale. When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line also as part of the net gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Capital receipts from the disposal of assets are accounted for on an accrual basis where the receipt is certain.

Amounts in excess of £10,000 are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement).

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

STATEMENT OF ACCOUNTS 2022/23

Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties and assets held for sale), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Depreciation is calculated on the following bases:

Land	No depreciation
Operational buildings	Straight-line allocation over the life of the property as estimated by the valuer.
Vehicles	Reducing balance method over the expected useful life of the asset. A life of between 3 and 10 years is allocated to vehicles and depreciation is calculated as 30% per annum following advice from the Fleet Manager.
Equipment	Straight-line allocation over the expected useful life of the asset as advised by a suitably qualified officer. A life of 5 years is allocated to all equipment, unless through consultation with the relevant officer an alternative asset life is deemed more suitable.

In addition to the reducing balance depreciation allocation of vehicles they are depreciated fully in their year of disposal where there is no capital receipt. Where a significant Property, Plant and Equipment asset (> £1m) has major components whose 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.

i. Intangible Assets

Expenditure on the right to use a computer programme is treated as expenditure for capital purposes. Amortisation is calculated in the same way as equipment depreciation for tangible assets. At the end of the life of these assets they are treated as though they were disposed of with no capital receipt.

j. Charges to Revenue for Non-Current Assets

Depreciation for the year is charged to the Comprehensive Income and Expenditure Account. The PCC is not required to raise funds to cover depreciation. However, he is required by law to set aside a Minimum Revenue Provision (MRP) for the repayment of debt. The PCC has adopted the Regulatory Method for supported borrowing on capital expenditure incurred prior to 1st April 2008. Borrowing since 1st April 2008 uses the Asset Life Method. Provision for MRP is made over the estimated life of the asset for which the borrowing is undertaken, using the reducing balance method (4% per annum) until 31 March 2021, since which time MRP has been calculated on a straight line basis over the useful economic life of the asset.

Depreciation is therefore replaced by a revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

k. Grants and contributions

Grants and contributions, including donated assets, shall not be recognised until there is reasonable assurance that the PCC will comply with the conditions attached to them and that the grants or contributions will be received. Grants and contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the PCC has not satisfied.

STATEMENT OF ACCOUNTS 2022/23

- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the balance sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reported through the Movement in Reserves Statement.
- Where no expenditure has been incurred at the balance sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account through the Movement in Reserves Statement.
- Where conditions remain outstanding at the balance sheet date the grant or contribution will be recognised as part of the Capital Grants Receipt in Advance.

I. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the PCC's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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
- Fair value through profit or loss
- Fair value through other comprehensive income

The PCC's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principals and interest i.e. where the cashflows do not take the form of a basic debt instrument.

m. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term interest bearing investments that are readily convertible on demand to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments maturing within three months of the balance sheet date are deemed to fall under the definition of cash equivalents.

The PCC's Financial Assets are classified as assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the PCC has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

The PCC recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the PCC.

n. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. The current practice is to fully finance capital assets in the year of purchase, other than for Police Headquarters, Waterwells and the Firearms training centre, Blackrock which are PFI based contracts. Other than these PFI contracts all leases

STATEMENT OF ACCOUNTS 2022/23

are classified as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Liabilities under "operating" leases are not required under the Code to be shown in the Balance Sheet since significant residual value to the lessor under such arrangements implies no effective transfer of ownership of assets. Where the PCC grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. No property interests held under operating leases are classified as investment property.

From 1 April 2024 the Code will require the adoption of IFRS16, with an adjustment to the opening balance sheet for 2023/24. The impact of this adjustment will be to increase the assets and liabilities, including any dilapidation provisions, for those leases currently accounted for as operating leases. Operating lease payments, from 1 April 2024, will be charged as depreciation and interest expense. The impact of this change in accounting policy from 1 April 2023 is expected to be immaterial.

o. Inventory

The main inventories held by the Constabulary are uniforms, cleaning tokens, postage in franking machines, IT equipment, fleet spares and items in the stationery store. With the exception of uniforms, inventory is valued at original purchase price. In respect of uniforms, new inventory is valued at original purchase price and returned inventory that can be re-issued is valued at 50% of the original purchase price.

p. Overheads

The PCC has a policy of not recharging support service overhead costs to front line service providing departments, they are reported separately. However for the purposes of the preparation of the Comprehensive Income and Expenditure Account the full cost of support service overheads are included in Police Services under the net cost of services.

q. Employee Benefits

Pensions

As part of the terms and conditions for its officers and for other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for police staff employees, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- o The Police Pension Scheme for police officers, comprising three separate elements:
 - a. Police Pension Scheme (PPS)
 - b. New Police Pension Scheme (NPPS)
 - c. 2015 CARE scheme

These schemes (old, new and 2015) are not viewed as materially different as each scheme provides benefits of a similar nature or character - a defined benefit index linked pension, payable from a retirement date. Each scheme also provides survivor benefits, a death in service benefit, injury pension and payment of an ill-health pension. The differences between the schemes are how the benefits are accrued - the accrual rate with which a member earns benefits and the salary used to calculate the pension (pension is linked to final salary or career average salary). These differences do not make the schemes materially different in nature or character. Each scheme is also subject to the same risks.

This is an unfunded defined benefit final salary scheme, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities. Cash has to be

STATEMENT OF ACCOUNTS 2022/23

generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government.

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

External actuaries are appointed to provide the necessary information, and their assumptions and calculations are detailed in the pensions note (pages 42 to 51). Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the pension schemes have been based on the latest full valuation of the schemes as at 31st March 2022 for the LGPS and 31st March 2020 for the Police Pension Schemes. The long term expected rate of return on assets is derived by the actuary using their own proprietary stochastic asset model.

Actuarial gains and losses are recognised when changes in the net pension liability arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, and are debited to the Pensions Reserve.

Short term compensated absences

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating e.g. annual leave and flexi-time, or non-accumulating e.g. sick leave and maternity leave. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. Short-term (due to be settled within 12 months after the year end of the period in which the employee renders the service) accumulating compensated absences shall be:

- recognised when employees render services that increases their entitlement to future compensated absences.
- measured as the additional amount that the PCC expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employers national insurance and pension contributions.

Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are recognised in the Comprehensive Income and Expenditure Statement when the Constabulary is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

r. Private Finance Initiative (PFI)

The PCC has a long-term contractual agreement under PFI whereby the Contractor is responsible to design, build, finance, operate and maintain the new headquarters building at Waterwells, Gloucester. The Constabulary took up occupancy of the new headquarters in December 2005 and the contract runs for thirty years until 2035.

The PCC has also entered into a long term agreement in collaboration with the PCC for Avon & Somerset and the PCC for Wiltshire, under PFI for the provision of a tri-force Firearms training facility situated at Portishead, North Somerset.

The Code requires that these contracts are accounted for in a manner that is consistent with the adaptation of IFRIC 12 – Service concession arrangements. This applies where:

STATEMENT OF ACCOUNTS 2022/23

- a. the PCC controls or regulates what services the operator must provide with the property, to whom it must provide them and at what price; and where
- b. the PCC controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the property at the end of the term of the arrangement.

The Police Headquarters and Firearms training facility PFI contracts meet these criteria and as such are recognised as assets on the balance sheet along with a related liability. The PFI contracts are treated as finance leases in these accounts. The PCC has reviewed all other contracts with a value of more than £100,000 per annum and has concluded that none fall within the scope of IFRIC 12.

The PFI transactions in the accounts are detailed in Note 23.

s. Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures. Joint ventures are managed through a separate vehicle. There are no separate vehicles in place for the Group's joint arrangements and they are all classified as joint operations. Details of each of these joint operations are given below.

t. Events after the Balance Sheet date

The PCC will account for events after the reporting period in accordance with IAS 10 (Events after the Reporting Period), except where interpretations or adaptations to fit the public sector are detailed in the Code.

Two types of events after the Reporting Period can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events).

The PCC will adjust the amounts recognised in his financial statements to reflect adjusting events after the reporting period, but will not adjust his statements for non-adjusting events. However for material non-adjusting events the PCC will disclose the nature of the event and provide an estimate of its financial effect.

2. The creation of the Police and Crime Commissioner for Gloucestershire (PCC) and Chief Constable for Gloucestershire

Following the Police Reform and Social Responsibility Act 2011, the Gloucestershire Police Authority (GPA) was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner for Gloucestershire (PCC) and the Chief Constable for Gloucestershire.

The 2022/23 Comprehensive Income and Expenditure Statements for the PCC and the Group differ due to the treatment of IAS19 pension liabilities in the Chief Constable accounts. The net cost of service sub-total within the PCC Comprehensive Income and Expenditure Statement includes payment for PCC resources consumed at the request of the Chief Constable. The decision to account for this expenditure within the PCC net cost of service is in accordance with the SeRCOP definition of total cost of services. In contrast in the Chief Constable Comprehensive Income and Expenditure, the net cost of policing is nil for 2022/23 as the resources consumed at the request of the Chief Constable are completely offset by the intra-group adjustment.

The PCC second stage transfer, effective from 1st April 2014, resulted in the transfer of all Police officers and the majority of Police staff to the Chief Constable, with those staff employed in the Office of the PCC remaining with the PCC. All assets, liabilities and reserves remain with the PCC.

STATEMENT OF ACCOUNTS 2022/23

3. Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Group Balance Sheet at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- a. Pension scheme liabilities: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied. The impact of the McCloud judgement and GMP are included as estimates in the pension schemes. The value of these pension scheme liabilities at 31st March 2023 was £1.066 billion (2021/22: £1.636 billion). A sensitivity analysis on the assumptions made is detailed in note 11.
- b. Pensions Asset: We have carried out a calculation in perpetuity under IFRIC 14 for the current year based on a discount rate of 4.75%, a salary increase rate of 3.45%, and projected service costs per annum of £6,459,000. Any one or all of these factors could change over the next 2 years before the next triennial revaluation at which point we believe any projected surplus will be adjusted for. The value of the LGPS pension scheme asset as at 31 March 2023 was £16.551m (31 March 2022: £nil).
- c. Property valuation. A full revaluation of property is undertaken at least every five years. The last full revaluation was undertaken as at 31st March 2023. In the intervening years desktop valuations are undertaken as at 31st March by professional valuers. A 10% change in the value of operational land would result in a £1.2m increase/decrease in the value of property, plant and equipment. A 10% change in the value of buildings and plant would result in a £4.6m increase/decrease in the value of property, plant and equipment.

4. Accounting Standards that have been issued but have not yet been adopted

The following standards have been issued but have not yet been adopted:

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

5. Critical Judgements in applying accounting policies

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

- A judgement has been made of the expenditure allocated between the PCC and the Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The Chief Constable is judged to incur all expenditure in the Net Cost of Service (£176.2m (2021/22: £162.2m)) apart from that generated directly by the Office of the Police and Crime Commissioner (£5.2m (2021/22: £4.8m)). All income is judged to be received by the PCC. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP.

STATEMENT OF ACCOUNTS 2022/23

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the PCC in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices. Income and expenditure is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding analysis

	2021/22			2022/23			
	Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s		Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s
Police Services	123,077	15,629	138,706	Police Services	130,565	19,726	150,291
Net Cost of Services	123,077	15,629	138,706	Net Cost of Services	130,565	19,726	150,291
Other income & Expenditure	(127,401)	31,818	(95,583)	Other income & Expenditure	(134,527)	39,941	(94,586)
Surplus or deficit	(4,324)	47,447	43,123	Surplus or deficit	(3,963)	59,667	55,705
Opening General Fund balance	20,452			Opening General Fund balance	24,776		
Plus/less surplus/deficit on general fund balance in year	4,324			Plus/less surplus/deficit on general fund balance in year	3,963		
Closing General Fund balance at 31st March	24,776			Closing General Fund balance at 31st March	28,739		

STATEMENT OF ACCOUNTS 2022/23

A more detailed analysis of these adjustments follows:

Adjustments between Funding and Accounting basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital purposes (Note a) £'000	Net change for the pensions adjustments (Note b) £'000	Other differences (Note c) £'000	Total adjustments £'000
Police services	15,765	4,300	(339)	19,726
Net Cost of Services	15,765	4,300	(339)	19,726
Other income and expenditure from the Expenditure and Funding Analysis	(4,028)	44,201	(232)	39,941
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	11,737	48,501	(571)	59,667

Adjustments between Funding and Accounting basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital purposes (Note a) £'000	Net change for the pensions adjustments (Note b) £'000	Other differences (Note c) £'000	Total adjustments £'000
Police services	3,644	12,676	(691)	15,629
Net Cost of Services	3,644	12,676	(691)	15,629
Other income and expenditure from the Expenditure and Funding Analysis	(2,377)	34,969	(775)	31,818
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	1,267	47,645	(1,466)	47,446

Note a – Adjustments for Capital purposes

This column adds in depreciation and revaluation gains and losses in the net cost of service line and adjusts for capital disposals, the statutory charges for capital financing and capital grants in the other income and expenditure line.

Note b – Net changes for the pensions adjustments

This column represents the removal of employer pension contributions as allowed by statute and the replacement with current service and past service costs on the net cost of services line. The net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement is included in the other income and expenditure line.

Note c – Other differences

This column represents an adjustment for compensated absences in the net cost of services line and for the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

STATEMENT OF ACCOUNTS 2022/23

7. Expenditure and Income analysed by nature

The Group's expenditure and income is analysed as follows:

Expenditure and Income analysed by nature

	2021/22	2022/23
	£'000	£'000
<u>Expenditure</u>		
Employee benefits expenses	126,414	125,300
Other service expenses	31,178	35,064
Depreciation, amortisation, impairment	4,641	5,110
Interest payments	2,043	2,047
Net Interest on the net defined benefit liability	34,969	44,201
Police Pension fund	19,932	20,281
Loss on revaluation & disposal of assets	541	10,576
Total Expenditure	219,718	242,579
<u>Income</u>		
Fees, charges and other service income	(11,712)	(14,098)
Investment Interest income	(7)	(286)
Gain on revaluation & disposal of assets	(997)	0
Precepts	(63,724)	(66,635)
Government grants & contributions	(100,156)	(105,854)
Total Income	(176,596)	(186,873)
<u>Deficit on the provision of services</u>	<u>43,122</u>	<u>55,705</u>

STATEMENT OF ACCOUNTS 2022/23

8. Subjective analysis of spending

2021/22			2022/23			
CC £000	PCC £000	GROUP £000		CC £000	PCC £000	GROUP £000
60,233	0	60,233	Police pay and allowances	63,209	-	63,209
37,297	1,338	38,635	Staff pay and allowances	39,843	1,774	41,618
948	0	948	Other employee expenses	1,596	-	1,596
13,921	0	13,921	Police pensions	14,577	-	14,577
12,676	0	12,676	IAS19 Pension costs	4,300	-	4,300
6,330	2	6,332	Premises	7,288	2	7,290
2,137	10	2,147	Transport	2,451	16	2,467
17,732	102	17,834	Supplies and services	20,602	68	20,670
1,505	3,361	4,866	Agency and contracted services	1,332	3,305	4,637
4,641	0	4,641	Depreciation	5,110	-	5,110
0	0	0	Revaluation losses	0	10,655	10,655
157,420	4,813	162,233	Gross Operating Expenditure	160,308	15,821	176,129
			Income			
0	-10,819	-10,819	Specific grants (<i>Note 12</i>)	0	-11,739	-11,739
0	-11,712	-11,712	Income from fees and charges (<i>Note 13</i>)	0	-14,098	-14,098
0	-997	-997	Revaluation gains	0	0	0
-157,420	157,420	0	Intra group adjustment	-160,308	160,308	0
0	138,705	138,705	Net Cost of Service	0	150,292	150,292
			2,043			2,047
			-111			1,576
			541			-79
			-7			-286
			34,969			44,201
			176,140			197,751
			6,280			4,584
			416			947
			-2,838			-14,543
			19,932			20,281
			-47,645			-48,501
			152,286			160,519
			-100			-1,329
			-39,926			-41,815
			-1,198			-1,198
			-19,932			-20,281
			-22,099			-23,410
			-6,082			-6,082
			0			0
			-62,948			-66,403
			0			0
			TOTAL			0

The subjective analysis in the table above has been split between the PCC and Chief Constable to separately identify the financial resources of the PCC consumed at the request of the Chief Constable for the years ended 31st March 2022 and 2023 from those costs exclusively incurred by the PCC.

STATEMENT OF ACCOUNTS 2022/23

9. Analysis of Usable Reserves

2022/23	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Balance at 31st March 2022	24,776	4,460	405	0	399	30,040
Movement in reserves during 2022/23						
Total Comprehensive Expenditure and Income	(55,705)	0	0	0	0	(55,705)
Adjustments between accounting basis & funding basis under regulations						
Depreciation/amortisation	5,109	0	0	0	0	5,109
Impairment/revaluation losses/ (gains) (charged to I&E)	10,655	0	0	0	0	10,655
Capital grant and contributions	(1,329)	0	0	0	0	(1,329)
Sale of non current assets	(79)	0	0	0	0	(79)
Net retirement benefits per IAS19 (FRS17)	48,501	0	0	0	0	48,501
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(232)	0	0	0	0	(232)
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(1,390)	0	0	0	0	(1,390)
Revenue contribution to finance capital	(1,229)	0	0	0	0	(1,229)
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	0
Compensated absences	(339)	0	0	0	0	(339)
Total adjustments between accounting basis & funding basis under regulations	59,667	0	0	0	0	59,667
Increase/Decrease (movement) in Year	3,963	0	0	0	0	3,963
Balance at 31st March 2023 carried forward	28,739	4,460	405	0	399	34,003

STATEMENT OF ACCOUNTS 2022/23

<u>2021/22</u>	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Balance at 31st March 2021	20,452	4,460	405	0	399	25,716
<u>Movement in reserves during 2021/22</u>						
Total Comprehensive Expenditure and Income	(43,122)	0	0	0	0	(43,122)
Adjustments between accounting basis & funding basis under regulations						
Depreciation/amortisation	4,641	0	0	0	0	4,641
Impairment/revaluation losses (charged to I&E)	(997)	0	0	0	0	(997)
Capital grant and contributions	(100)	0	0	0	0	(100)
Sale of non current assets	541	0	0	0	0	541
Net retirement benefits per IAS19 (FRS17)	47,645	0	0	0	0	47,645
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation Statutory Provision for the repayment of debt - (Minimum revenue provision)	(775)	0	0	0	0	(775)
Revenue contribution to finance capital	(1,682)	0	0	0	0	(1,682)
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	0
Compensated absences	(691)	0	0	0	0	(691)
Total adjustments between accounting basis & funding basis under regulations	47,446	0	0	0	0	47,446
Increase/Decrease (movement) in Year	4,324	0	0	0	0	4,324
Balance at 31st March 2022 carried forward	24,776	4,460	405	0	399	30,040

The general fund balance is further analysed below:

	Balance at 31st March 2021 £'000	Net movement 21/22 £'000	Balance at 31st March 2022 £'000	Net movement 22/23 £'000	Balance at 31st March 2023 £'000
Reserve					
General	4,592	704	5,296	300	5,596
Vehicle	992	(733)	259	(148)	111
Estates	244	(41)	203	(133)	70
Carry forward	3,930	1,217	5,147	1,982	7,129
ICT	3,451	(581)	2,870	(30)	2,840
Insurance	689	286	975	160	1,135
ESN	3,641	26	3,667	(71)	3,596
Covid	1,559	(44)	1,515	(46)	1,469
Smoothing	1,354	1,161	2,515	686	3,201
Inflation	0	2,328	2,328	1,264	3,591
TOTAL	20,452	4,324	24,776	3,963	28,739

STATEMENT OF ACCOUNTS 2022/23

Details of each of the reserves are listed follow:

- a) General fund reserve.**
The balance on the General Reserve as at 31st March 2023 is £5.6m.
- b) Vehicle reserve**
Due to the different replacement plans for vehicles planned expenditure on vehicles varies significantly year on year. This reserve evens out these variations. A fixed annual contribution is made from the revenue account into the reserve and actual expenditure is funded from the reserve.
- c) Estates Reserve**
This reserve was set up to fund capital estate costs.
- d) Carry Forward Reserve**
The carry forward reserve represents amounts not spent in the revenue budget, which are transferred to the following year to meet planned expenditure.
- e) ICT Reserve**
This reserve was set up to cover expenditure arising from the ICT strategy.
- f) Insurance Reserve**
This reserve was established to mitigate against increased insurance premiums in future years.
- g) Emergency Services Network (ESN) Reserve**
This reserve was created during 2016/17 to fund the costs of the new Emergency Services Network (ESN).
- h) Covid Reserve**
This reserve was created during 2020/21 from funding provided by Government to meet the unavoidable costs of COVID, mainly those arising from deficits in the Collection Fund of local Billing Authorities which will be expended from 2021/22 to 2023/24.
- i) Smoothing Reserve**
This reserve was created in 2020/21 to assist the incoming PCC in delivering his manifesto commitments.
- j) Inflation Reserve**
This reserve was created in 2021/22 to assist with the management and mitigation of the risk of extra-ordinary inflationary pressures facing the Constabulary in 2022/23 and beyond.

STATEMENT OF ACCOUNTS 2022/23

10. Analysis of Unusable Reserves

<u>2022/23</u>	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Short term Compensated Absences	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31st March 2022	9,650	(1,635,700)	30,124	274	(1,923)	(1,597,575)
<u>Movement in reserves during 2022/23</u>						
Total Comprehensive Expenditure and Income	(1,576)	617,452	0	0	0	615,876
Adjustments between accounting basis & funding basis under regulations						
Depreciation/amortisation	(336)	0	(4,773)	0	0	(5,109)
Impairment/valuation losses (charged to I&E)	0	0	(10,655)	0	0	(10,655)
Capital grant and contributions	0	0	1,329	0	0	1,329
Sale of non current assets	0	0	79	0	0	79
Net retirement benefits per IAS19 (FRS17)	0	(48,501)	0	0	0	(48,501)
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	0	0	0	232	0	232
Statutory Provision for the repayment of debt - (Minimum revenue provision)	0	0	1,390	0	0	1,390
Revenue contribution to finance capital	0	0	1,229	0	0	1,229
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	0
Compensated absences	0	0	0	0	339	339
Total adjustments between accounting basis & funding basis under regulations	(336)	(48,501)	(11,401)	232	339	(59,667)
Increase/Decrease (movement) in Year	(1,912)	568,951	(11,401)	232	339	556,209
Balance at 31st March 2023 carried forward	7,737	(1,066,749)	18,723	506	(1,584)	(1,041,366)

STATEMENT OF ACCOUNTS 2022/23

2021/22	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Short term Compensated Absences	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31st March 2021	9,846	(1,739,353)	31,084	(501)	(2,614)	(1,701,538)
<u>Movement in reserves during 2021/22</u>						
Total Comprehensive Expenditure and Income	111	151,298	0	0	0	151,409
Adjustments between accounting basis & funding basis under regulations						
Depreciation/amortisation	(308)	0	(4,334)	0	0	(4,641)
Impairment/revaluation losses (charged to I&E)	0	0	997	0	0	997
Capital grant and contributions	0	0	100	0	0	100
Sale of non current assets	0	0	(541)	0	0	(541)
Net retirement benefits per IAS19 (FRS17)	0	(47,645)	0	0	0	(47,645)
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	0	0	0	775	0	775
Statutory Provision for the repayment of debt - (Minimum revenue provision)	0	0	1,136	0	0	1,136
Revenue contribution to finance capital	0	0	1,682	0	0	1,682
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	0
Compensated absences	0	0	0	0	691	691
Total adjustments between accounting basis & funding basis under regulations	(308)	(47,645)	(960)	775	691	(47,446)
Increase/Decrease (movement) in Year	(197)	103,653	(960)	775	691	103,963
Balance at 31st March 2022 carried forward	9,650	(1,635,700)	30,124	274	(1,923)	(1,597,575)

11. Pension costs

As part of the terms and conditions of employment of its officers and staff, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for police staff, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The defined benefit is based on a combination of final and average salary dependent on when the participant joined the scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Gloucestershire County Council. Policy is determined in accordance with the Pension Fund Regulations.

The investment managers of the fund are appointed by the committee and consist of:

- BlackRock Advisors (UK) Limited
- CBRE Global Investment Partners Limited
- Grantham, Mayo, Van Otterloo & Co LLC
- Hermes Real Estate Investment Management Limited
- Standard Life Investments Limited

STATEMENT OF ACCOUNTS 2022/23

-
- Western Asset Management Company Limited
 - Yorkshire Fund Managers Equity Partners LLP
- o The Police Pension Scheme, comprising three elements: Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and the CARE scheme for police officers. These are unfunded defined benefit final salary schemes, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts receivable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government. The scheme is operated under the regulatory framework for the Police Pension Schemes and the governance of the scheme is the responsibility of the Chief Constable, who is the Scheme Manager for the Force. From April 2015 the Scheme Manager is assisted by a Pensions Board. There are no investment assets, so investment managers have not been appointed.

The principal risks to the Group of the pension schemes are:

- The longevity assumptions,
- Statutory changes to the schemes,
- Structural changes to the schemes (i.e. Large scale withdrawals from the scheme),
- Changes to inflation,
- Bond yields and the performance of the equity investments held by the LGPS.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

McCloud / Sargeant

Background

On 16 July 2020 HM Treasury published their Public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes, which contained the proposed remedy regarding the McCloud/Sargeant remedy.

On 4 Feb 2021 HM Treasury published their response to the consultation. This response confirmed: that the legacy schemes would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and, eligibility criteria for members to access the remedy.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. HMT directions to accompany the act were published on 14th December 2022. The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023.

It is now for Home Office to consult on the secondary regulations to bring the police determined by the act into force from 1 October 2023, this consultation opened on 28 February and closed on 23 May 2023.

Remedy

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:

STATEMENT OF ACCOUNTS 2022/23

- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Gloucestershire Constabulary, this affects 1,405 members. Scheme actuaries originally estimated the increase in scheme liabilities for Gloucestershire Constabulary to be £63.2m of pension scheme liabilities

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

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Compensation Claims

In addition to the remedy, claimants have lodged claims for compensation for injury to feelings.

Claims are separated into two litigation cases; Aarons and Ors claims bought by Leigh Day representing individual officers in a group claim. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought 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.

Penningtons

As at 31 March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Transactions relating to post-employment benefits

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Group and Chief Constable Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

STATEMENT OF ACCOUNTS 2022/23

	2021/22 £000	2022/23 £000
<u>Local Government Pension Scheme (LGPS)</u>		
Comprehensive Income and Expenditure Statement		
Net cost of services		
Current service cost	14,906	14,313
Past service costs (including curtailments)	49	137
Amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	(6,079)	(6,350)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	5,441	7,195
Expected return on assets in the scheme	(3,672)	(5,394)
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	(1,266)	(4,190)
Actuarial gains and losses arising on changes in financial assumptions	(21,534)	(110,134)
Other experience	438	17,152
Return on plan assets (excluding the amount included in the net interest expense)	(8,736)	9,220
Net charge to the Comprehensive Income & Expenditure Statement	(20,453)	(78,051)
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	20,453	78,051
	2021/22 £000	2022/23 £000
<u>Police Pension Schemes (PPS, NPPS & CARE)</u>		
Comprehensive Income and Expenditure Statement		
Net cost of services		
Current service cost	37,300	32,300
Past service costs (including curtailments)	100	600
Amount charged against the General Fund Balance for pensions in the year: Retirement benefits payable to pensioners	(33,600)	(36,700)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	33,200	42,400
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	(15,900)	(17,800)
Actuarial gains and losses arising on changes in financial assumptions	(108,200)	(562,800)
Other experience	3,900	51,100
Net charge to the Comprehensive Income & Expenditure Statement	(83,200)	(490,900)
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	83,200	490,900

STATEMENT OF ACCOUNTS 2022/23

An intra-group adjustment transfers these costs from the Chief Constable accounts to those of the PCC.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	LGPS		Police Pension Schemes	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
As at 1st April	(258,946)	(255,389)	(1,657,400)	(1,574,200)
Current service cost	(14,906)	(14,313)	(37,300)	(32,300)
Net interest on the net defined benefit liability	(5,441)	(7,195)	(33,200)	(42,400)
Contributions by scheme participants	(1,879)	(2,018)	(6,100)	(6,300)
Transfers (in)out	0	0	(200)	(100)
<u>Remeasurement of the net defined benefit liability</u>				
- Actuarial gains/losses arising from changes in demographic assumptions	1,266	4,190	15,900	17,800
- Actuarial gains/losses arising from changes in financial assumptions	21,534	110,134	108,200	562,800
- Other experience	(438)	(15,983)	(3,900)	(51,100)
Benefits paid	3,470	3,551	39,900	43,100
Past service cost (including curtailments)	(49)	(137)	(100)	(600)
As at 31st March	(255,389)	(177,160)	(1,574,200)	(1,083,300)

Reconciliation of fair value of the scheme assets:

	LGPS	
	2021/22 £000	2022/23 £000
As at 1st April	176,993	193,889
Expected rate of return	3,672	5,394
Remeasurement of the net defined benefit liability		
- Return on assets	8,736	(9,220)
- Other experience	-	(1,169)
Employers contributions	6,079	6,350
Contributions by scheme participants	1,879	2,018
Benefits paid	(3,470)	(3,551)
As at 31st March	193,889	193,711

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.

STATEMENT OF ACCOUNTS 2022/23

Scheme History

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000
Present value of liabilities						
- LGPS	(177,522)	(209,210)	(183,118)	(258,946)	(255,389)	(177,160)
- Police Pension Schemes	(1,331,700)	(1,438,600)	(1,337,400)	(1,657,400)	(1,574,200)	(1,083,300)
- Total	(1,509,222)	(1,647,810)	(1,520,518)	(1,916,346)	(1,829,589)	(1,260,460)
Fair value of assets in LGPS	130,042	141,613	135,651	176,993	193,889	193,711
Surplus/(deficit) in the scheme						
- LGPS	(47,480)	(67,597)	(47,467)	(81,953)	(61,500)	16,551
- Police Pension Schemes	(1,331,700)	(1,438,600)	(1,337,400)	(1,657,400)	(1,574,200)	(1,083,300)
- Total	(1,379,180)	(1,506,197)	(1,384,867)	(1,739,353)	(1,635,700)	(1,066,749)

Changes in the current economic climate and the surge in interest rates have resulted in a significant change in the discount rate used by the Constabulary's actuary to calculate pension fund assets and liabilities. This in turn moved the overall LGPS pension results from a net deficit of £61.500m in 2021/22 to a net surplus of £16.551m in 2022/23. The surplus position on funded liabilities is £17.937m and a deficit of £1.386m on unfunded liabilities in 2022/23.

Under IFRIC 14 a defined benefit liability is calculated as the net total of the present value of the defined benefit obligation minus the fair value at the end of the reporting date of the plan assets. If the fair value of the plan assets exceeds the calculated obligations (an "asset"), IAS 19 contains a restriction over the amount of the asset that can be recognised. In effect it requires a calculation of the 'Asset Ceiling' this being based on the future current and past service costs less expected contributions. The Constabulary has commissioned the actuary to carry out this calculation for us and the result was that there is no restriction on the Surplus recognised, thus the net surplus on the LGPS scheme of £16.551m in 2022/23 is recognised on the group Balance Sheet as a long term asset.

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19. The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The present value of the Defined Benefit Obligation and projected pension expense have decreased as at 31st March 2023 due to the corporate bond yield (upon which the discount rate is derived) rising over the period, coupled with a reduction in the Pensions Increase Rate (of 0.02%) offset by a Pensions Increase Order of 10.1%, which is significantly higher than the Pensions Increase Rate assumption. The total liability of £1,067m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,007m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The total contributions expected to be made to the LGPS by the Group in the year to 31st March 2024 is £6.056m and the projected current service cost is £6.459m.

The projected current service costs for the Police Pension Schemes for 2023/24 are £12.4m (from £32.6m in 2022/23). The current service cost represents the increase in the benefits earned by the employees in the current period based on their pay and length of service.

Lump sum commutation payments are based on the position at 28th February 2023 i.e. eleven months of actual data.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Local Government Pension Scheme have been based on the latest full valuation of the scheme as at 31st March 2022. Estimates for the Police Pension schemes are based on the latest full valuation of the scheme as at 31st March 2020. The principal assumptions used by the Actuary have been:

STATEMENT OF ACCOUNTS 2022/23

	LGPS		Police Pension Schemes	
	2021/22	2022/23	2021/22	2022/23
Long term expected rate of return on assets in the scheme:				
Equity investments	2.75%	4.75%	-	-
Bonds	2.75%	4.75%	-	-
Property	2.75%	4.75%	-	-
Cash	2.75%	4.75%	-	-
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Male	21.7	21.6	22.1	21.7
Female	24.1	24.2	24.4	24.2
Longevity at 65 for future pensioners:				
Male	22.6	22.1	23.4	23.1
Female	25.8	25.8	25.8	25.6
Rate of inflation	3.15%	2.95%	3.65%	3.20%
Rate of increase in salaries	3.45%	3.45%	3.65%	3.20%
Rate of increase in pensions	3.15%	2.95%	3.20%	2.95%
Expected return on assets	2.75%	4.75%	-	-
Rate for discounting scheme liabilities	2.75%	4.75%	2.70%	4.75%
Take-up of option to convert annual pension into retirement lump sum	35% pre 1/4/08 68% post 31/3/08	50% all schemes	90% all schemes	90% all schemes

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below, prepared by the actuary (Hymans Robertson LLP), have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. 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.

LGPS

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2023	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	3,807
1 year increase in member life expectancy	4%	7,086
0.1% increase in the Salary Increase Rate	0%	468
0.1% increase in the Pension Increase Rate (CPI)	2%	3,395

STATEMENT OF ACCOUNTS 2022/23

Change in financial assumptions at year ended 31st March 2022	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2	5,877
1 year increase in member life expectancy	4	10,216
0.1% increase in the Salary Increase Rate	0	637
0.1% increase in the Pension Increase Rate (CPI)	2	5,201

Police Pension Schemes

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2023	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	105,263
1 year increase in member life expectancy	3%	32,497
0.5% increase in the Salary Increase Rate	<1%	6,758
0.5% increase in the Pension Increase Rate (CPI)	8%	85,250

Change in financial assumptions at year ended 31st March 2022	Approximate % increase to projected current service cost	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	29%	3,549
1 year increase in member life expectancy	3%	372
0.5% increase in the Salary Increase Rate	<1%	0
0.5% increase in the Pension Increase Rate (CPI)	12%	1,442

STATEMENT OF ACCOUNTS 2022/23

Local Government Pension Scheme Assets

The Police Pension Schemes have no assets to cover their liabilities.

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

Asset Category	Fair value of scheme assets at 31st March 2022			Fair value of scheme assets at 31st March 2023		
	Quoted prices in active markets (£000)	Quoted prices not in active markets (£000)	Total (£000)	Quoted prices in active markets (£000)	Quoted prices not in active markets (£000)	Total (£000)
Cash & cash equivalents	2,582.9	-	2,582.9	1,853.8	-	1,853.8
Debt securities						
Corporate (investment grade)	-	-	-	-	-	-
Corporate (non-investment grade)	-	-	-	-	-	-
UK Government	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Debt securities	-	-	-	-	-	-
Property						
UK	8,072.5	5,625.2	13,697.7	6,792.2	6,148.9	12,941.1
Overseas	-	1,349.5	1,349.5	-	3,384.7	3,384.7
Total Property	8,072.5	6,974.7	15,047.2	6,792.2	9,533.6	16,325.8
Private equity	-	2,114.2	2,114.2	-	3,686.4	3,686.4
Investment funds and Unit trusts						
Equities	-	131,851.5	131,851.5	-	123,955.6	123,955.6
Bonds	12,383.5	23,347.5	35,731.0	12,385.2	20,884.9	33,270.1
Other	-	6,562.2	6,562.2	-	14,619.3	14,619.3
Total Investment funds and Unit trusts	12,383.5	161,761.2	174,144.7	12,385.2	159,459.8	171,845.0
Derivatives						
Foreign exchange	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Derivatives	-	-	-	-	-	-
TOTAL ASSETS	23,039.0	170,850.0	193,889.0	21,031.2	172,679.8	193,711.0

None of the property assets included in the scheme are occupied by the Police and Crime Commissioner for Gloucestershire. The LGPS year-end asset values are at bid value as required under IAS19.

Impact on the Group's cash Flows

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. With regards the LGPS the County Council has agreed a strategy with the scheme's actuary to use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency. Funding levels are monitored on an annual basis. The latest triennial valuation for the LGPS was completed on 31st March 2022 and for the Police Pension schemes on 31st March 2020.

STATEMENT OF ACCOUNTS 2022/23

The LGPS scheme was amended from 1st April 2014 to become a career average scheme for benefits built up from that date. The Police pension scheme reforms came into place from 1st April 2015.

The weighted average durations of the defined benefit obligation for scheme members are detailed below:

	Weighted average duration as at 31st March 2022 (years)	Weighted average duration as at 31st March 2023 (years)
LGPS	n/a	21
Police pension schemes	19.3	18.4

12. Specific Grants

	2021/22 £000	2022/23 £000
Security Grant – Home Office	3,280	3,862
Private Finance Initiative (PFI) – Home Office	2,710	2,710
Uplift Grant	826	1,251
Covid Grant	994	0
Other grants	3,009	3,916
	<u>10,819</u>	<u>11,739</u>

13. Revenue from contracts with service recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients.

	2021/22 £000	2022/23 £000
Special Services	555	790
GCHQ	0	902
Seconded officers	1,649	1,626
Mutual Aid	759	269
Specialist Operations	684	589
Hypothecation – POCA	175	80
Court orders	15	16
Road safety	2,851	3,636
National roads policing	1,257	1,657
SW ROCU	1,067	1,464
Vehicle Recovery	441	428
Sales Income	91	134
Firearms Certificates	170	145
Rents	93	82
Crime Records Bureau	317	353
Abstraction Reports	73	70
Tri Service Recharge	312	353
Training courses	183	207
Prosecution costs	182	201
Miscellaneous	838	1,096
TOTAL	<u>11,712</u>	<u>14,098</u>

STATEMENT OF ACCOUNTS 2022/23

Amounts included in the balance sheet for contracts with service recipients.

	2021/22	2022/23
	£000	£000
Receivables included in debtors (note 29)	3,527	3,495
TOTAL	3,527	3,495

Income received in advance of the fulfilment of our obligation totalled £1,688k at 31st March 2023 (£1,040k at 31st March 2022). These amounts are not included in the figures above.

The Group received £8.4k of goods and services from sponsors and donors during the year (2021/22: £13k).

14. Interest payable and similar charges

	2021/22	2022/23
	£000	£000
PFI interest	1,677	1,642
Interest on loans	366	405
TOTAL	2,043	2,047

15. Income & Expenditure Account – Transfers to/from capital adjustment account & revaluation reserve

The Group is required by statute to set aside a minimum revenue provision (MRP) for the redemption of external debt. For 2022/23 the amount is £1.390m.

	2021/22	2022/23
	£000	£000
Provision for depreciation	4,641	5,110
Provision for (gain)loss on revaluation and disposal of assets	-567	12,153
Capital grant	-100	-1,329
Less: Minimum Revenue Provision (MRP)	-1,136	-1,390
	<hr/>	<hr/>
Transfer to/from Capital Adjustment Account	2,838	14,544

16. Precepts

The difference between the budget and the funding provided by the Government is met from local taxpayers via the Council Tax. The amount required from the local taxpayers is “precepted” by the PCC on the District Councils in Gloucestershire who include this in their Council Tax levies. For 2022/23 the PCC’s budget gave rise to a Council Tax (police element) at Band D of £280.08 per dwelling (compared with £270.08 per dwelling in 2021/22).

The Council Tax income included in the Comprehensive Income and Expenditure Account for the year is the accrued income for the year. Note 8 represents the amount paid from the Collection Fund and does not include any accruals.

STATEMENT OF ACCOUNTS 2022/23

17. Income & Expenditure Account – PCC administrative costs and members’ allowances

	2021/22 £	2022/23 £
Costs directly attributable to administration of PCC (including members allowances)	1,320,293	1,322,876
Allowances & expenses paid to members	3,037	10,265
Number of members	3	3

The members are appointed by the PCC and Chief Constable to form an Audit Committee to advise the PCC and Chief Constable. The Audit Committee do not have any decision making powers. The allowance scheme was based on the payment of salary reflecting the role undertaken by each of the Members. The PCC had chosen to make payments based on the lowest point on each band.

18. Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other departures are set out below. These costs include the accrued cost of pension strain incurred through the exit of the employees.

2022/23

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
1 – 4,999	0	3	3	4.6
5,000 – 20,000	0	2	2	23.2

2021/22

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
1 - 20,000	1	2	3	23

STATEMENT OF ACCOUNTS 2022/23

19. Remuneration of Senior Staff

The Group is required, under the Accounts and Audit (England) Regulations 2014, to report the numbers of staff with pay and benefits in excess of £50,000 in multiples of £5,000. This includes the remuneration of senior employees and relevant police officers which are also disclosed individually.

Remuneration Band	Number of Employees	
	2021/22	2022/23
£50,000 - £54,999	131	131
£55,000 - £59,999	77	113
£60,000 - £64,999	34	40
£65,000 - £69,999	18	16
£70,000 - £74,999	5	9
£75,000 - £79,999	9	9
£80,000 - £84,999	6	6
£85,000 - £89,999	3	5
£90,000 - £94,999	4	1
£95,000 - £99,999	0	2
£100,000 - £104,999	0	1
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	2	1
£125,000 - £129,999	1	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	0
£150,000 - £154,999	1	1

The Group is required, under the Accounts and Audit (England) Regulations 2014, to disclose individual remuneration details for senior employees and relevant police officers. Details for 2021/22 and 2022/23 are as follows:

STATEMENT OF ACCOUNTS 2022/23

2022/23								Total		
Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Other Payments £	Total Remuneration excluding pension contributions 2022/23 £	Employers pension contributions £	Total Remuneration including pension contributions 2022/23 £	
Mr. Hansen Chief Constable	151,886	0	780	0	15,758	0	168,424	30,614	199,038	
Deputy Chief Constable Seceded 19/04/2022	6,510	0	0	0	52	0	6,562	1,901	8,463	
Deputy Chief Constable from 30/08/2022	73,302	0	0	0	4,806	0	78,108	22,724	100,831	
ACC - Crime Command seceded 30/08/2022	51,008	0	325	0	412	0	51,746	15,401	67,146	
ACC - Local Policing retired 10/08/2022	44,212	0	0	0	344	0	44,556	13,282	57,838	
ACC - Acting - Operations from 18/08/2022	70,989	0	0	0	0	0	70,989	17,306	88,296	
Police & Crime Commissioner	68,044	0	0	0	1,141	0	69,184	13,473	82,657	
Chief Executive retired 24/12/2022	74,654	0	0	0	0	0	74,654	14,781	89,435	
Chief Executive from 01/11/2022	42,542	0	0	0	0	0	42,542	8,423	50,965	
CC Chief Finance Officer	98,547	0	0	0	0	0	98,547	19,512	118,059	
PCC Chief Finance Officer	54,070	0	0	0	0	0	54,070	9,529	63,599	

Notes:

1. The expense allowances includes the taxable value of payments made.
2. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms, vehicles and a telephone line

STATEMENT OF ACCOUNTS 2022/23

2021/22								Total		
Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Other Payments £	Remuneration excluding pension contributions 2021/22 £	Employers pension contributions £	Total Remuneration including pension contributions 2021/22 £	
Mr. Hansen Chief Constable	150,776	0	780	0	12,486	0	164,042	0	164,042	
Deputy Chief Constable	126,935	0	0	0	504	0	127,439	38,015	165,454	
ACC - Crime Command	122,410	0	780	0	494	0	123,684	36,958	160,643	
ACC - Local Policing	122,921	0	0	0	494	0	123,415	36,958	160,373	
Police & Crime Commissioner Contract ended 12/05/2021	15,603	0	0	0	0	0	15,603	1,517	17,120	
Police & Crime Commissioner from 13/05/2021	58,636	0	0	0	0	0	58,636	11,610	70,246	
Chief Executive	92,354	0	0	0	0	0	92,354	18,286	110,640	
PCC & CC Chief Finance Officer to 31/05/21	25,190	0	0	0	0	0	25,190	3,505	28,696	
CC Chief Finance Officer from 06/04/2021	93,681	0	0	0	0	0	93,681	18,549	112,229	
PCC Chief Finance Officer from 01/04/2021	44,213	0	0	0	0	0	44,213	8,754	52,967	

Notes:

1. The expense allowances includes the lump sum car allowance paid to officers who do not take up their entitlement for a provided car and the taxable value of payments made to officers for business mileage undertaken in their private vehicles.
2. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms, vehicles and a telephone line
3. The Chief Constable's Chief Finance Officer has also covered the role of PCC Chief Finance Officer. Of the total cost detailed above 30% is attributable to the PCC

STATEMENT OF ACCOUNTS 2022/23

20. Related Party Transactions

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.

His Majesty's Government has significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates and provides a significant proportion of the main funding (56% (2021/22: 56%)) in the form of grants (details of which can be found in notes 8 and 12).

Officers and staff – during 2022/23 there were no financial material declared related party transactions to disclose, however during the year to 31/03/2023 Gloucestershire Constabulary received immaterial pro-bono support (worth circa. £28k) from a Consultancy company. Two directors of the company, at the time the work was performed, were close family members of a senior officer in the Constabulary. There was no involvement of the senior officer in the procurement process, which was completed at arm's length. No further work has been commissioned from the company and no amounts were outstanding as at 31/03/2023. (2021/22: none).

21. Payments to External Auditors

The following fees were paid to external auditors during the year:

	2021/22 £000	2022/23 £000
External Audit services – PCC Scale Fee	27	28
External Audit services – Chief Constable Scale Fee	12	15
Total	39	43

Additional fees of £11.2k (£26.8k 21/22) are to be billed for the PCC and £5.5k (£9.3k 21/22) for the CC in relation to the 2022/23 statutory audit.

These costs are included in the Agency and Contracted section of the subjective analysis (Note 8).

22. Joint arrangements

During the year the Group undertook joint arrangements with partners in eight areas. These joint arrangements are where the Group works in collaboration with other organisations to deliver activities which are agreed through a shared control (a shared Board).

Joint arrangements are classified as either joint operations or joint ventures. Joint ventures are managed through a separate vehicle. There are no separate vehicles in place for the Group's joint arrangements and they are all classified as joint operations. Details of each of these joint operations are given below.

a. Gloucestershire Emergency Centre

This is a control room centre shared by Police and Fire Services within Gloucestershire, situated at the Waterwells Business Park, Gloucester. As part of the Legal Agreement, Police are the lead body on the purchase of facility management services for the building. These costs were then recharged to the services on the basis agreed within the legal document.

	2021/22 £'000	2022/23 £'000
Group Fixed Asset valuation at 31st March	5,990	3,867
Group Premises Expenditure (net of partners contributions)	318	355
Group Income from partners	(240)	(265)

STATEMENT OF ACCOUNTS 2022/23

The percentage interest of each party as measured by revenue contribution value was:

	%	%
Group	57	57
Gloucestershire County Council (Fire service)	43	43

The asset valuation percentage interest of each party was:

	%	%
Group	71	71
Gloucestershire County Council	29	29

b. Tri Service Fleet Workshops

This is a fleet workshop shared by Police, Fire and Ambulance Services within Gloucestershire, situated at the Waterwells Business Park, Gloucester. As part of the Legal Agreement, Police are the lead body on the purchase of facility management services for the building. These costs are then recharged to the other two services on the basis agreed within the legal document.

	2021/22	2022/23
	£'000	£'000
Group Fixed Asset valuation at 31st March	2,540	1,722
Group Premises Expenditure (net of partners contributions)	65	92
Group Income from partners	(72)	(88)

The percentage interest of each party as measured by contribution value was:

	%	%
Group	48	51
Gloucestershire County Council (Fire service)	28	26
South Western Ambulance Service	24	23

The asset valuation percentage interest of each party was:

	%	%
Group	71	71
Gloucestershire County Council	29	29

STATEMENT OF ACCOUNTS 2022/23

c. Firearms training

This joint operation was established from April 2014 to provide firearms training across three Force areas (Gloucestershire, Wiltshire and Avon & Somerset). Each Force provides firearms trainers to the operation which is provided out of the new Firearms facility based in Avon & Somerset. The 2021/22 and 2022/23 costs of this operation were:

	2021/22	2022/23
	£'000	£'000
Gloucestershire	971	1,132
Avon & Somerset	1,409	1,619
Wiltshire	802	929
TOTAL	3,182	3,680

The percentage interest of each party as measured by contribution value was:

	%	%
Gloucestershire	31	31
Avon & Somerset	44	44
Wiltshire	25	25

d. Tri-service operations

These figure include the non-grant funded element of the joint Counter Terrorism Specialist Firearms Officers, which are provided across the three Forces. The 2021/22 and 2022/23 costs of the operation were:

	2021/22	2022/23
	£'000	£'000
Gloucestershire	254	321
Avon & Somerset	587	744
Wiltshire	254	321
TOTAL	1,095	1,387

The percentage interest of each party as measured by contribution value was:

	%	%
Gloucestershire	23	23
Avon & Somerset	54	54
Wiltshire	23	23

STATEMENT OF ACCOUNTS 2022/23

e. Regional Organised Crime Unit (ROCU)

ROCU is a region wide serious and organised crime collaboration with officers and staff being provided by Gloucestershire, Wiltshire, Avon & Somerset, Devon & Cornwall and Dorset. The collaboration agreement includes the following shares of costs for each Force:

	%
Gloucestershire	12
Wiltshire	12
Avon & Somerset	31
Devon & Cornwall	32
Dorset	13

The costs incurred by the joint operation as a whole and the Gloucestershire costs are summarised below.

	2021/22	2022/23
	£'000	£'000
Gloucestershire	1,335	1,549
Total Operation	11,284	12,975

f. Major Crime Investigation Team (MCIT)

Gloucestershire joined the regional Major Crime Investigation team in December 2015. This collaboration is between 3 forces, Avon & Somerset, Wiltshire and Gloucestershire. The collaboration agreement includes the following shares of costs for each Force:

	%
Gloucestershire	17
Wiltshire	19
Avon & Somerset	64

The costs incurred in 2021/22 and 2022/23 by the joint operation as a whole and the Gloucestershire costs are summarised below.

	2021/22	2022/23
	£'000	£'000
Gloucestershire	1,448	1,474
Total Operation	8,517	8,669

g. Regional programme team

A regional programme team has been established to facilitate collaborative working. During 2022/23 the team's work included developing the Emergency Services Network and DVI. The costs incurred by Gloucestershire in 2022/23 were £0.145m (2021/22: £0.143m) out of a total regional cost of £1.317m (2021/22: £1.198m).

h. Regional Assistant Chief Constable post

One regional Assistant Chief Constable post has been established, responsible for the Regional Organised Crime Unit serving five Forces (Avon & Somerset, Devon & Cornwall, Dorset, Wiltshire and Gloucestershire). The costs incurred by Gloucestershire in 2022/23 were £0.031m (2021/22: £0.021m) out of a total regional cost of £0.282m (2021/22: £0.172m).

STATEMENT OF ACCOUNTS 2022/23

23. Private Finance Initiative (PFI)

The Group has entered into two long term contractual agreements under PFI, for the headquarters building at Waterwells and the Blackrock Firearms training facility.

Headquarters, Waterwells

The Group has entered into a long-term contractual agreement under PFI whereby the Contractor is responsible to design, build, finance, operate and maintain the headquarters building at Waterwells, Gloucester. The agreement imposes a 30 year commitment on the Group from occupation of the building in December 2005. From 1st April 2009, in accordance with IFRIC 12, the headquarters building has been treated as an asset on the balance sheet with a corresponding liability created at the same time. The Group has no control over the Contractor established to run this PFI scheme.

With regard to the rights to use specific assets if termination of this PFI Agreement occurs for whatever reason then the Group may require the Contractor to transfer its rights, title and interest in and to the assets to the Group at no cost to the Group.

With effect from the Actual Service Commencement Date the Contractor shall provide to the Group (or procure the provision to the Group of) the Services at the Site in accordance with the Service Delivery Plan and on the terms of this PFI Agreement. The Contractor will at all times ensure that the Services are performed by appropriately qualified and trained personnel, to such high standard of performance as it is reasonable to expect and in accordance with the terms of this PFI Agreement, the Service Delivery Plan and the Service Specification. The PCC for Gloucestershire has no obligation to provide the contractor with service concession or other revenue generating assets.

As outlined in the PFI Churn Management Service Delivery Plan the contractor (currently Gloucestershire FM Services Limited) remains responsible for Churn Management from inception to implementation and the service includes the co-ordination of estate management, communication, logistics, analysis of electrical load implications and asset management.

As outlined in the Lead-Out Plan the Contractor will ensure that the building and all equipment which falls within its remit to maintain, is fit for transfer to the PCC for Gloucestershire at the end of the contract period. The facilities provider, (currently Gloucestershire FM Services Ltd), will hand over all relevant data and information on all existing services to enable a seamless transition of FM services to the subsequent incumbent. The contractor will provide a register of intellectual property rights including the Help Desk (hardware and software) and transfer of software licences for which the PCC will reimburse the contractor for the remainder of the licence period. Staff transfer will take place in accordance with employment law at that time.

The Group may terminate this Agreement voluntarily at any time on or before the Expiry Date by complying with its obligations as follows; If the Group wishes to terminate this Agreement it must give notice to the Contractor stating that the Group is terminating this Agreement and that this Agreement will terminate on the date falling 20 Business Days after the date of receipt of the notice.

If a breach (other than any breach for which performance points could have been awarded and/or deductions could have been made) of the Contractor's obligations has occurred more than once then the Group may serve a notice on the Contractor specifying that the notice is a formal warning notice, giving reasonable details of the breach; and stating that the breach is a breach which, if it recurs frequently or continues, may result in a termination of this Agreement.

The Contractor shall obtain the Group's prior written consent to any Qualifying Refinancing and both the Group and the Contractor shall at all times act in good faith with regard to any Refinancing. The Group shall be entitled to receive a 50 per cent share of any Refinancing Gain arising from a Qualifying Refinancing. The Group shall have the right to elect to receive its share of any Refinancing Gain as either a single payment in an amount less than or equal to any Distribution made on or about the date of the Refinancing, a reduction in the Unitary Charge over the remainder of the Contract Period, or a combination of the two.

The annual unitary charge for 2022/23 was £3.77m (£1.96m service charge, £1.32m interest & £0.49m principal). The PCC will receive notional credit approvals totalling £28m from the Home Office over the life of the arrangement. The organisation opted for payment of these credits on an annuity basis. The PCC will receive a constant level amount of £2.26m per year over the life of the contract.

STATEMENT OF ACCOUNTS 2022/23

Firearms training facility, Blackrock

The Group has contracted with the Blue Light Partnership for the provision of a new facility which has been built under a Private Finance Initiative (PFI). A serious fire occurred at the specialist training centre construction site in August 2013. The fire caused considerable damage, which resulted in a delay in the service availability of the facility until June 2015. This building will provide operational facilities over a 25 year contract life. The contract includes the provision of services (including building maintenance) and provides for asset lifecycle replacement.

The annual unitary charge for 2022/23 was £0.62m (£0.16m service charge, £0.32m interest & £0.14m principal). The PCC will receive notional credit approvals totalling £12m from the Home Office over the life of the arrangement. The PCC received £0.45m PFI credits in 2022/23 for this facility.

The building and site assets, as provided under the contract, will remain the property of the Blue Light Partnership during the period of the contract. The assets are recognised on the Group balance sheet and are matched initially by a liability to the Blue Light Partnership. This liability will be written down over the life of the contract when payments which are identified as settling the liability, the capital element of the unitary charge, are made to the operator. The specialist training centre is shared with Avon & Somerset and Wiltshire police. Only the Gloucestershire proportion of the facility is reflected in these accounts.

The movement in the value of assets held under PFI is detailed below:

2021/22 £000	Value of assets held under PFI (excluding land)	2022/23 £000
16,096	Balance at 1st April	17,169
0	Disposals in year	0
1,639	Revaluation in year	(873)
(566)	Depreciation in year	(641)
17,169	Balance at 31st March	15,655

The movement in the value of the liability associated with PFI is detailed below:

2021/22 £000	Value of liabilities resulting from PFI	2022/23 £000
17,209	Balance at 1st April	16,631
0	Disposal	0
(578)	Lease repayment	(630)
16,631	Balance at 31st March	16,001

The fair value of the PFI liability at 31st March 2023 was £20.7m, compared to the carrying amount of £16.0m. The payments due to be made under the PFI contract are analysed below assuming a 2.5% annual indexation rate.

	Repayment of liability	Interest	Service charges (inc lifecycle)	Total
	£0	£0	£0	£0
Within one year	640	1,522	2,268	4,430
Within 2 to 5 years	3,148	5,370	9,798	18,316
Within 6 to 10 years	6,147	5,111	13,143	24,401
Within 11 to 15 years	5,615	1,878	8,024	15,517
Within 16 to 20 years	451	62	291	804
TOTAL	16,001	13,943	33,524	63,468

£0.640m (2021/22: £0.626m) of the liability repayment is classified as a short term creditor.

STATEMENT OF ACCOUNTS 2022/23

24. Property, Plant, Equipment & Investment Property

2022/23	Operational assets				Non-operational assets			Total £'000
	Land & Buildings £'000	Plant £'000	Vehicles £'000	Equipment £'000	Surplus Assets not held for sale £'000	Investment Properties £'000	Assets under Construction £'000	
Cost								
Balance as at 1st April 2022	52,834	4,763	11,185	19,016	0	1,135	11,846	100,779
Additions	0	1,473	800	2,070	0	0	2,017	6,360
Transfers	13,414	0	0	0	0	0	(13,414)	0
Disposals	0	0	(1,210)	0	0	0	0	(1,210)
Impairment	0	0	0	0	0	0	0	0
Revaluations recognised in revaluation reserve	(717)	(930)	0	0	0	70	0	(1,576)
Revaluations recognised in surplus or deficit on the provision of services	(11,586)	(762)	0	0	0	0	0	(12,347)
Balance as at 31st March 2023	53,945	4,545	10,775	21,086	0	1,205	450	92,006
Accumulated Depreciation and Impairment								
Balance as at 1st April 2022	0	0	7,976	14,615	0	0	0	22,591
Depreciation in the year	1,450	676	1,331	1,293	0	0	0	4,750
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	(1,210)	0	0	0	0	(1,210)
Depreciation written out to revaluation reserve	0	0	0	0	0	0	0	0
Depreciation written out to surplus or deficit on the provision of services	(1,450)	(676)	0	0	0	0	0	(2,125)
Balance as at 31st March 2023	0	0	8,097	15,908	0	0	0	24,005
Balance sheet amount at 31st March 2023	53,945	4,545	2,678	5,178	0	1,205	450	68,001
Balance sheet amount at 31st March 2022	52,834	4,763	3,209	4,401	0	1,135	11,846	78,188

There are no assets held for sale less than one year at 31st March. Land and Buildings includes the land for the Police Headquarters at a value of £2.43m at 31st March 2023. The Police HQ building and Joint Firearms facility are supplied under PFI agreements (note 23). The Police Headquarters building and Joint Firearms facility have been capitalised and are recognised as PFI assets on the asset register. Land and Building also includes Gloucestershire Constabulary's share of the Tri-Service GTEC and Tri-Service Workshop, jointly owned with Gloucestershire County Council (see Note 22). All other assets are fully owned by the Group.

The new operational centre at Bamfurlong was brought into use during the year and the corresponding AUC of £13.4m has transferred to Land and Buildings as at 31 March 2023.

Vehicles, equipment and assets under construction are valued on the basis of historic cost. Operational land and buildings and the surplus asset were valued on the basis of current value as at 31st March 2023. Investment properties were valued on the basis of current Market Value (MV) as at 31st March 2023. Assets under construction are held at cost and are assessed for signs of impairment at year-end.

The revaluation of assets at 31st March 2023 realised a decrease in asset values of £12,231k. This is reflected in the Comprehensive Income and Expenditure Statement as follows:

STATEMENT OF ACCOUNTS 2022/23

	£'000
Net cost of Services	10,655
Surplus on revaluation of non-current assets	1,576
TOTAL	12,231

The fair value of the Group's one investment property (with one property disposed of during the prior year) is measured annually at each reporting date by an external valuer in line with the professional standards of the Royal Institute of Chartered Surveyors. The Group's investment property, which is land, has been valued at 31st March 2023 at Level 2 (other significant observable inputs) in the fair value hierarchy, with a total value of £1,205k. The fair value for this land is based on market conditions and sales prices for similar land in the Group area at the time of the valuation.

2021/22	Operational assets				Non-operational assets			Total £'000
	Land & Buildings £'000	Plant £'000	Vehicles £'000	Equipment £'000	Surplus Assets not held for sale £'000	Investment Properties £'000	Assets under Construction £'000	
Cost								
Balance as at 1st April 2021	53,909	4,760	10,430	17,872	0	1,140	3,347	91,458
Additions	2	0	1,465	1,144	0	0	9,489	12,100
Transfers	0	0	0	0	0	0	(990)	(990)
Disposals	(545)	0	(710)	0	0	(30)	0	(1,285)
Impairment	0	0	0	0	0	0	0	0
Revaluations recognised in revaluation reserve	(279)	365	0	0	0	25	0	111
Revaluations recognised in surplus or deficit on the provision of services	(253)	(362)	0	0	0	0	0	(615)
Balance as at 31st March 2022	52,834	4,763	11,185	19,016	0	1,135	11,846	100,779
Accumulated Depreciation and Impairment								
Balance as at 1st April 2021	0	0	7,183	13,265	0	0	0	20,448
Depreciation in the year	1,127	486	1,503	1,350	0	0	0	4,466
Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	(710)	0	0	0	0	(710)
Depreciation written out to revaluation reserve	(308)	0	0	0	0	0	0	(308)
Depreciation written out to surplus or deficit on the provision of services	(819)	(486)	0	0	0	0	0	(1,305)
Balance as at 31st March 2022	0	0	7,976	14,615	0	0	0	22,591
Balance sheet amount at 31st March 2022	52,834	4,763	3,209	4,401	0	1,135	11,846	78,188
Balance sheet amount at 31st March 2021	53,909	4,760	3,247	4,607	0	1,140	3,347	71,010

The following assets were disposed of during 2022/23:

	Sales Proceeds £000	Fair Value £000	Gain (Loss) £000
Land & buildings	0	0	0
Vehicles	213	0	213
Total	213	0	213

Any gains or losses on the disposal of land and buildings are recognised in the Comprehensive Income and Expenditure Statement. The gain on the disposal of vehicles is not included in the Comprehensive Income and Expenditure Statement unless the sale proceeds are greater than £10k. Sale proceeds for vehicles under £10k for an individual vehicle are not classified as capital receipts. Income from the sale of vehicles is included in Income from Fees and Charges (Note 13).

STATEMENT OF ACCOUNTS 2022/23

The value of land & buildings, plant and investment properties excluding the effect of revaluation (with a 1st April 2015 baseline) is detailed below.

	Land & buildings £'000	Plant £'000	Investment properties £'000	Total £'000
Balance as at 31 st March 2023	63,611	4,124	1,110	68,845
Balance as at 31 st March 2022	51,404	3,105	1,110	55,619

25. Intangible Assets

Intangible Fixed Assets for the Group relate to purchased software licences. All intangible fixed assets are judged to have a finite life of five years and are amortised using a straight line allocation over the expected useful life. Amortisation is apportioned across the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	Cost £000	Assets Under Construction £000	Accumulated Amortisation £000	Total £000
<u>2021/22</u>				
Balance at 1st April 2021	5,353	0	-4,473	880
Expenditure in year	6	390	0	396
Transfers	700	290	0	990
Impairments	0	0	0	0
Amortisation in year	0	0	-174	-174
Balance at 31st March 2022	6,059	680	-4,647	2,092
<u>2022/23</u>				
Balance at 1st April 2022	6,059	680	-4,647	2,092
Expenditure in year	0	433	0	433
Transfers	0	0	0	0
Impairments	0	-433	0	-433
Amortisation in year	0	0	-360	-360
Balance at 31st March 2023	6,059	680	-5,007	1,732

26. Summary of capital expenditure and method of finance

<u>Capital Expenditure</u>	2021/22 £000	2022/23 £000
Replacement and Refurbishment of Assets		
Vehicles	1,465	800
Equipment - IT upgrade/development of existing systems	928	1,806
	<u>2,393</u>	<u>2,606</u>
New Development Work		
Sabrina centre - Berkeley	4	-
Decarbonisation	-	1,473
Data centre relocation	-	2
Forensic Collision Investigations	88	-
FCR upgrade	129	173
Other schemes	6	91
	<u>225</u>	<u>1,737</u>
Assets under Construction		
Bamfurlong development	9,465	2,017
IT Systems	26	-
HR System	390	433
	<u>9,881</u>	<u>2,451</u>
Total Capital Expenditure	<u>12,499</u>	<u>6,794</u>

STATEMENT OF ACCOUNTS 2022/23

2021/22		Capital Financing (including Blackrock PFI facility)	2022/23	
£'000	£'000		£'000	£'000
	31,011	Opening capital financing requirement		40,559
		Capital investment		
9,467		Land & buildings	3,490	
1,465		Vehicles	800	
1,171		Equipment	2,070	
<u>396</u>		Intangible assets	<u>433</u>	
	12,499			6,794
		Sources of finance		
(99)		Government grants	(1,329)	
(34)		Capital receipts	(80)	
(1,682)		Revenue contribution	(1,229)	
<u>(1,136)</u>		MRP	<u>(1,390)</u>	
	(2,951)			(4,028)
	9,548	Increase/(decrease) in capital financing requirement for the year		2,766
	40,559	Closing capital financing requirement		43,325
		In year movement represented by		
5,000		External borrowing (unsupported by government financial assistance)		0
5,684		Internal borrowing (unsupported by government financial assistance)		4,156
(1,136)		MRP		(1,390)
<u>0</u>		Assets acquired under PFI contracts		<u>0</u>
	9,548			2,766

STATEMENT OF ACCOUNTS 2022/23

27. Commitments under capital contracts

As at 31st March 2023 there were no significant capital commitments (2021/22: £837k, which related to the development of the Bamfurlong operational facility).

28. Short term debtors

	2021/22 £000	2022/23 £000
<u>Debtors</u>		
Central government bodies	9,825	9,227
Local Authorities	1,886	1,422
All other bodies	4,563	5,322
<u>Payments in advance</u>		
All other bodies	4,456	4,738
Total	20,730	20,709

Government Debtors for 2022/23 includes £3.5m (2021/22: £5.6m) owed by the Home Office for the Pension Top-Up Grant. This is reflected as an intra-group adjustment in the accounts between the Chief Constable and PCC.

29. Cash and Cash Equivalents

	2021/22 £000	2022/23 £000
Cash	3,231	3,452
Temporary Investments	10,650	14,534
Total	13,881	17,987

The sum of £14.53m (2021/22: £10.65m) represents the investment of temporary cash balances at 31st March 2023. The fair value of these investments at 31st March 2023 was £14.53m (2021/22: 10.65m).

STATEMENT OF ACCOUNTS 2022/23

30. Short Term Creditors

	2021/22 £000	2022/23 £000
Creditors		
Central government bodies	4,219	3,250
Local Authorities	2,288	2,357
Capital (all other bodies)	1,045	301
PFI liability	626	636
All other bodies	9,011	9,703
Total creditors	17,189	16,247
Receipts in advance		
Central government bodies	167	967
Local Authorities	-	-
All other bodies	874	720
Total receipts in advance	1,040	1,687
Total	18,230	17,934

31. Analysis of external borrowing

Source of loan	Average interest rate payable	Total outstanding at 31st March	
		2022 £000	2023 £000
Local Authority Loans		-	5,000
Public Works Loan Board		7,796	6,150
Dexia Credit Local		5,000	5,000
Total loans	2.84%	12,796	16,150
Interest accrued		13	7
Total outstanding		12,809	16,158
Analysis of loans by maturity			
Short term – less than one year		137	6,731
Between 1 and 2 years		172	1,292
Between 2 and 5 years		5,632	977
Between 5 and 10 years		1,868	2,156
Between 10 and 15 years		-	-
Between 15 and 20 years		-	-
Between 20 and 25 years		-	-
More than 25 years		5,000	5,000
Total		12,809	16,158

STATEMENT OF ACCOUNTS 2022/23

As at 31st March 2023 there were no defaults or breaches against any of the loans in the above schedule. In the event of a default against the Dexia loan the registered holder may call for immediate repayment of the amount of Principal together with all interest accrued and together with any broken funding costs and associated financing costs thereby incurred.

In the event of a default against Public Works Loan Board (PWLB) loans advanced after 31st March 2004, interest will be charged on late payments at the Bank of England 'repo' rate for the day from the relevant payment date to the date on which the Board's account is credited. The same term applies to delayed premature payments. For loans advanced on or after 1st March 1985 but before 1st April 2004, interest will be charged on late payments of fixed rate loans on the whole of the late payment (i.e. both principal and interest) from the relevant payment date at the appropriate fixed rate in force on that date for loans repayable at maturity after one year, to the date on which the Board's account is credited.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value of the Dexia loan has been calculated with reference to information published by ArlingClose at 31st March 2023. The interest rate applied is 3.69% based on a 60 year loan with the first option at 10 years and semi annual calls thereafter. The fair value of the PWLB loans have been calculated by reference to the 'premature repayment' set of rates in force on 31st March 2022 and 31st March 2023. Carrying amounts for instruments maturing in the next twelve months is assumed to approximate fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of external borrowings is as follows:

External Borrowings	31 March 2022		31 March 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Dexia Credit Local	5,000	7,612	5,000	5,911
Public Works Loan Board	7,809	8,505	6,158	6,283
Local Authority loans	0	0	5,000	5,000

Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. IFRS 13 reporting has required fair values to be disclosed, defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the balance sheet date.

The Group's valuations of assets and liabilities are deemed to be Level 2 in terms of hierarchy with all inputs being observable but not quoted prices. These represent present value of the cash flows that will take place over the remaining term of the instruments. Valuations also have the following specific features:

- Cash flows arising from Public Works Loan Board loans have been discounted in line with IFRS13, so that the fair value equals the amount at which the authority could repay its loans on balance sheet date.
- The fair value of the long-term Dexia "Lender's Option Borrower's Option" (LOBO) loans has been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate interest rate swap rate.
- The fair value of trade receivables and payables is taken to be the invoiced amount.
- Due to their short term nature the fair value of investments is taken to be that held on the balance sheet.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, accrued interest is included in the fair value calculation.

STATEMENT OF ACCOUNTS 2022/23

32. Financial instruments

Financial Assets

	Non-current				Current			
	Investments		Debtors		Investments		Debtors	
	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000
Fair value through profit or loss	0	0	0	0	8,150	9,500	0	0
Amortised cost	0	0	0	0	5,731	5,034	3,493	4,061
Total financial assets	0	0	0	0	13,881	14,534	3,493	4,061
Non-financial assets	0	0	0	0	0	0	17,237	16,648
Total	0	0	0	0	13,881	14,534	20,730	20,709

Financial liabilities

	Non-current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000
Amortised cost	12,672	9,426	16,005	15,365	137	6,731	5,689	4,350
Total financial liabilities	12,672	9,426	16,005	15,365	137	6,731	5,689	4,350
Non-financial liabilities	0	0	0	0	0	0	12,541	13,584
Total	12,672	9,426	16,005	15,365	137	6,731	18,230	17,934

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

- Credit risk, the possibility that other parties may fail to pay amounts due to the Group
- Liquidity risk, the possibility that the Group might not have funds available to meet its commitments to make payments
- Market risk, the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and stock market movements.

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 services. Risk management is carried out by staff in the Finance department, under policies approved by the Group in the Annual Treasury Management report. The Group 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.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. Deposits are not made with foreign banks and financial institutions unless they are rated independently and meet the minimum credit rating criteria as set out in the Annual Investment Strategy, approved by the PCC. The Group has a policy of not lending more than £6m of its surplus balances to any one building society, £10m to any one bank and £6m to any wholly owned subsidiary of a clearing bank. The credit criteria in respect of financial assets held by the Group are as detailed below:

STATEMENT OF ACCOUNTS 2022/23

Financial asset category	Criteria	Maximum sector investment
Deposits with UK banks	Minimum total assets: £1,000m	£35m
Deposits with UK building societies	Minimum total assets: £1,000m	£30m
Deposits with wholly owned subsidiaries of clearing banks	Minimum total assets: £1,000m	£18m

The PCC's current approved lending list includes all UK banks and building societies with assets in excess of £1 billion and many of these do not have a credit rating. In addition, the list includes wholly owned subsidiaries of UK clearing banks.

The following analysis summarises the PCC's potential maximum exposure to credit risk, based on historical experience of default and write-offs.

	Amount at 31st March 2023 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2023 %	Estimated maximum exposure to default and uncollectability £000	Estimated maximum exposure at 31st March 2023 £'000
Deposits with banks and financial institutions	17,987	0	0	0	0
Other Customers	4,061	0	0	0	0

No credit limits were exceeded during the reporting period and the PCC does not expect any losses from non-performance by any counterparties in relation to deposits.

The PCC does not generally allow credit for customers, such that £1.0m of the £2.7m balance on the Accounts Receivable ledger at 31st March 2023 was past its due date for payment (i.e. 30 day payment terms). The past due amount on non-government debtors can be analysed by age as follows:

	31st March 2022 £000	31st March 2023 £'000
Less than three months	5	76
More than three months	251	210
Total	256	286

Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Group has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Group may replenish its borrowings at a time of unfavourable interest rates. The strategy is to ensure there are adequate though not excessive cash resources, borrowing arrangements and overdraft facilities to enable the Group at all times to have the level of funds available to it, which are necessary for the achievement of its business objectives. The Group's financial liabilities are as follows:

STATEMENT OF ACCOUNTS 2022/23

	31st March 2022 £000	31st March 2023 £000
PFI Finance Lease (long term liability)	16,005	15,365
Short Term Creditors	5,685	4,350
Borrowing	12,809	16,158
Total	34,499	35,873
Other non-financial instrument creditors		
	12,541	13,584
Total	47,040	49,457

The maturity analysis of these financial liabilities is as follows:

	31st March 2022 £'000	31st March 2023 £'000
Less than one year	5,826	11,086
Between one and two years	812	1,988
Between two and five years	7,875	3,430
Between five and ten years	7,392	8,303
More than ten years	12,594	11,066
Total	34,499	35,873

All creditors and receipts in advance are due for settlement in less than one year.

Market risk

Interest rate risk

The Group is exposed to some risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates, the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates, the fair value of the liabilities borrowings will fall
- investments at variable rates, the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates, the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and effect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

The Group has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans and limits are set on the maturity structure of its borrowings. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Group's cost of borrowing and provide compensation for a proportion of any higher costs.

The Treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise

STATEMENT OF ACCOUNTS 2022/23

whether new borrowing taken out is fixed or variable. Because the Group, as at 31 March 2023, had no variable rate borrowings or investments the impact of any interest rate changes on the Comprehensive Income and Expenditure Statement would be zero. A sensitivity analysis on this portfolio of investments and borrowings would therefore show no impact on the Comprehensive Income and Expenditure Statement.

Price risk

The Group does not invest in equity shares nor does it have shareholdings in joint ventures or local industry. There is, therefore, no exposure to price risk.

Foreign exchange risk

The Group has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates. Income received in a foreign currency is banked immediately and converted using the exchange rate applicable at the time of banking.

33. Provisions

Provision has been made for legal cases at the Balance Sheet date.

	2021/22	2022/23
	£000	£000
Balance as at 1st April	266	66
Additional provisions made in year	40	0
Amount used during the period	(240)	(66)
Balance as at 31 st March	66	0

34. Contingent liabilities

In 2020/21, a claim was made by a group of Police Officers relating to injury to feelings in relation to the McCloud pension case. A provision was made in the accounts at a lower level than the full claim, totalling £91k. In 2021/22, a contingent liability was also included for the residual claim of a further £400k. Both the provision and the contingent liability were released in 2021/22, as the current expectation is that the Home Office will account for the liabilities, see Note 11.

35. Trust and other funds

The Group is responsible for various trusts and other funds, summarised below. These balances, which are appropriately invested, are not included in the Balance Sheet.

	Balance at 01/04/2022	2022/23 Income	2022/23 Expenditure	Balance at 31/03/2023
	£	£	£	£
Property Act	77,446	19,749	20,620	76,575
Court Orders	1,105,405	802,544	600,023	1,307,926
	1,182,851	822,293	620,643	1,384,501

(i) **Property Act**

The fund holds the proceeds from the sale of unclaimed property, believed to have been stolen. The proceeds, after defraying the costs of handling the property, are available for distribution each year to local charities as directed by the Group.

(ii) **Court Orders**

Money seized in connection with possible criminal activity is held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

STATEMENT OF ACCOUNTS 2022/23

36. Post Balance Sheet Events

There are no adjusting or non-adjusting post balance sheet events.

37. Cash Flow Statement – Reconciliation of Comprehensive Income and Expenditure Statement deficit to net cash flow from operating activities

	2021/22 £000	2022/23 £000
Surplus/(Deficit) on provision of services	-43,122	-55,705
Adjustment for non-cash transactions:		
Net charges made for retirement benefits in accordance with IAS19	47,645	48,501
Depreciation	4,641	5,109
Loss (gain) on revaluation of fixed assets	-997	10,655
Gain/loss on disposal of fixed assets	541	-79
	<u>51,830</u>	<u>64,186</u>
Capital grant to investing activities	-100	-1329
(Increase)/decrease in stock	-37	-30
(Increase)/decrease in debtors	-3,268	21
Increase/(decrease) in creditors/provisions	-353	368
	<u>-3,658</u>	<u>359</u>
Net Cash Flow from operating activities	4,950	7,511

38. Cash Flow Statement - Purchase of non-current assets

	2021/22 £000	2022/23 £000
Capital expenditure - per Balance Sheet on accruals basis	12,499	6,794
Add: Capital creditors brought forward	192	1,044
Less: Capital creditors carried forward	-1,044	-299
Capital expenditure - on cash basis (per Cash Flow Statement)	<u>11,647</u>	<u>7,539</u>

39. Cash Flow Statement – Net Cash Flow from Financing Activities

	As at 31/03/2022 £000	As at 31/03/2023 £000	Movement in year £000
Short term borrowing - repayable within one year	124	6,724	6,600
Long term borrowing - repayable after more than one year	12,672	9,426	-3,246
Capital element of finance lease payment	16,631	16,001	-630
	<u>29,427</u>	<u>32,151</u>	<u>2,724</u>

STATEMENT OF ACCOUNTS 2022/23

40. Cash Flow Statement - Movement in cash and cash equivalents

	As at 31/03/2022 £000	As at 31/03/2023 £000	Movement in year £000
Movement in cash			
Bank overdraft	-93	-	93
Bank accounts	3,273	3,403	130
Imprest accounts	51	50	-2
Increase in cash	<u>3,231</u>	<u>3,452</u>	<u>221</u>
Movement in temporary investments	10,650	14,534	3,884
Movement in cash and cash equivalents	<u>13,881</u>	<u>17,987</u>	<u>4,105</u>

DRAFT

Gloucestershire Police Pension Fund Account For the year ended 31st March 2023

2021/22 £'000		2022/23 £'000
	Contributions receivable	
	From employer	
13,961	- basic contributions at 31% of pensionable pay	14,577
759	- other (maternity/paternity/sickness, capital charge ill health & the 30+ scheme)	866
14,720		15,443
6,033	From members	6,290
	Transfers in	
187	Individual transfers in from other schemes	70
45	Transfer from Avon & Somerset Constabulary	43
232		113
20,985		21,846
	Benefits payable	
33,809	Pensions	35,279
6,947	Commutations and lump sum retirement benefits	6,572
123	Lump sum death benefits	247
40,879		42,097
	Payments to and on account of leavers	
38	Individual transfers out to other schemes	30
40,917		42,127
-19,932	Sub-total for the year before transfer from the PCC of amount equal to the deficit	-20,281
19,932	Additional funding payable by PCC to meet deficit for the year	20,281
0	Net amount payable for the year	0

**Gloucestershire Police Pension Fund Net
Assets Statement
as at 31st March 2023**

2021/22		2022/23
£'000	Current Assets	£'000
5,623	Funding to meet deficit receivable from PCC	3,495
2,923	Other current assets – Pensions prepaid	3,155
8,546		6,649
	Current Liabilities	
8,546	Other current liabilities	6,649
0	Net Assets	0

DRAFT

STATEMENT OF ACCOUNTS 2022/23

Notes to the Gloucestershire Police Pension Fund Accounts

1. General Description of Fund's Operations

The Police Officer Pension Fund is administered by the Chief Constable in accordance with the Police Pensions Act 1976, as amended by the Police Reform and Social Responsibility Act 2011. This is administered from a separate local police pensions account, rather than direct from the Comprehensive Income and Expenditure Statement. The pensions account is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Police Pension Fund Account.

It should be noted that the Police Pension Fund has no investment assets, and pensions are paid from employer and employee contributions, plus additional funding from the Group. Employer contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. For the year ended 31st March 2023 the percentage Employer contribution was 31%. Under IAS19 the Police Pension Scheme is classed as a defined benefit scheme. Therefore the risk of shortfall remains with the Group. Accordingly the Group has obtained an actuarial valuation for the scheme.

In 2020/21, the Chief Constable of Gloucestershire, along with other Chief Constables and the Home Office, had 91 claims lodged against him with the Central London Employment Tribunal. The claims were in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. In 2022/23 Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent. Therefore no liability in respect of compensation claims is recognised in these accounts. The impact of the McCloud/Sergeant judgement is detailed in note 11.

2. Accounting Policies

- a. The Accounts have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit (England) Regulations 2014 which states that the Group is obliged to include the police pensions account in its statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.
- b. The Accounts have been prepared on an accruals basis.
- c. The Accounts do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement, details of which can be found in note 11 of the main statement of accounts.
- d. There are no significant estimation techniques employed in the production of the pension fund accounts.

PCC Annual Governance Statement

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The PCC and the Chief Constable have prepared a joint statement and have elected to publish the Joint Annual Governance Statement as a separate document to the Statement of Accounts.

The Joint Annual Governance Statement is a statutory document which explains the governance processes and procedures in place to enable the PCC and the Chief Constable to carry out their functions effectively. The Statement is available on the website for the OPCC.

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GLOSSARY OF ACCOUNTING TERMINOLOGY

ACCOUNTING PERIOD

The period of time covered by the accounts, usually a full year, which for this Group runs from 1st April to 31st March.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid. For example, expenditure accruals relate to the value of goods/services/works received or carried out, but not necessarily paid for, in the period.

ACTUARIAL GAINS AND LOSSES

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

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

ACTUARIAL VALUATION

An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.

AGENCY SERVICES

Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.

AMORTISATION

The writing down in value of intangible fixed assets (e.g. software licences), which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for fixed assets.

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement comprises mainly a policy statement; recognition of core principles of good governance; the corporate governance arrangements; and an annual governance review. The Annual Governance Statement is a self-contained statement which is submitted to the Audit Committee for review.

ASSETS HELD FOR SALE

Under IFRS 5 a split is made of surplus assets, between those where there is a clear intention for disposal within the following 12 months (Assets Held for Sale) and those assets with longer term disposal plans. Assets for immediate sale are classified as current assets rather than non-current assets.

AUDITOR'S OPINION

The opinion required by statute from the PCC's external auditors, indicating whether the statement of accounts presents fairly the financial position of the PCC and Group.

BALANCE SHEET

This statement sets out the financial position of the Group at year-end 31 March. It shows a summary of non-current assets held, the current assets employed, the balances and reserves of the Group and the Group's financial liabilities.

STATEMENT OF ACCOUNTS 2022/23

BUDGET

The PCC's plan for providing resources to meet his service obligations. The PCC has recently set an annual budget within a four year financial strategy covering the period 2022/23 to 2024/25.

CAPITAL ADJUSTMENT ACCOUNT

In general this reflects the amount already used to finance fixed assets. Further information on this, including the actual figures for the financial year, is given in the full Statement of Accounts.

CAPITAL EXPENDITURE

The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the PCC.

CAPITAL GRANTS

Grants received by the PCC that can only be used to pay for capital projects.

CAPITAL RECEIPTS

Proceeds from the sale of fixed assets, such as land or buildings.

CARRYING AMOUNT

This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.

CASH & CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are 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 FLOW STATEMENT

This statement summarises the Group's inflows and outflows of cash and cash equivalents arising from transactions with third parties during the year, for revenue and capital purposes.

CHIEF CONSTABLE FOR GLOUCESTERSHIRE

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

CIPFA

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

COLLECTION FUND

District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. PCCs raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves statement.

CONTINGENT LIABILITY

A contingent liability is either:

(a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control,

or

(b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

STATEMENT OF ACCOUNTS 2022/23

COUNCIL TAX

A tax based on the value of property, which is administered by District and Unitary authorities.

CREDITORS

Amounts owed by the Group for goods received, or services rendered to it within the accounting period, but for which payment has not been made at the end of that period.

CURRENT ASSETS

Current assets are items that can be readily converted into cash.

CURRENT LIABILITIES

Current liabilities are amounts which will become payable or could be called in within the next accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT (PENSIONS)

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (a) termination of employees' services earlier than expected, and
- (b) termination or amendment to the terms, of a defined benefit scheme, so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTORS

Amounts of income due to the PCC within the accounting period but not received at the balance sheet, or period end, date.

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

EARMARKED GENERAL FUND RESERVES

Money set aside for a clearly defined purpose, and which is available to meet future expenditure in that area.

ESTIMATION TECHNIQUES

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

STATEMENT OF ACCOUNTS 2022/23

EXISTING USE VALUE

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

EXPECTED RATE OF RETURN ON PENSIONS 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.

EXPERIENCE GAINS & LOSSES (Pensions disclosure)

This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

Finance Leases are where the terms of the lease, or a right to use an asset in return for payment, transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Finance lease(s), as defined by IAS 17, are accounted for as deferred liabilities (within Long Term Liabilities on the Balance Sheet); and the finance charges (i.e. interest element) and principal element, respectively, are charged to the CIES (Financing and Investment Income and Expenditure) and to write down the long-term liability. IAS 17 requires the recognition of any leases embedded within contracts.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

GENERAL FUND

The main revenue fund of the PCC. Day-to-day spending on services is met from the fund.

GROUP

The term Group refers to the Police and Crime Commissioner for Gloucestershire and the Chief Constable for Gloucestershire.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) replaced the annual Statement of Recommended Practice (SoRP) based on GAAP, for all local authorities in the UK from the financial year commencing 1st April 2010.

IMPAIRMENT

A reduction in the value of a non-current asset below its value brought forward in the balance sheet. Examples of factors which may cause such a reduction in value include, general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

INTANGIBLE ASSETS

An intangible item may meet the definition of an asset when access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Purchased intangible assets (e.g. software licences) should be capitalised as assets. Intangible assets should be amortised on a systematic basis over their economic lives.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

STATEMENT OF ACCOUNTS 2022/23

INVENTORIES (STOCKS)

The amount of unused or unconsumed goods held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

INVESTMENT PROPERTY

Property held solely to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of operations.

LONG TERM ASSETS

Non-current assets that yield benefits to the Group and the services it provides for a period of more than one year.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the Group's revenue account each year so as to set aside for the repayment of external loans.

MOVEMENT IN RESERVES STATEMENT (MIRS)

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (including the General Fund Balance), and other (unusable) reserves.

NET ASSETS

Assets less liabilities, which are matched by the reserves held by the Group.

NON CURRENT ASSETS

Assets that yield benefits to the Group and the services it provides for a period of more than one year.

NON DISTRIBUTED COSTS

For the Group these are principally past service costs relating to pensions benefits earned in prior periods.

NON OPERATIONAL ASSETS

Non current assets that are not used to deliver direct services. For example, assets that are still being built or are no longer used and about to be sold.

OPERATING LEASE

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership. Expenditure financed by operating leasing does not count in capital expenditure. Rentals paid under operating leasing agreements are accrued and accounted for through the revenue account in the period to which they relate.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Group in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

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

STATEMENT OF ACCOUNTS 2022/23

PENSIONS RESERVE

Unlike other 'Reserves' this is a negative reserve (debit balance). It is equal in amount to, and offsets, the net pensions liability.

POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE (PCC)

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

POST BALANCE SHEET EVENTS

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

PRECEPT

The levy made by precepting authorities, such as PCCs, on billing Authorities requiring the latter to collect income from Council Taxpayers on their behalf.

PRINCIPAL

The amount of a loan that was actually borrowed, before interest is added.

PRIVATE FINANCE INITIATIVE (PFI)

The private finance initiative is a way of creating public/private partnerships by funding public infrastructure projects with private capital.

PROVISION

An amount set aside in the accounts for anticipated future liabilities or specific losses that are reasonably certain to be incurred, but which cannot be quantified accurately at the balance sheet date (are uncertain in amount and date). Provisions have been recognised in the accounts when there is a legal or constructive obligation to transfer economic benefits that can be estimated with a degree of certainty as a result of a past event. Any provision is intended to represent the best estimate at the Balance Sheet date of expenditure required to settle the present obligation; and, later, should only be applied to the precise purpose for which the provision was recognised. Provisions are shown in a note in the full Statement of Accounts.

PRUDENTIAL CODE FOR CAPITAL FINANCE

This code was introduced from 1st April 2004. The basic principle of the code is that PCCs are free to borrow so long as their capital spending plans are affordable, prudent and sustainable. The prudential code sets out indicators that the PCC must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

PUBLIC WORKS LOAN BOARD (PWLB)

A Government agency that provides longer-term loans to PCCs.

RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Two or more parties are related parties when at any time during the financial period:

- (i) One party has direct or indirect control of the other party, or
- (ii) The parties are subject to common control from the same source, or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- (iv) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVE

Amounts, where cash-backed, set aside in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, which may be incurred in future period(s). Any

STATEMENT OF ACCOUNTS 2022/23

amounts set aside for purposes falling outside the definition of Provisions have been accounted for as 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. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

REVALUATION RESERVE

This account, from 1st April 2007, replaced the (former) Fixed Asset Restatement Account. The revaluation reserve deals with the impact of increases or decreases in the values of fixed assets.

REVENUE CONTRIBUTIONS

A method of financing capital expenditure through the revenue account.

SCHEME LIABILITIES (PENSION SCHEME)

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECONDED OFFICERS

These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are not included in the Comprehensive Income and Expenditure Statement.

SHORT-TERM ACCUMULATING COMPENSATED ABSENCES

Absences earned but not taken by the end of the financial year e.g. annual leave entitlement.

SHORT-TERM BORROWINGS

Loans that a borrower needs to pay back within 12 months.

TERMINATION BENEFITS

Termination benefits (e.g. redundancy payments), whether they are resulting from a decision by the Group to terminate an employee's employment before normal retirement date or an employee's decision to accept voluntary redundancy, are charged to the relevant service line in the CIES.

THIRD PARTY PAYMENTS

Payments made to outside contractors and other bodies who provide specialist or support services for the Group.

TREASURY MANAGEMENT

This relates to borrowing and cash activities, including Investment, of the PCC, and the effective management of any associated risks. Local authorities' treasury management activities are prescribed by statute. A local authority may borrow or invest for any purpose relevant to its functions, under any enactment for the purpose of the prudent management of its financial affairs.

UNUSABLE RESERVES

Reserves that the PCC is not able to use to provide services, as they reflect unrealised gains and losses.

USABLE RESERVES

Reserves that the PCC may use to provide services, subject to maintaining a prudent level and to any statutory limitations. They are cash backed.