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Lincolnshire
POLICE & CRIME COMMISSIONER
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~~Lincolnshire Police and Crime Commissioner~~Police and Crime Commissioner for Lincolnshire

Financial Statements

2020/21

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Police and Crime Commissioner for Lincolnshire

PCC Group and PCC Statement of Accounts 2020/21

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Introduction to the Financial Statements

Police and Crime Commissioner Marc Jones

I was elected to serve by the people of Lincolnshire as Police and Crime Commissioner (PCC) in May 2016 and for a second term in May 2021. The PCC's primary functions are to secure the maintenance of Lincolnshire Police and secure its efficiency and effectiveness. I must also hold the Chief Constable to account for a number of duties. The primary legislative provisions setting out the PCC's obligations are the Police Reform and Social Responsibility Act 2011, the Policing and Crime Act 2017 and the Police Act 1996.

All the financial transactions incurred during 2020/21 for policing Lincolnshire have been recognised and recorded in this Statement of Accounts. The statement sets out the financial performance and financial position of the PCC and the Group (PCC and Chief Constable) as at 31 March 2021 and how the financial position has changed over time.

The PCC has the legal power and duty to set the strategic direction and objectives of Lincolnshire Police through the Police and Crime Plan and must also scrutinise, support and challenge the overall performance of the Force against the priorities agreed within the Plan.

I issued my Community Safety, Policing and Criminal Justice Plan for the period 2017 – 2021 in March 2017; this was updated in June 2019. It is built around four key principles:

- community safety and prevention in partnership;
- listening and responding and being accountable;
- protecting and supporting victims and the vulnerable; and
- policing that works.

The Chief Constable Chris Haward, whom I appointed in 2020, has already made a positive impact both locally and nationally. He has a track record of fighting crime and managing community policing and his appointment is another positive step forward in the drive to create an effective force Lincolnshire can be proud of. I very much look forward to working with Chris in the coming years to keep our communities safe.

Lincolnshire Police's overall performance continues to be good when compared to other police forces. The issue of the future funding for Lincolnshire Police continues to be a crucial one for my office and for me personally. My priority remains to address this issue with Government and I continue to communicate with local MPs and the Police and Fire Minister Kit Malthouse to highlight the issue of sustainable funding for Lincolnshire Police.

I published my budget decision in February 2020 for the 2020/21 financial year. This included an increase in Police Grant of £4.4m for the national officer uplift programme, and a precept increase of £9.99 per band D property.

The medium-term financial plan is balanced; there is uncertainty however in future years due to the impact on public sector spending of the Covid-19 pandemic. The funding gap could re-emerge if future funding levels do not change.

In July 2019 the Government announced a funded national uplift in police officer numbers, 20,000 over the next three years. Lincolnshire's allocation in the first tranche of the uplift was 50 officers by March 2021, this has been achieved. The tranche 2 allocation is 49 officers by March 2022, and I am providing one off funding to bring forward recruitment from future years into 2021/22 in anticipation of tranche three.

I have been successful in securing £3.5m of special grant in the three years to 2019/20, with a further application made in 2020/21. Whilst this is welcome, it is one off funding and does not provide sustainability for the medium to long term position in Lincolnshire.

I made the decision not to extend the contract between G4S and Lincolnshire Police for a further five years. The decision is part of my strategy of providing the most efficient modern policing service in the UK with the flexibility for the Chief to be able to deploy staff and develop services quickly and effectively. It will offer new opportunities to improve the services provided for the people of Lincolnshire, ensure as much as possible is invested in the front-line and continue the work to keep communities safe.

Despite Lincolnshire Police's position as one of the lowest funded Forces in the country, we continue to innovate and look to secure best value for money from the available funds. I would like to highlight the following:

- The investment made in agile working over the last two years meant that as soon as the pandemic required people to work from home, Lincolnshire Police was able to respond to this immediately and hundreds of personnel were equipped to do so - ensuring that the best possible service for communities continued.

- The dog unit has now completed the process of "dual handling" dogs, which means that alongside their general-purpose dog, each handler will also have a specialist dog trained for drug searching, firearms support, and other forensic searches. In addition, two more dogs with handlers have been trained as digital media detection dogs - an area of innovation. These dogs are able to locate and indicate to the handler items as small as micro-sim cards in multi-storey dwellings. With the way in which crime is changing and becoming digitalized, having this capability is vital to the Force response.

- I continue to provide funding for equipment that ensures officers and staff have the right tools for the job. This includes investment in:

    - A new command and control system, the most up to date in the UK will go live during 2021. In conjunction with new handheld computers, it will represent a huge step forward in the effectiveness and efficiency of Lincolnshire Police enabling frontline officers to be deployed quickly, with the right equipment;

    - The replacement of the invaluable hand-held computers (MDTs) for officers on the front line and, in addition, the provision of devices to the officers and staff within CID (Criminal Investigation Department) and PVP (Protecting Vulnerable People), so that they have access to the Force systems away from the station – making them even more efficient;

- Additional high performance unmarked and badged vehicles for Roads and Firearms Policing. Funding has been made available to replace dog unit vehicles and these will be equipped with Automatic Number Plate Recognition (ANPR), which they have not had previously. This will enable them to police the roads more effectively and offers a more covert option to tackle criminal use of the roads and road safety.

- However successful these developments are in tackling crime there will always be victims and that is why I have made it a priority to provide the best services possible to support people in coping with, and recovering from, the emotional or physical consequences. My office continues to make progress in reviewing and improving the victims' service provided including the launch of a new website and Facebook page.

All of these investments are designed to ensure that our force has the capability to help prevent harm in our communities as well as find, intercept and arrest criminals wherever and whenever they try to strike, and where there are victims to provide the support they deserve.

More detail on performance in 2020/21 can be found in my annual report which is available at: https://lincolnshire-pcc.gov.uk/transparency/what-our-priorities-are-and-how-we-are-doing/annual-reports/

Roles and responsibilities

The Commissioner and the Chief Constable have specific roles and responsibilities as determined under the Police Reform and Social Responsibility Act 2011. The Commissioner provides a link between the police and the community, he sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan and also sets the policing and crime precept. The Chief Constable is operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.

The Statement of Accounts

The preparation of the 2020/21 financial statements has been challenging due to the impact of the Covid-19 global pandemic, with all of the finance staff working from home since March 2020. My thanks go to those staff for their efforts in these continued extraordinary circumstances to produce the financial statements in a timely manner.

The 2020/21 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2020/21. The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);

- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013; and

- The Commissioner's Governance Arrangements including Financial and Contract Regulations.

Further information about the Financial Statements is available from:

PCC's Chief Finance Officer
Police Headquarters
Deepdale Lane
Nettleham
Lincoln
LN2 2LT

In ~~addition~~addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection has been advertised in the local press.

Marc Jones
Police and Crime Commissioner for Lincolnshire

Annual Governance Statement 2020/21

The following Annual Governance Statement was prepared during May 2021 and published alongside the unaudited Financial Statements for 2020/21 on 31 May 2021. As a result of resourcing pressures experienced by our external auditors, EY LLP, the completion of the external audit of the draft Financial Statements 2020/21 was delayed until September 2023.

The Annual Governance Statement has since been reviewed to consider any updates required and/or where any events now, no changes were made beyond this forward to the Annual Governance Statement and there have been no subsequent events that impacted on that year. Subsequent accounts and medium-term financial planning documents confirm that a going concern basis is appropriate and a Note to the Accounts has been included to explain that going concern review.

~~Below are details of the Police and Crime Commissioner for Lincolnshire's governance arrangements in operation during 2020/21 including plans for the financial year 2021/22.~~

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1. INTRODUCTION

1.1. Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.

1.2. All Police and Crime Commissioners and Chief Constables are required by regulation to produce an Annual Governance Statement (AGS). This is a document which accompanies the statement of accounts and describes how good our governance arrangements have been over the last 12 months and sets out areas for development.

2. SCOPE OF RESPONSIBILITIES

2.1. The Police and Crime Commissioner for Lincolnshire ("the Commissioner") is responsible for ensuring his business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

2.2. The Commissioner has a duty under the Policing Protocol Order 2011 to secure value for money on behalf of the public that he serves.

2.3. In discharging this overall responsibility, the Commissioner is required to put in place proper arrangements for the governance of his affairs and which facilitate the exercise of his functions. This includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the Commissioner places reliance on the Chief Constable of Lincolnshire Police to support the governance and risk management processes.

2.4. The Lincolnshire Police Annual Governance Statement is signed by the Chief Constable in his own set of accounts and supports the group governance arrangements.

2.5. The Commissioner has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is available on the Commissioner's website at http://www.lincolnshire-pcc.gov.uk/Transparency/Corporate-Governance.aspx or can be obtained from the Office of the Police and Crime Commissioner for Lincolnshire,

Police Headquarters, Deepdale Lane, Nettleham, Lincoln, LN2 2LT. Telephone 01522 947192 or email lincolnshire-pcc@lincs.pnn.police.uk.

2.6. This statement explains how the Commissioner has complied with the Code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

3.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them effectively, efficiently and economically.

3.3. The governance framework has been in place for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

4. THE GOVERNANCE FRAMEWORK

4.1. The governance regime introduced by the Commissioner gives effect to the provisions of the Police Reform and Social Responsibility (PR&SR) Act 2011. This framework was designed so that:

- where statutory powers provide for non-operational decision making that rests with the Commissioner, the Commissioner may give consent for certain decisions to be reached by the Chief Constable;
- there is clarity on which statutory powers of the Commissioner have been delegated to the Commissioner's staff;
- the decision-making structure provides for effective management of resources;
- proportionate control mechanisms are in place in order to secure probity in the use of public resources and value for money;
- the Commissioner can be assured of the highest standards of openness, transparency, integrity, respect for others and corporate governance in the exercise of functions;
- the Commissioner is seen to be accountable to the people of the area for the delivery of the service.

4.2. By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Lincolnshire Police. It is however the Commissioner who is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of

the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.

4.3. The key elements of the systems and processes that comprise the governance arrangements put in place for the Commissioner and the Chief Constable are measures:

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

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

5. REVIEW OF EFFECTIVENESS

5.1. The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.

5.2. This review has been informed by the work of the Chief Financial Officer (CFO) and the Chief Executive (CE), who also undertakes the roles of Monitoring Officer and Head of

Paid Service. In addition, the work of the internal auditors, plus members of the Commissioner's staff, who have the responsibility for the development, maintenance and operation of the governance environment also inform the review. Comments made by the internal and external auditors and other review agencies and inspectorates are also considered as part of this review.

5.3. The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC) that meet at least 4 times a year. The JIAC provides advice on matters relating to the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable. The JIAC is subject to an annual self-assessment.

5.4. The JIAC has received and considered independent reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Head of Internal Audit provides an opinion for each of the Police and Crime Commissioner and Chief Constable corporations sole, based on the work undertaken in the year, on the adequacy and effectiveness of the assurance framework, risk management, internal control and governance, in compliance with the Public Sector Internal Audit Standards (PSIAS).

5.5. For the Police & Crime Commissioner corporation sole, the following opinion was provided for :2020/21:

~~5.5.~~ *Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses that require addressing regarding Partnership Monitoring and Resources, both of which have been addressed by December 2021.*

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5.6. For the Chief Constable corporation sole, the following opinion was provided for:2020/21

~~5.6.~~ *Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation's objectives. It gave a satisfactory or significant assurance for 11 of the 13 reports issued for Recruitment follow up, Archive Management and Workforce Planning. Actions have been undertaken to address these issues.*

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5.7. The External Auditor provides an opinion on the financial statements and value for money.

5.8. There are a number of internal groups that meet on a regular basis to enable the Commissioner to carry out effective monitoring and review of the Force's performance and assess progress made against the objectives stated in the Police and Crime Plan. The Public Assurance Meetings (PAM) consider police performance (Crime) and the Police and Crime Strategic Board considers financial, people, estates and ICT resources, as well as long term strategy development, significant and emerging risk areas and the Chief Constable's report. The Professional Standards Governance meeting reviews matters relating to the conduct of police officers and staff.

5.9. During the 2020/21 financial year, governance arrangements have been flexed in response to the Covid-19 pandemic and the change in working arrangements required by government. Most meetings have been undertaken virtually, using web conferencing technology and, where appropriate, being live streamed to the internet. Internal controls have been modified to ensure they remain effective during periods of remote working.

5.10. The effectiveness of the governance framework has been reviewed by the Commissioner's Executive Team[1] in the year 2020/21. The review has included:

- the internal audit reports, including: governance (decision making) and delivery of the police and crime plan;
- review of the Commissioner's risk strategy, risk appetite, associated processes and overall approach to risk management;
- the code of corporate governance and the annotated code providing sources of evidence;
- the Commissioner's Decision-Making Framework and practical application of the significant public interest policy statement;
- the Commissioner's Publication Scheme and approach to ensuring that information is publicly available and transparent;
- the Integrated Scheme of Governance (ISG) that includes the Scheme of Consent, Commissioner's and Chief Constable's Scheme of Delegation and the Financial and Contract regulations;
- consideration of the Commissioner and Chief Constable's joint assurance map;
- ongoing development and review of the Commissioner's Operational Delivery Monitoring Plan;
- review and monitoring of Lincolnshire Police performance (both organisational and operational) through the governance meeting structure and written and oral briefings;
- external auditors and their formal reporting;
- feedback received from the JIAC.

5.11. Assurance on the effectiveness of the Commissioner's regulatory framework has been provided by the CE who, as Monitoring Officer, has a legal duty to ensure the lawfulness and fairness of decision-making. Specialist legal advice is available to the Monitoring Officer as required.

5.12. Assurance on the effectiveness of the Commissioner's financial controls has been provided by the CFO who is designated as the responsible officer for the administration of financial affairs under section 151 of the Local Government Act 1972. Systems are in place to ensure the lawfulness and financial prudence of decision-making and to fully discharge the responsibilities of the role. The financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the CFO of the Police and Crime Commissioner and the CFO of the Chief Constable (2014).

5.13. The ISG was first published in 2014 to reflect the new governance arrangements arising from the PRSR Act 2011. The JIAC has been consulted on the scheme and its content is reviewed annually. Prompted by internal audit, a mandatory ISG training package has been developed for all relevant staff. The training package is designed to allow staff positively to attest that they are cognisant of the policies relating to the scheme and the financial and contract regulations. This 'e-learning' package is delivered through the National Centre for Applied Learning Technologies (NCALT).

[1] Chief Executive, Chief Finance Officer

5.14. The Commissioner's risk management arrangements are well developed and embedded. The JIAC reviews the Commissioner's risk management strategy on an annual basis and monitors the Commissioner's strategic risk register and the joint assurance map quarterly. The Executive team consider and review risks on a monthly basis through management meetings. The risk registers and assurance framework are aligned and drive improvement activity where assurance on the effectiveness of controls needs to be strengthened.

5.15. The Commissioner is committed to promoting fairness and equality and ensuring that people are treated with respect and dignity at all times. The monitoring and review of equality and diversity issues is carried out through a member of the Commissioner's staff attending the bi-monthly Equality and Diversity Board meetings for which minutes and actions are recorded. The Commissioner also has oversight of the Chief Constable's approach to stop and search activity. The Police and Crime Panel in Lincolnshire exist to scrutinise the Commissioner (not the Chief Constable), to promote openness in the transaction of PCC business and to support the Commissioner in the effective exercise of his functions. In Lincolnshire, the Commissioner and his senior staff have attended every meeting of the Police and Crime Panel.

5.16. The Commissioner published his Annual Report in March 2021 and presented it to the Police and Crime Panel. The Annual Report demonstrates how the Commissioner has carried out his legal duties, sets out what has been achieved over the year and reports on the progress that has been made in meeting the objectives set out in the Police and Crime Plan. The audited Financial Statements are published on the PCC's website to complement the Annual Report which is available at: https://lincolnshire-pcc.gov.uk/transparency/what-our-priorities-are-and-how-we-are-doing/annual-reports/

5.17. The Commissioner has had a bespoke media and communications contract in place with a specialist provider since November 2016. This arrangement allows the Commissioner to have a service tailored and responsive to his specific requirements. In addition, the OPCC supplements this arrangement with social media content based on awareness of local and national communication campaigns.

5.18. The Commissioner engages in widespread consultation on a range of subjects, key examples include, the annual budget, and the development of his Police and Crime Plan. A major consultation was again undertaken by the Commissioner in December 2020 following the success of the previous year's county-wide 'Crime & Policing Survey'. This seeks the views of Lincolnshire residents on a range of subjects including their priorities for policing and their own personal experience and perception of crime. The bespoke survey has been designed to provide insights from across a broad range of respondents representative of Lincolnshire residents. The survey will help to guide the Commissioner's funding priorities and inform key decisions faced by the Commissioner.

5.19. The Commissioner is committed to being accessible to the public through a wide range of channels. Over the course of the year, the Commissioner received over 1,176 pieces of correspondence (excluding routine correspondence from Policing Bodies), and 19 Freedom of Information (FOI) Requests[2]. In addition, The Commissioner uses social media particularly his Twitter profile, which he uses to enhance his public visibility and reach. For example, he has attracted over 7,039 Twitter 'followers' since taking office in May 2016. This demonstrates an effective link between the public and the elected individual charged with governance. The Commissioner is also committed to openness

[2] Total number of requests in the period April 2020 to March 2021

and transparency and maintains a dedicated section on his website to meet his statutory obligations in this area, including the publication of expenses, salaries of senior staff and expenditure over £500 and a list of assets held. In addition, the Commissioner also publishes a quarterly integrated performance report provided by the force, as part of the supporting information for the Public Assurance Meetings. This report consists of statistical indicators and a narrative report from the Chief Constable providing contextual explanation of the data, and a guidance document explaining the performance measures used. This provides incremental information on the forces' performance against key areas of the Commissioners Community Safety, Policing and Criminal Justice Plan. As a consequence of this comprehensive approach to transparency the OPCC has been awarded the Transparency Quality Mark certificate 2020 by CoPaCC the body responsible for evaluating police transparency.

5.20. Lincolnshire Police and the Commissioner have a joint Anti-fraud and Corruption strategy and Policy in place which have been reviewed during the year. Quarterly meetings ensure that current and emerging risks and issues in relation to anti-fraud and corruption are regularly discussed and reviewed and the JIAC are kept abreast of any issues arising. In addition, a joint fraud risk register has been developed to help in proactively identifying and assessing current and emerging fraud risks and potential actions to mitigate the risks identified.

5.21. The Commissioner and Chief Constable adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in 2014. The OPCC and Force are members of the Lincolnshire Counter Fraud Partnership (LCFP) which involves working with key partners to share information and expertise to help both organisations maintain their vigilance in tackling fraud and corruption.

5.22. The Commissioner has ensured he has arrangements in place for receiving and handling complaints from the public that are aligned with the changes in complaints legislation that came into force from the 1st February 2020.

5.23. CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. A self-assessment of the PCC's compliance with the code has been undertaken, considered by the JIAC, and an action plan developed to ensure full compliance during 2021/22.

5.24. The Chief Constable has undertaken his own review of governance and his own Annual Governance Statement has informed and supports this statement.

5.25. The Commissioner has been advised on the implications of the result of the review of the effectiveness of the governance framework by the executive team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

6. SIGNIFICANT GOVERNANCE ISSUES

6.1. The Risk Register is a tool that identifies the risks that would prevent or distract the Commissioner from achieving his objectives. During the year a number of governance issues emerged that were not identified within the risk register

6.2. Alongside the Risk Register, the joint assurance map is recognised by the Commissioner and the Chief Constable as a vital tool for effective corporate governance.

It provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues; it also provides a cohesive and comprehensive view of assurance across the risk environment. The assurance map and the Joint Assurance Review (JAR) meetings, held quarterly, provide much of the evidence base for this annual governance statement. Independent assurance is also provided by the JIAC.

6.3. The Commissioner's significant governance issues are detailed below, sourced from the joint assurance map and Commissioner's risk register. They include an outline of the actions taken or further work that is required to address the issues and whom has responsibility for these.

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

6.4. During the latter part of 2016/17, the Home Office initiated a process for fundamental review of the national police funding formula; the Commissioner's CFO participated in this work as a member of the Technical Working Group. Consultation on the conclusion of this work is currently on hold; the Home Office has previously indicated the government's intention to progress consultation on the proposed new funding formula alongside the next government spending review, which is now unlikely until 2021. Both the PCC and Chief Constable are supportive of revision of the national police funding formula; previous attempts at reform suggested that Lincolnshire might benefit by around £8 million annually.

6.5. Whilst the PCC's medium term financial plan is in balance across the period, as a result of both additional government grant in support of the national police officer uplift programme and increased council tax receipts, a fairer share of government grant is considered essential to ensure that the Force can continue to deliver an appropriate level of service into the medium term.

The risk of a lack of resilience and stability within the chief officer team following significant changes in the Team

6.6. A new Chief Constable was recruited and started work in December 2020. This has led to changes in the Chief Officer Team and a renewed energy in the Force. The Commissioner needed to run a second recruitment for Chief Constable when the first could not be concluded. This was unfortunate but unavoidable and the second recruitment was successful in attracting additional candidates.

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

6.7. The Commissioner and Chief Constable both have a statutory duty to make the best use of resources available to them. The Police and Crime Plan commits to obtaining value for money from all funding and avoiding waste. The capital programme continues to support this by investing in technology which improves operational efficiency such as improved Mobile Data, a new Command & Control system and Fleet telematics. Investment decisions and benefits realisation are undertaken by the Force Change Board and monitored by the Police and Crime Strategic Board; independent assurance is gained through HMICFRS via the Efficiency pillar of their PEEL inspection programme. The Financial Strategy includes performance measures relating to both financial health and financial performance, supported by a number of plans and policies.

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

6.8. Following a comprehensive assessment, the Commissioner decided that it was not good value for money to pursue an extension to the G4S partnership. He was clear that this did not reflect on the partnership to date, indeed it has been highly successful and will continue in place until March 2022. The process of shaping the Force and transitioning away from G4s is underway. It is a challenging timeframe but relationships with G4S remain strong and the Chief Constable is personally leading the project which will deliver the smooth return of the majority of services to the Force with two services (Cleaning and Custody) being subject to further competition. Risks are being actively managed via the Programme Board to ensure that service delivery remains strong throughout the period of the transition.

The risk of failing to ensure that G4S objectives are delivered - With the resources available

6.9. The Commissioner's strategic partnership continues to deliver appropriate services and savings. It will not be extended (see 6.7 above) The current governance structures led by the OPCC continue to operate robustly over the full breadth of the contract.

6.10. G4S have, on behalf of the PCC and Force, overseen the procurement of a new Command and Control system that will be at the heart of the Force's continued transformation of efficiency and effectiveness updating operational capability, information and data management and the capacity to provide a better service to the people of Lincolnshire from within the available resources. The project though behind schedule is due to go live in 2021 bringing a significant whole team effort to a conclusion and underpinning improved services.

The risk of failing to deliver the objectives of the Tri-service "Blue Light Programme"

6.11. The shared Fire/Police Headquarters and the three-service deployment base in South Park in Lincoln have been delivered– a significant achievement. The wider cooperation among 'Bluelight' partners will now continue with the programme's purpose changing from implementing enabling projects to one focused on broader integration & interoperability. It is vital that an effective governance framework is established to fully support this aim - The Collaboration Delivery Group (CDG) replaces the outgoing Programme and Project Board, to provide effective delivery of the outcomes and benefits, timely challenge and oversight of any projects put forward by partner organisations. The CDG will be presented with key information such as, anticipated benefits, risks, issues and potential organisational impacts to help inform decisions on the future direction and implementation of collaborative efforts.

6.12. The Force continues to explore areas of closer operational integration with the Fire Service to support increased productivity and better outcomes for the people of Lincolnshire. The Commissioner is continuing to explore options for the use of the West Parade site that was vacated in 2019.

The risk of failing to maintain or develop beneficial regional collaborations

6.13. Collaboration with four other forces in the East Midlands has been a key plank in Lincolnshire's approach to providing effective and efficient policing. Collaborative services have expanded and deepened in recent years with positive expansion in, for example, Forensics. However, in the last year some areas of collaborative growth have been subject to re-evaluation and amendment. The last year has seen continued tensions and difference of approach from the five East Midlands Chief Constables. Working together the PCCs, supported by the new Regional Collaboration team based in Lincolnshire, have provided clear strategic oversight of the collaborations through a

difficult period. National changes to ROCUs and specialist capabilities make this a difficult area to optimise as local, regional and national demands come together to create a complex and challenging environment. The coming year will be a challenging one of careful re-evaluation and assessment to ensure the collaborative approach delivers for all partners and, importantly, the people of Lincolnshire. All options will remain under consideration including collaboration with partners outside the East Midlands.

The risk of the force not delivering operational effectiveness

6.14. The impact of the Covid -19 Pandemic over the last year has been a key focus for the Force. It has maintained operational effectiveness despite the challenges of quickly changing regulations and expectations. Abstractions caused by the pandemic have been carefully managed and have had no significant effect. The impact of the pandemic and repeated 'lockdowns' have significantly reduced criminal activity helping to ensure the Force has maintained operational effectiveness.

The risk of failure to adequately prepare for the end of the Transition period following the UK's: exit from the European union.

6.15. The UK left the EU on the 31st of January 2020 and work was conducted by the OPCC and Force in preparing for the consequences and potential risks this act presented. The potential cessation of access to EU collaborative policing agreements and operational systems that the force and the national policing service rely on was a key issue of concern as it represented a risk to public safety. At a national level, contingency planning arrangements were made by the International Crime Coordination Centre (ICCC). Forces were asked to complete a readiness assessment to ensure the required preparatory work was being conducted in a timely manner in order to adequately address the anticipated loss of key policing systems and information. The PCC sought and received assurance from the force that the necessary preparations had been undertaken.

6.16. The EU transition period ended on 31 December 2020 and a final position was reached on which of the 32 agreements and systems the UK would lose access to. There is now a suite of alternative arrangements in place to mitigate against the risks arising from this final position. With the transition period having ended the risk has been removed from its force- level risk register to be managed at an operational level, where it will continue to be monitored. The issue is now seen as "business as usual". In the medium term the OPCC will continue to seek assurance on how effectively these new alternative systems are operating.

The risk of failure to adequately prepare for the changes to police complaints legislation and associated regulations (From 1st Feb 2020)

6.17. On the 1st of February 2020 the Home Office introduced legislation that made significant changes to how complaints made against the police are handled and the associated discipline system for officers. The overarching purpose of the changes is to simplify the complaints system, making it easier to navigate and putting a greater emphasis on handling complaints in a reasonable and proportionate manner, with an emphasis on organisational learning. The new regulations incorporate an enhanced role for Police and Crime Commissioners, to add greater independence to the way appeals are considered. The force's Professional Standards Department (PSD) and the OPCC worked in close collaboration to assess the changes required to existing processes and responsibilities.

6.18. The OPCC has commissioned the services of an external provider to support the PCC in the enhanced appeals process which has the PCC responsible for complaint review cases (appeals) to ensure the recording and handling of complaints is appropriate and proportionate. Unfortunately, at the time of establishing this new service the pandemic and the requirement for a shift to remote working had a negative impact on the timely review of complaint cases managed by the OPCC. At the same time our external provider was faced with having to recruit a replacement case officer as the recently appointed officer resigned. These issues combined to hamper the timeliness of the newly established review process. The OPCC continues to monitor the demand for complaint reviews to determine the optimum resource levels required to address the backlog of cases and maintain both a cost effective, efficient and sustainable service.

The risk of Failure to adequately prepare for PCC elections in May 2021

6.19. The original date set nationally for the election of PCCs was the 7th May 2020. In preparation, the force and OPCC collaborated closely on arrangements to help ensure a fair and transparent process in the lead up to the election. However, in light of the Covid-19 pandemic and its likely impact on the election process the Government took the decision in March 2020 to postpone these elections until May 6th 2021. To facilitate this postponement the Government brought forward the Coronavirus Act which received royal assent on 25th March 2020. The Act allowed for PCCs to remain for an additional year until the revised election date in May 2021. Those candidates successfully elected in May 2021 will only serve a three-year term. This change will maintain the election cycle with elections being held every 4 years from 2024. The OPCC and the Force continued to work collaboratively to plan for the PCC elections. The main considerations remained the maintenance of public confidence, continuity of service and ensuring legal compliance.

Internal control Issues relating to Force procedures and practices for recruitment and retention.

6.20. The work of both external and internal auditors highlighted issues of concern surrounding recruitment practices and the payment of relocation expenses and an ex-gratia payment commencing in the FY 2017/18. These payments were previously unknown to the Force and PCC's Chief Financial Officers. The PCC and CC have corresponded over the rationale for these decisions and follow-up internal audits have been undertaken on an annual basis. A Governance Working Group (GWG) was established during 2019/20 to consider, *inter alia*, these issues (further information on the GWG is available in the Chief Constable's Annual Governance Statement paragraphs 6.8-6.10). The most recent internal audit was completed during 2020/21; the recommendations were accepted by the Chief Constable and the remaining review and authorisation of the ex-gratia payment has now been completed by the Chief Executive.

7. INSPECTORATE FINDINGS

7.1. The PEEL Inspection programme conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) scrutinises all 43 police forces in England and Wales and examines their Efficiency, Effectiveness and Legitimacy providing comparable grades for each of the 43 forces in England and Wales.

7.2. The most recent PEEL inspection grades were received by the force in February 2020 these grades relate to the forces' performance in 2018/19. Lincolnshire Police received an overall grading of "Good". The forces' Effectiveness was also graded as "Good" with its Efficiency being graded as "Requires improvement" and its Legitimacy also graded as "Good".

7.3. Her Majesty's Inspector for Lincolnshire commented on the findings of the report:

"I am encouraged by the progress Lincolnshire Police has made since our last inspection. It is an improving picture. The force provides a good policing service to its communities bearing in mind it is one of the lowest cost forces in England and Wales. The low funding base for the force means that it consistently struggles to provide as effective a service as better funded forces. Although the force still has work to do, it is to be commended for what it achieves with the money available to it".

7.4. The commissioner is required by law to publish his response to all force specific HMICFRS inspection reports following their publication, these responses are available on the PCC's website at https://lincolnshire-pcc.gov.uk/transparency/what-our-priorities-are-and-how-we-are-doing/hmic-inspections/

7.5. The force's progress against 'areas for improvement' and recommendations made in inspections continues to be tracked and progress monitored by the force through its HMICFRS tracker. This document is regularly reviewed as part of the commissioners "holding to account" governance processes. Work has now been completed to reconcile the content of the forces own tracker with that of HMICFRS 'register of recommendations', to ensure that all recommendations both thematic and force specific have been addressed and remedial work has been fully completed to the satisfaction of HMICFRS.

7.6. HMICFRS has changed the way in which they inspect forces, moving towards a more risk-based approach. This revised approach consists of a single annual PEEL inspection where HMICFRS inspect in each force the aspects of policing which they consider present the greatest risk of failure. Their assessment is underpinned by data analysis and the ongoing monitoring of forces which has been the focus of HMICFRS activities as a result of the impact of the Corona Virus on their planned inspection activity in 2020/2021.

7.7. A significant part of the risk assessment for each force will depend on the information gleaned from the Force Management Statement (FMS). Each Force is usually required to produce an FMS and submit it to HMICFRS in May each year, however in 2020 due to the impact of the pandemic forces were not required to submit an FMS.

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

a) The demand likely to be faced by the force;

b) The condition, capacity, capability, serviceability, performance and security of supply of the workforce and other assets such as ICT;

c) The force's plan to improve efficiency;

d) The force's financial income.

and so, the force completed production of its third FMS in March 2021.

7.9. Outside of the PEEL regime the force received a National Child Protection follow-up inspection which took place in October 2020. The purpose of the follow-up being to assess the implementation of the recommendations made in the previous inspections conducted in 2019 and early 2020. HMICRS latest report was published on 15th January 2021 and Her Majesty's Inspector of Constabulary for Lincolnshire Zoe Billingham commented on the findings:

"Lincolnshire Police has a critical duty to keep children across the region safe from harm."

"This is the third time we have inspected the force's child protection services since 2018, and I am pleased to see that many of our previous concerns have been addressed."

"But there is still more work to do in order to provide better outcomes for vulnerable children in Lincolnshire – from ensuring body-worn video is used where it could help children, to actually gathering and recording the views of the children themselves."

"The pace of progress has been impeded partly, but not exclusively, by the impact of the pandemic."

"I am reassured that senior leaders in the force understand where improvements need to be made, have plans in place and are monitoring this critical area of policing closely. We will continue to work with the force to monitor progress."

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

SIGNED

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

Chief Finance Officer's Narrative Report

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

Introduction

I am pleased to present the Statement of Accounts for the Police & Crime Commissioner for Lincolnshire for the financial year 2020/21. This Statement of Accounts sets out the overall financial position of the Police & Crime Commissioner for Lincolnshire (PCC Group) for the year ended 31 March 2021.

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

The PCC Group:

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

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

The police grant for 2020/21 in Lincolnshire increased by £4.4m (7.5%) compared with 2019/20. Pension top-up grant of £1.2m was provided by government to meet the increased costs of employer pension contributions in respect of the police officer pension scheme. In addition, there was potential for Lincolnshire to claim up to a further £1.4m of specific grant funding dependent upon delivering the recruitment target for 2020/21 and spending being in accordance with grant conditions. At the time of setting the budget the grant conditions were yet to be specified by the Home Office therefore funding and potential costs were not included in the original budget.

The PCC increased the council tax precept by the maximum amount allowed by government without triggering a local referendum. The precept referendum limit allowed an increase of up to an additional £10 per annum for a Band D property (or appropriate proportion for other property bands). This increase in the precept provided an additional £3.3m in council tax receipts when compared with 2019/20.

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

The COVID-19 pandemic has dominated the year and presented major challenges. Continuing funding distribution uncertainty, together with reducing government spending plans, underline the need for robust plans with adequate levels of reserves.

Governance

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

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

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

Organisation

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

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

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

Lincolnshire Police is one of five regional forces in the East Midlands and works closely with the other four across various collaborations to provide an efficient service. More detail and how the regional accounts are accounted for in these Financial Statements is provided in Note 3~~7~~8.

The Commissioner's Priorities

The Community Safety, Policing and Criminal Justice Plan for Lincolnshire April 2017 to March 2021 sets out the actions that the PCC will be taking to help ensure communities stay safe. This is available on the PCC's website www.lincolnshire-pcc.gov.uk

Among the actions set out in the plan are:

- Create a single joined up approach to reducing offending and re-offending and establish integrated offender management to tackle our most challenging and prolific offenders;
- Create a coherent approach to managing offenders released from prison to maximise the chance of rehabilitation and reduce reoffending;
- Support for citizen involvement through volunteers and 'watch' schemes;

- Raise awareness of elder abuse and of those with learning difficulties or other vulnerabilities and work with partners to identify and disrupt threats to the vulnerable, for example from targeted 'scamming';

- Establish a Youth Advisory Group to seek the views of the young from a range of backgrounds;

- Create a Community Commission to ensure the public voice is heard from across the county;

- Commission, with partners, specialist adult and children services to support victims of sexual crimes and domestic abuse with compassionate services that support them through the criminal justice process and beyond;

- Ensure services are commissioned to keep those with mental health needs out of the criminal justice system;

- Invest in ensuring the police have access to mental health advice and support in the Force control room, in the community and through improved training and awareness for officers and staff;

- Support neighbourhood policing, backed by specialist support, that work with their communities to identify, prevent and tackle crime;

- Invest in appropriate information and communication technology (ICT) to support modern frontline policing enabling officers to spend less time desk-bound and more time out in the community;

- Invest in appropriate equipment to meet the varied needs of policing a large and diverse county;

- Provide fit for purpose property suitable for modern and flexible policing, including the creation of a combined police, fire and ambulance station in Lincoln to share resources and to support and enhance their emergency response to the public.

Performance

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

Community safety and prevention in partnership:

- Safer Streets Fund – New intelligent CCTV was installed in Gainsborough after a successful bid for Government funding. The bid, in collaboration with West Lindsey District Council, secured £250,000 to spend on upgrading and installing CCTV in the town.

- Road Safety – The Lincolnshire Young Driver Project – The OPCC partnered with IAM RoadSmart (formerly the Institute of Advanced Motorists) to provide for 100 drivers in Lincolnshire under 25 to take an advanced driving course free of charge. The project, which was launched in November 2019, has seen 21 test passes to date.

- Lincolnshire Substance Misuse Strategy – In Spring of 2020, the OPCC played a leading role in the refresh of the Lincolnshire Drug Strategy. Following discussion at the Public Protection Board in December, the Deputy Chief Constable (who is the National Police Chiefs Council Lead for Drugs) hosted an event in March bringing together key strategic

partners to discuss the strategy. Agencies represented included Lincolnshire Fire and Rescue, Lincolnshire County Council and various NHS organisations and Safeguarding Boards alongside charities Double Impact and We Are With You. A multi-agency group has been formed and analysts are working to identify the level of demand. The intention is to have an agreed strategy in place by early 2021 and move to delivery planning and commissioning phases.

- Community Empowerment – The OPCC has commissioned Mutual Gain to develop a place-based programme of listening and empowerment for the communities of Sleaford, Gainsborough, Sutton Bridge and Skegness. The aim of the programme is to engage the communities, building trust and networks with a view to developing active citizenship (also known as Social Capital). The programme will be delivered to 25-30 people in each area by police, voluntary sectors and communities. They will learn, plan, develop and deliver programmes together. Due to the COVID-19 restrictions, the training has been delivered online.

- Safer Together Team - A new Safer Together team has been established to work in local areas, working with partners to identify local issues and seek solutions to aim reducing the demand on the Force. The team comprises of a team leader and four co-ordinators and will act as a local point of contact for the public and partners requiring support and advice from the OPCC. Each of the co-ordinators is allocated a specific area across the county, they are responsible for building intelligence and understanding of the local need, building an informed picture of the relevant networks operating in their specific area and developing effective partnerships within the community to support effective neighbourhood policing.

Listening, responding and being accountable:

- Public opinion survey – The PCC continues to undertake extensive public consultation in relation to public views on policing, community safety and to inform the setting of the precept; the 2020/21 annual survey received 3,243 responses.

- Personal engagement – The PCC continues to make accessibility a priority and attended more than 300 events across Lincolnshire alone, both in person and virtually.

- Representing Lincolnshire on the national stage – The PCC continues to represent Lincolnshire on the national stage, where awareness of Lincolnshire specific issues can be raised and national policies can be influenced to the benefit of the people of Lincolnshire.

- Partnership working – The PCC and the OPCC team are engaged with, and sit on boards for a wide range of organisations such as Safer Lincolnshire Partnership, National Rural Crime Network, child protection agencies, various health and wellbeing boards – each designed to help deliver joined up services for the residents of the county.

- Public Assurance Meetings – These meetings (held with the Chief Constable of Lincolnshire Police) provide the opportunity for residents to be well informed and ask questions about the performance of their police force. To comply with the lockdown rules the meeting moved online. The meetings are recorded and all papers and the audio recording are made available on the PCC website http://bit.ly/PCCPAM

- Youth Commission on Police, Crime and Community Safety – This ground-breaking project has been launched to ensure that young people in Lincolnshire have a say in how Lincolnshire is policed. The county's first ever Youth Commission was established to enable young people, aged between 14 to 25 to be consulted on a range of policing,

crime and community safety issues. The project, run by Leaders Unlocked, on behalf of the PCC recruited 26 young people from a range of different ethnic, religious and gender backgrounds from across the county. The Commission has already created a priority agenda including mental health, abusive relationships, hate crime, night-time safety and the relationship between young people and the police.

- Lincolnshire Independent Custody Visiting (ICV) Scheme – The OPCC has a statutory duty to put in place an effective ICV scheme for the county. The primary aim of the scheme is to increase public confidence in the treatment of persons detained in police custody. The visits were suspended in March 2020 due to the COVID19 pandemic to ensure the safety of volunteers and minimise the risk of spreading the virus. A new procedure was developed in conjunction with the Force to enable ICVs to conduct visits remotely, interviewing detainees via mobile phones to enable the continued oversight of this important area. A total of 85 visits were completed by January 2021. Just over 80% of the persons detained in police custody who were available at the time a remote visit was conducted gave their consent to speak to an ICV.

Protecting and supporting victims and the vulnerable:

- New victims' website and Facebook page – The first ever Lincolnshire website dedicated to helping victims find the support they need was launched in 2020. Anyone who has been a victim of crime in Lincolnshire – regardless of whether the crime was reported or not can now access support, information and advice from the site. The website can be viewed at www.victimslincs.co.uk.

- COVID-19 funding to help victims – The OPCC was able to secure an additional £216,000 of funding for services helping victims of domestic abuse and sexual violence during the pandemic. The money helped a raft of local charities providing services and support for victims through the lockdown. These included Victim Support and Rape Crisis.

- Liaison and Diversion services – The OPCC supported the commissioning of Liaison and Diversion services in Lincolnshire by NHS England through participation in the tender evaluation process. This resulted in a contract award for Lincolnshire Partnership Foundation Trust (LPFT) and the service went live in April 2020. The service is for vulnerable adults and children at the earliest stage in the criminal justice process. The seven-day a week service aims to reduce reoffending by offering a co-ordinated service to divert people, where appropriate out of the criminal justice service and into health, social care, education and training.

- Needs assessment for survivors of sexual abuse – The OPCC and NHS England/NHS Improvement (Midlands) jointly commissioned LimeCulture Community Interest Company to undertake a needs assessment for victims and survivors of sexual abuse or assault. The findings are now being used to improve support and outcomes for victims and survivors in Lincolnshire.

- Spreading excellence – Staff from the OPCC have been invited to become a member of the National Working Group of the Spreading Excellence project, funded by the Home Office. The project aims to improve support services working with children and young people who have experienced abuse.

- Fighting modern slavery and human trafficking – The OPCC has signed-up to the Safer Lincolnshire Partnership's Charter against Modern Slavery and Human Trafficking, which commits organisations to proactively take steps internally to tackle the issue;

whilst at the same time ensuring that they are contributing to the wider collective effort to protect communities across Lincolnshire.

- Combatting scams and fraud – The Deputy PCC continues to raise the profile of scams and fraud and has become a key influencer at a national level in this field. A special programme created and designed by the Deputy PCC in conjunction with Trading Standards and police colleagues (designed to help school children understand and spot scams) has now been rolled out across the UK. Work on creating a similar programme aimed at university and college students is now being developed and is supported by UK Finance - the trade association for the UK banking and financial services sector. In addition, the Deputy PCC has obtained 100 call blockers, paid for with Proceeds of Crime money, and will be working with the Safer Together Team, victim support groups and Lincolnshire Police to install in the homes of those who have been the target of frauds and scams.

- Domestic abuse early intervention – The domestic abuse early intervention and response project in Lincolnshire aimed at perpetrators, Make A Change, was funded through Police Transformation Funding, which ended on 31st March 2020. A bid was made to the National Lottery Community Fund (NLCF) for continuation and expansion of the project, which proposed that 40% of the funding be locally sourced across the partnership (Lincolnshire Police and LCC) with 60% of the funding provided by NLCF, for three years. The bid was successful and as a result all elements of the model are funded and will be delivered up to 31st March 2023.

- Support for employees suffering domestic abuse – In July Lincolnshire Police and the OPCC received the Everyone's Business Award, presented by charity Hestia, which recognises the support provided to their employees experiencing domestic abuse. To achieve the award, both organisations had to meet a range of criteria to demonstrate what they were doing to support their employees.

Policing that works:

- Blue Light collaboration **–** The new award-winning tri-service station building situated in Lincoln at South Park, is now completed and fully operational. It houses around 500 staff from Lincolnshire Police, Lincolnshire Fire & Rescue and East Midlands Ambulance Service and is the first operational hub between all three emergency services in the country. The collaboration is making savings on running costs and a reduction in building maintenance costs, whilst improving services to the public.

- Making our roads hostile to criminals – Lincolnshire Police now have additional high performance unmarked and unbadged vehicles for Roads and Firearms policing. Funding has been made available to replace dog unit vehicles and these will be fitted with Automatic Number Plate Recognition (ANPR) equipment. This will enable them to police the roads more effectively and offers more options to tackle criminals' use of the roads and road safety in general.

- Recruitment of additional officers – During the year, as a result of prudent financial planning and officer uplift funding from the Government, the PCC provided the funding to recruit a record 120 officers by the end of the financial year.

- Command and control – The new command and control system, the most up to date in the UK, will go live during 2021. This will represent a huge step forwards in the effectiveness and efficiency of the Lincolnshire Police. It will enable officers to report

incidents and will give the control room staff the capability to deploy officers to scenes as quickly as possible.

- Enhanced dog unit – The dog unit has now started the process of 'dual handling' dogs, which means that alongside their general-purpose dog each handler will also have a specialist dog. Recently the unit has successfully licensed two new specialist dogs to increase the capability in searching for drugs, cash and firearms. In addition, two more dogs with handlers have been trained as digital media detection dogs. These will support the fight against child sexual exploitation, child sex offences, fraud, economic crime investigations and county lines drug offences.

- Firearms licensing – Huge improvements in dealing with firearms licenses in Lincolnshire have been recognised nationally. The implementation of an online portal for applications and increased use of workflow technology has made processes more efficient. This has been recognised by the British Association of Shooting and Conservation (BASC) which has rated the department in the top three nationally for dealing with certificate grants and renewals.

- Special constables – Despite the impact of lockdown and continuing restrictions, the OPCC has continued to support the Force's efforts to recruit and train special constables. The PCC has proposed a 25% council tax discount scheme for special constables in Lincolnshire which will be introduced during the next financial year.

- Mobile technology – The Force has completed the replacement of the invaluable hand-held computers (MDTs) for officers on the front line. The devices have also been provided to officers and staff within CID (Criminal Investigation Department) and PVP (Protecting Vulnerable People) so they have access to Force system while away from the station. The investment made in agile working over the past two years also meant that as soon as the pandemic required people to work from home, Lincolnshire Police was able to respond immediately and hundreds of personnel were equipped to do so.

- Tasers – The PCC has been successful in a Home Office bid for just over £140,000 to purchase an additional 170 tasers. The additional funding will result in 65% of frontline officers having been trained and equipped to carry tasers. This will aid public and officer safety and provide an effective response to issues of serious violence and other crime.

- G4S strategic partnership contract – The PCC made the decision in October 2020 not to extend the contract between G4S and Lincolnshire Police for a further 5 years. The contract, which began in 2012 was to operate the Force's back office and operational support services and was worth more than £22m per annum. The decision is part of the PCC's strategy of providing the most effective modern police service in the UK with the flexibility for the Chief Constable to be able to deploy staff and develop services quickly and effectively. It will offer new opportunities to improve the services provided to the people of Lincolnshire, ensuring as much as possible is invested into the front-line and continue to keep communities safe.

Key Crime Statistics

The crime statistics used in this section refer the calendar year 2020 rather than the financial year (12 months from April 1, 2020) as the financial year data was not available at the time of collation.

Crime figures should be considered in the context of the effect of the pandemic and lockdown on the statistics. In most cases the national lockdowns and restrictions have had a positive effect on crime, driving down the totals in many of the recorded categories. In certain other cases the pandemic has had the opposite effect. In the case of anti-social behaviour (ASB), for instance, what appears to be a huge spike is actually the result of a decision taken nationally in March 2020 to record breaches of lockdown rules as ASB incidents. Other statistics, such as criminal justice outcomes, have not been recorded because courts have been closed.

The overall crime fell to an annual total of 51,936 a 13.3% reduction on the previous year and the crime harm index (a measurement of crime rates in which crimes are weighted based on how much "harm" they cause) fell by 8.4%.

As might be expected during the lockdown all burglaries have reduced during the year. Incidents of residential burglaries dropped by 13.4% to 2,436 and other burglaries dropped by 16.7% to 3,532.

Theft (excluding vehicles) has plummeted by 24.1% to 8,984 and robbery has fallen even more, dropping 27.3% to just 280 cases.

Sexual and violence offences have dropped, violence against the person without injury is down 9% (20,245 cases), violence with injury down by 13.7% (5,475 cases) and sexual offences have dropped by 14.45% to 1,989 cases.

The total number of drug offences for the year was down 8.9% to 1,761 and arson and criminal damage down 9.5% to 6,172. Vehicle crimes dropped by 24% to 2384.

Anti-social behaviour is one of very few crime types which has experienced an increase in the last year, rising by 62.7% to a total number of 21,096. It is important to reiterate, however, that these numbers have been affected by the pandemic and the various lockdowns. Every call to the Force complaining about a breach of COVID related rules from mask wearing to neighbours' BBQs are recorded as an ASB crime regardless of whether they are subsequently investigated or not. In addition, it is believed the lockdown itself (forcing more people to work and stay at home) has led to increases in reporting of ASB-type crimes such as those relating to neighbour disputes.

In terms of demand the Force has seen a 2.35% per cent drop in calls for service with an average of 11,720 calls a month. Of the overall calls of 140,642, 82,729 were classified as urgent or a priority.

In response to urgent rural calls received in the preceding 12 months 70.35% were responded to by officers within 20 minutes, and 72.5% of urgent urban calls within 15 minutes. This represents a very slight improvement in performance for rural response (0.4%) and a slight decline in urban response times (down 2%).

The Force has also seen an increase in the number of people reporting crimes online rather than phoning the control room. In total 3,830 crimes were recorded online, an increase of 14.9%.

Further information about Force performance can be found on the PCC website - Public Assurance Meetings (lincolnshire-pcc.gov.uk) . The meetings focus on the performance of Lincolnshire Police and provide assurance regarding the effectiveness and efficiency of the policing services.

Gender Pay Gap

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

What is Gender Pay Reporting?

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

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

Our Pay Gap Information

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

Published mean and median information				
	Male	Female	Gap	Percentage
Mean hourly rate	£18.83	£16.98	£1.85	9.84%
Median hourly rate	£19.22	£16.34	£2.88	15.03%
Total employees - salary quartile bands				
	Lower	**Lower-middle**	**Upper-middle**	**Upper**
Male proportion	48.93%	55.88%	70.86%	71.39%
Female proportion	51.07%	44.12%	29.14%	28.61%
Published bonus information*				
	Male	**Female**	**Gap**	**Percentage**
Mean bonus	£158.04	£145.83	£12.21	7.72%
Median bonus	£100.00	£100.00	£0	0%
Proportion receiving a bonus	3.03%	1.05%	1.98%	

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

Summary

Lincolnshire Police remains committed to ensuring fairness, inclusivity and the equal treatment of all employees regardless of protected characteristics, and therefore we are pleased to have a gender pay gap which is 5.66% lower than the national average of 15.5% (Office of National Statistics). The gender pay gap has also reduced from the previous year from 10.5% (gap £1.96) to 9.84% (gap £1.85) respectively.

The Chief Officer team remains determined to tackle the under-representation of women through all grades and ranks and provide every opportunity for women to progress. The Force remains committed to ensuring fairness and inclusivity within Lincolnshire Police, and acknowledge the many benefits this brings to our organisation.

Financial Performance

Analysis of Revenue and Capital Expenditure

Total net operational expenditure for the 2020-21 financial year was £131.9m compared with £125~~5~~6.2m for the previous financial year. Total operational expenditure is less than expenditure shown in the financial statements because it excludes regional costs, pension costs and other adjustments for statutory reporting purposes. The table below shows those items which are excluded from total operational expenditure.

2019/20 £000	Total Net Operational Expenditure	Note No.	2020/21 £000
189,965	Gross Expenditure as per Financial Statements	6	185,873
(50,251)	Pensions Accounting	45.3	(42,813)
(5,028)	Capital Accounting	29	217
(306)	Accumulated Absence	31	(662)
-	Collection Fund	32	(454)
91	Regional Reserves Transfer	8	(17)
100	Transfer betw een reserves	8	-
134,567	**Gross Operational Expenditure**		**142,144**
(8,302)	Fees, Charges and Other Service Income		(10,269)
126,265	**Total Net Operational Expenditure**		**131,875**

2019/20 £000	Total Net Operational Expenditure	Note No.	2020/21 £000
189,965	Gross Expenditure as per Financial Statements	5	185,605
(50,251)	Pensions Accounting	44.3	(42,813)
(5,028)	Capital Accounting	28	486
(306)	Accumulated Absence	30	(662)
-	Collection Fund	31	(454)
91	Regional Reserves Transfer	7	(17)
100	Transfer between reserves	7	-
134,567	**Gross Operational Expenditure**		**142,145**
(8,302)	Fees, Charges and Other Service Income		(10,270)
126,265	**Total Net Operational Expenditure**		**131,875**

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(306)	Accumulated Absence	30	(662)
-	Collection Fund	31	(454)
91	Regional Reserves Transfer	7	(17)
100	Transfer betw een reserves	7	-
134,567	**Gross Operational Expenditure**		**142,145**
(9,416)	Fees, Charges and Other Service Income		(10,270)
125,151	**Total Net Operational Expenditure**		**131,875**

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

- Employee Spend: Spend on police officers, police staff and police community support officers amounted to 6~~1~~2% of total spending;
- Third party payments and contracted services: This represents 20% of the total spending and includes the G4S strategic partnership that provides back office and operational support service provision;
- Supplies and Services: Spend represents 8% of total spending and includes supplier payments for a wide variety of supplies and services used by the PCC/Force on a daily basis;
- Capital Financing: The cost of financing the capital programme undertaken by the PCC/Force represent 3% of the total spend;
- Premises: 2% of the total spend is made on the Force estate which includes 37 stations and the Force HQ which is now shared with the Fire Service;
- Transport: Spend on vehicle and travel costs undertaken by the PCC/Force represents 1% of total spend;
- Collaboration and Contributions: Spend which represents ~~5~~4% of the total spend on Regional and National collaboration and initiatives.

2019/20 £m	Operational Expenditure	2020/21 £m	Ratio for year
85.6	Employees	86.8	62%
28.3	Third party payments and contracted services	28.6	20%
9.5	Supplies and Services	11.7	8%
3.0	Capital Financing	4.6	3%
2.9	Premises	3.1	2%
1.4	Transport	1.4	1%
3.9	Collaboration & Contributions	6.0	4%
134.6	**Total Gross Operating Expenditure**	**142.2**	**100%**
-8.3	Less Sales, Fees and Charges	-10.3	
126.3	**Total Net Operating Expenditure**	**131.9**	

2019/20 £m	Operational Expenditure	2020/21 £m	Ratio for year
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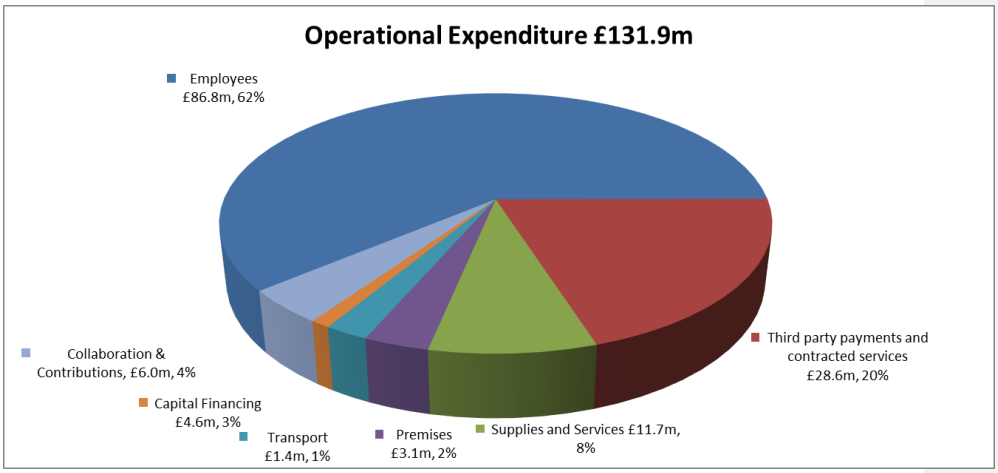
Operational Expenditure £131.9m
Employees £86.8m, 62%
Third party payments and contracted services £28.6m, 20%
Supplies and Services £11.7m, 8%
Premises £3.1m, 2%
Transport £1.4m, 1%
Capital Financing £4.6m, 3%
Collaboration & Contributions, £6.0m, 4%

Income

Total Income for 2020/21 was £131.9m compared with £12~~5~~6.2m for 2019/20. Total income is less than the income shown in the financial statements because it excludes Police Pension Payments grant, recharged income, capital receipts and regional contributions. The table below shows those income items that are excluded from total income.

2019/20 £000	Income	2020/21 £000
(161,901)	Income as per Financial Statements	(173,342)
23,826	Pension Top-Up Grant	25,264
500	Recognised Capital Grant and Contributions	1,135
109	Council Tax Collection Fund	-
62	Gains on the disposal of assets	318
8302	Fees, Charges and Other Service Income	10,269
(129,102)	**Total Income**	**(136,356)**
2,837	Transfer to/(from) Reserves	4,481
(126,265)	**Total Income including transfer to reserves**	**(131,875)**

2019/20 £000	Income	2020/21 £000
(161,901)	Income as per Financial Statements	(173,343)
23,826	Pension Top-Up Grant	25,264
500	Recognised Capital Grant and Contributions	1,135
109	Council Tax Collection Fund	-
62	Gains on the disposal of assets	318
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(129,102)	**Total Income**	**(136,356)**
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2019/20 £000	Income	2020/21 £000
(161,901)	Income as per Financial Statements	(173,343)
23,826	Pension Top-Up Grant	25,264
500	Recognised Capital Grant and Contributions	1,135
109	Council Tax Collection Fund	-
62	Gains on the disposal of assets	318
9416	Fees, Charges and Other Service Income	10,270
(127,988)	**Total Income**	**(136,356)**
2,837	Transfer to/(from) Reserves	4,480
(125,151)	**Total Income including transfer to reserves**	**(131,875)**

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

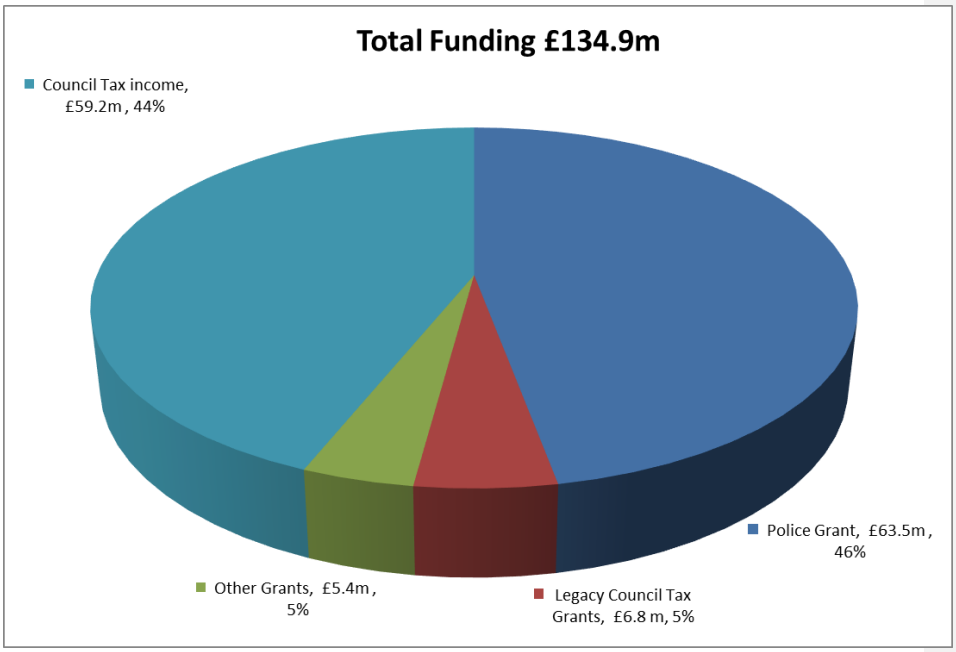
The table and pie chart over page provide further analysis of the main components of total funding (which forms the main part of the income):

- Central Funding– The majority of funding is from central government grants, including Police Grant and Legacy Council Tax grants;
- Local Funding – 44% of funding is provided by local council tax payers.

Government grants for 2020/21 increased by £6.4m and there was a greater burden on local taxpayers with the precept raising an additional £3.3m in year.

2019/20 £m	Total Funding	2020/21 £m	Ratio for year
	Central Funding:		
59.4	Police Grant	63.5	46%
6.8	Legacy Council Tax Grants	6.8	5%
3.6	Other Government Grants	5.4	5%
	Local Funding:		
55.9	Council Tax income	59.2	44%
125.7		**134.9**	**100%**

2019/20 £m	Total Funding	2020/21 £m	Ratio for year
	Central Funding:		
59.4	Police Grant	63.5	46%
6.8	Legacy Council Tax Grants	6.8	5%
3.1	Other Government Grants	5.4	5%
	Local Funding:		
55.9	Council Tax income	59.2	44%
125.2		**134.9**	**100%**



The table below shows how the Funding has been utilised throughout the year to meet the expenditure incurred.

2019/20 £m	Reconciliation between Funding / Income	2020/21 £m
125.7	Total Funding	134.9
3.4	Add Other Income	1.4
-2.8	Transfer to reserves	-4.5
126.3	**Expenditure in Year**	**131.8**

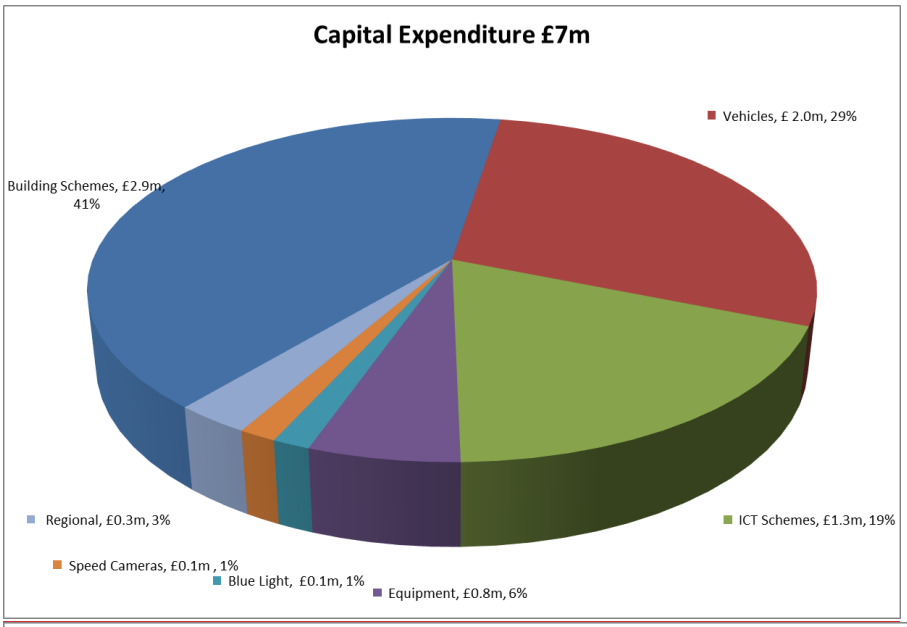
2019/20 £000	Reconciliation between Funding / Income	2020/21 £000
125.2	Total Funding	134.9
2.8	Add Other Income	1.4
-2.8	Transfer to reserves	-4.5
125.2	**Expenditure in Year**	**131.8**

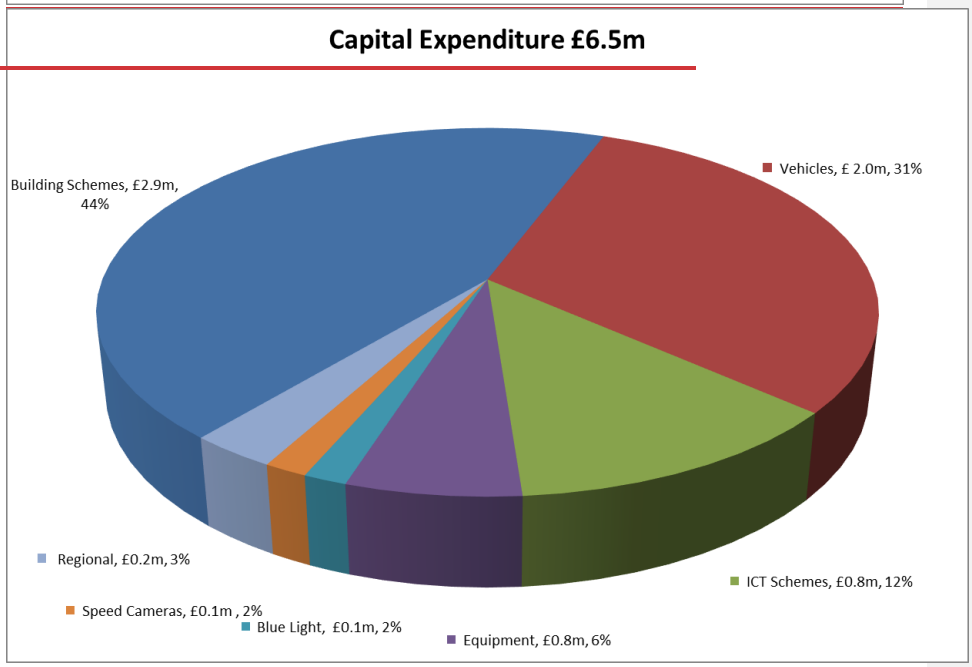
Capital Expenditure

Capital expenditure represents money spent on acquiring, upgrading and improving assets and major operational equipment. It relates to the provision of assets which will bring long-term benefit to the PCC Group. The table below sets out the capital investment made in 2020/21:

2019/20 £m	Capital Expenditure	2020/21 £m	Ratio for year
1.0	Buildings Schemes	2.9	41%
0.8	Vehicles	2.0	29%
2.3	ICT Schemes	1.3	19%
0.4	Equipment	0.4	6%
4.7	Blue Light Project	0.1	1%
0.1	Speed Cameras	0.1	1%
0.1	Regional	0.2	3%
9.4		**7.0**	**100%**

2019/20 £m	Capital Expenditure	2020/21 £m	Ratio for year
1.0	Buildings Schemes	2.9	44%
0.8	Vehicles	2.0	31%
2.3	ICT Schemes	0.8	12%
0.4	Equipment	0.4	6%
4.7	Blue Light Project	0.1	2%
0.1	Speed Cameras	0.1	2%
0.1	Regional	0.2	3%
9.4		**6.5**	**100%**





The PCC has approved a capital programme of £5.654m for 2021/22, and includes:

- £1.7m investment in new Command & Control system;

- £1.5m investment in the Force estate improvements and maintenance;
- £1.2m replacement programme for vehicles.

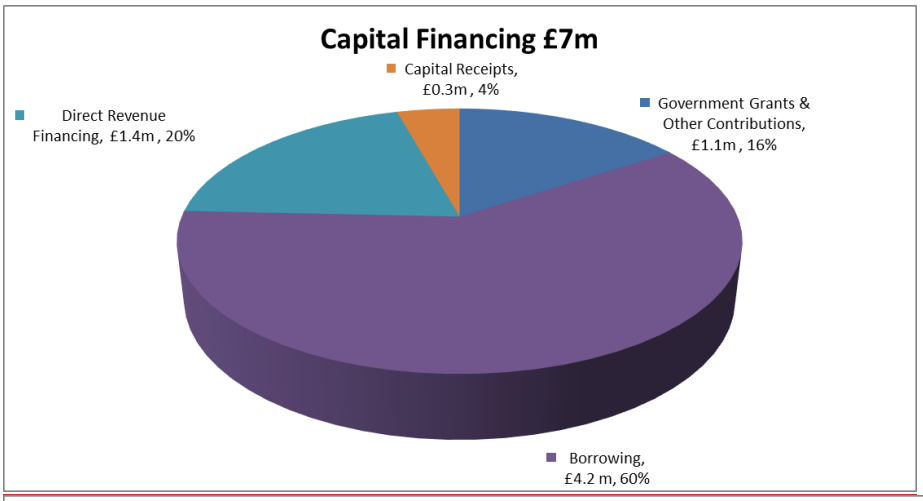
Capital Financing

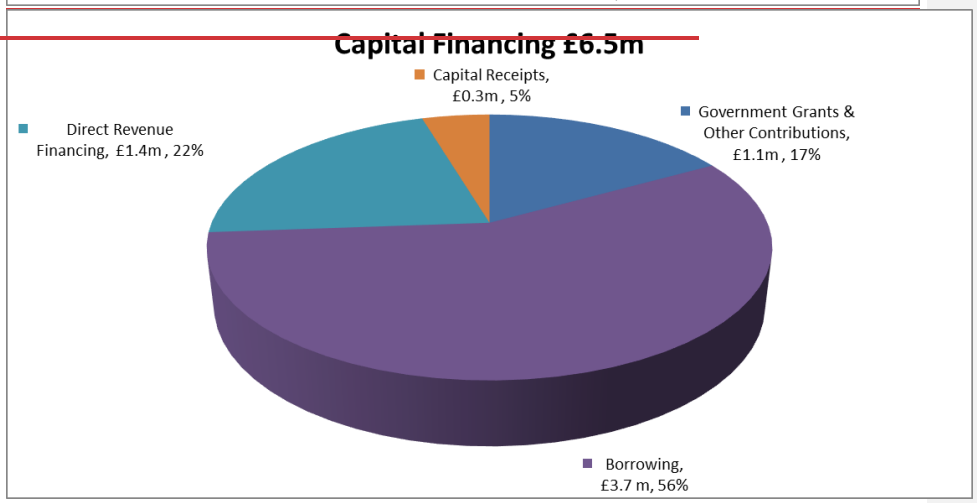
The PCC Group's capital programme in 2020/21 was financed through grants, contributions from revenue, capital receipts, internal cash balances and external borrowing.

	2019/20 £m	Capital Financing		2020/21 £m	Ratio for year
	5.7	Government Grants & Other Contributions		1.1	16%
2		Borrowing - External	0.2		
1.4		Borrowing - Internal	4.0		
	3.4	Total Borrowing		4.2	60%
	0.2	Direct Revenue Financing		1.4	20%
	0.1	Capital Receipts		0.3	4%
	9.4			**7.0**	**100%**

	2019/20 £m	Capital Financing		2020/21 £m	Ratio for year
	5.7	Government Grants & Other Contributions		1.1	17%
2		Borrowing - External	0.2		
1.4		Borrowing - Internal	3.5		
	3.4	Total Borrowing		3.7	56%
	0.2	Direct Revenue Financing		1.4	22%
	0.1	Capital Receipts		0.3	5%
	9.4			**6.5**	**100%**

	2019/20 £m	Capital Financing		2020/21 £m	Ratio for year
	0.8	Government Grants & Other Contributions		1.1	17%
2		Borrowing - External	0.2		
6.3		Borrowing - Internal	3.5		
	8.3	Total Borrowing		3.7	56%
	0.2	Direct Revenue Financing		1.4	22%
	0.1	Capital Receipts		0.3	5%
	9.4			**6.5**	**100%**





Balance Sheet

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

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

Performance against Budget

In February 2020, the PCC approved a net revenue budget for 2020/21 of £135.32m of which £131.6m was funded from Police and other Government Grants together with Council Tax receipts.

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

2020/21	Budget £m	Actual £m	Variance £m
Services			
PCC	39.565	33.685	(5.880)
Chief Constable Delegated Budget	94.576	96.883	2.307
Joint Services	1.182	1.307	0.125
Total Service Expenditure	**135.322**	**131.875**	**(3.448)**
Funding			
General Police Grant	(63.548)	(63.548)	0.000
Legacy Council Tax Grants	(6.834)	(6.834)	0.000
Special Grant	0.000	(0.993)	(0.993)
Covid Grant	0.000	(0.731)	(0.731)
Police Uplift Programme	0.000	(1.398)	(1.398)
Other Government Grants	(2.059)	(2.295)	(0.236)
Council Tax Precept	(59.153)	(59.153)	0.000
Total Funding	**(131.594)**	**(134.952)**	**(3.358)**
Other Income			
Custody Contract	(2.268)	(1.105)	1.163
Other Income	(0.224)	(0.299)	(0.075)
Total Income	**(2.492)**	**(1.404)**	**1.088**
Total Funding and Other Income	**(134.086)**	**(136.356)**	**(2.270)**
Total (Surplus) / Deficit	**1.236**	**(4.481)**	**(5.717)**
Financed by Reserves			
Net transfer (from) / to Reserves	(1.236)	4.481	5.717

The original budget showed a planned deficit of £1.2m which would be matched by a contribution from reserves. During the year, the regional custody contract, administered by Lincolnshire on behalf of regional forces, came to an end. Its conclusion had not been anticipated when the budget was set, resulting in a decrease in income of £1.2m together with a corresponding decrease in expenditure.

The final outturn showed a total underspend of £5.7m against budget, comprised of £3.4m additional funding together with £2.3m reduced expenditure in addition to that resulting from

the end of the regional custody contract. This led to a surplus of £4.5m which was transferred to reserves.

Of the £3.4m additional income received, £3.3m was as a result of government grants awarded after the budget was set:

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- Special Grant – £1m;
- Police Officer Uplift Programme - £1.6m;
- Covid Support Grant - £0.7m.

Total service expenditure was less than the original budget by £3.448m of which £1.163m related to the cessation of the regional custody contract as indicated above. The remaining Service Expenditure variance of £2.285m for the Group differed from budget for the following key reasons.

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- The original budget provided for development funding of £3.8m, the majority of which (£2.8m) was non-recurrent. At the time of setting the budget, plans were insufficiently developed to allocate these funds to individual budget heads; the funding was retained by the PCC and was to be released upon the production of business cases. In the event, whilst a range of service developments was agreed and delivered in 2020/21, delayed implementation, including as a result of the Covid19 pandemic, meant that £1.8m of the available funds was not spent and, as a result, was carried forward into 2021/22.
- Capital Financing underspent by £0.4m due to slippage in the Capital Programme.
- There were underspends within the Chief Constable's delegated budget, including Fleet (£0.4m) as a result of reduced fuel costs during the pandemic, Premises (£0.6m) as a result of reduced service charges at the South Park Blue Light campus. These were offset by overspends of £0.25m on major incidents, £0.3m on police officers and £0.3m overspend on police officer overtime.

Reserves

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

Earmarked reserves as at 31 March 2021 total £14.3m (including regional reserves) and are held for specific expenditure or contingencies. Movements in Earmarked Reserves are detailed in Note ~~7~~8.

As at 31 March 2021 the PCC held a General Reserve of £6.0m. There are currently no plans to utilise the reserves to support the revenue budget.

An assessment in February 2021 indicated the range of required risk-based reserves at £6.1m - £13.3m. Since 2018/19 the Financial Strategy has required that 'general risk-based reserves be maintained at the minimum point of a target range'; prior to 2018/19, the requirement had been to maintain risk-based reserves at the mid-point of a target range. The decision in 2018/19, to increase the level of financial risk being carried by the PCC, was made so as to mitigate the level of operational risk at the time, albeit that the funding thus released provided only non-recurrent mitigation. In 2019, the introduction of the national police uplift programme has provided recurrent resources to mitigate operational risk. As a result, the risk-based reserves policy has reverted to the mid-point of the target range (£9.7m).

Following a review of all earmarked reserves, certain of them were reallocated and others reduced to enable risk-based reserves to be increased towards the mid-point of the target range. Whilst not yet achieving full compliance with the revised policy, progress towards it is clear. This is set against forecast reserves as at 1st April 2021 of £8.8m: General Reserve £5.9m, Major Incident Reserve £1.9m and Insurance Reserve £1m.

Principal Risks

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

Outlook for 2021/22 and beyond

There is a balanced budget for 2021/22 this includes the following funding:

- Increased police grant for Lincolnshire of £4.0m (6.3% increase);
- An allocation of pension top-up grant of £1.2m;
- A precept increase of £3.3m (5.9%) based on an increase of an additional £14.94 per annum for a Band D property in line with the precept referendum limit imposed by government.

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

- The baseline budget for police officers was set at a strength of 1,119 FTE. This was based on a targeted establishment of 1,020 FTE plus the first tranche of the national uplift of a further 50 officers, and the second tranche of 49 FTE. This means that by March 2022 Lincolnshire will have slightly surpassed the 1,100 target operating model. The Chief Constable and PCC have agreed to use non-recurrent funding to bring forward further recruitment in advance of tranche 3 of the national uplift. The plan currently being finalised is an additional intake of 60 officers in 2021/22. Should the third tranche of the uplift not equal this amount, then future recruitment will be adjusted accordingly to bring numbers back to an affordable level. The PCC and Chief Constable plan to recruit a total of 120 new police officers in 2021/22;
- The current establishment of PCSOs is 85 FTE. With minor fluctuations, the budget is based on maintaining this establishment;
- The Police Staff budget has been based on 2020/21 establishment fully costed with a vacancy factor of 5% included to allow for staff turnover. Further changes include the non-recurrent investment provided by the special grant funding and cost pressures including incremental drift;
- The provision for pay awards arising in 2021/22 has been removed following the government's announcement to freeze pay next year. Provision has been made for the lowest paid staff who will still receive an uplift.

The Medium-Term Financial Plan includes provisional service budgets proposed for 2022/23 to 2024/25. Forecasting remains challenging particularly as future grant allocations remain uncertain. Indications are that the much anticipated Core Grant Distribution Review (funding formula review) is unlikely before 2022/23 although no specific timing has been announced.

The government's future intention in relation to grant funding allocations and limitations of council tax increases remains unclear. Therefore, estimates have been made on prudent

assumptions; there remains the risk that the anticipated income will be lower than assumed in the forecast.

There is a risk relating to the expiry, in March 2022, of the initial contract term for the provision of operational and back-office support services by Lincolnshire's strategic partner. A project is ongoing to transition from the contract and the outcomes may lead to cost pressures in the provision of these services.

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

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

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

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

Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (code of practice on local authority accounting in the United Kingdom 2020/21) in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Police and Crime Commissioners and Chief Constables carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police force were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

COVID-19 lockdown restrictions employed within the United Kingdom created additional demand for police forces in terms of policing the government lockdown policy in addition to continuing normal policing functions. This gave rise to additional costs in terms of overtime and providing personal protective equipment (PPE) to operational police officers and staff. However, the PCC maintains a Major Incident Reserve of £1.8m to manage the financial risks of major incidents and received additional financial support from Government to cover the additional costs. The Government also created a scheme where Police Forces could nationally order PPE with costs picked up centrally.

The pandemic has not yet had the negative impact on council tax receipts which was expected at the start of 2020/21. There was a very slight increase of 0.34% in the tax base for 2021/22. The Government has also been proactive in supporting authorities with regard to council tax funding by setting the following funding initiatives:

- Local Government Finance Settlement – Announced in the 2020 Spending Review, this funding for Local Council Tax Support Schemes enables councils to continue to reduce council tax bills for those least able to pay. This funding is paid directly by MHCLG to PCCs and is designed to compensate for decreased precept revenue as a result of tax base reductions resulting from the pandemic;

- Collection Fund Deficits – The MHCLG also announced that any repayment of collection fund deficits arising from 2020/21 must be spread over the next three years; rather than the usual one. The Government will compensate authorities for 75% of irrecoverable losses in council tax income for 2020/21. Funding will be paid directly to PCCs in 2021/22, with the obligation that PCCs will meet the total costs from the 2020/21 deficit over the next three years. Two Lincolnshire District Councils declared a deficit, totalling £0.132m. The cost pressure therefore for the PCC for the next three years to 2023/24 is £0.033m pa.

Although there is a clear roadmap for releasing lockdown arrangements further outbreaks of COVID-19 variants cannot be ruled out. This creates potential uncertainty in the operational conditions for the future. The Force continues to learn from the experiences over the past twelve months and is confident that the impact can be managed in 2021/22 by use of the Major Incident Reserve and that there will be minimal impact on the general reserve balance

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

Explanation of Financial Statements

These Financial Statements have been compiled in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting 2020/21.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2020/21; which in turn is underpinned by International Financial Reporting Standards.

These Financial Statements set out the PCC Group income and expenditure for the year and its financial position at 31 March 2021. It comprises core and supplementary statements, together with disclosure notes.

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

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

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

Core Statements

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

- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation;

- Movement in Reserves Statement – this shows the movement on the various reserves held by the Force, from the start of the financial year to the end of the year. This is analysed into usable reserves (those that can be applied to fund expenditure) and other unusable reserves;

- Balance Sheet – this represents the financial position as at the balance sheet date of the assets and liabilities recognised. The net assets are matched by the two categories of the reserves held;

- Cash Flow Statement – this shows the changes in cash and cash equivalents during the period. It shows how they are generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by the way of taxation and grant income. Investing activities represent the extent to which cash outflows contribute to the resources for future service delivery.

Supplementary Statements

- Annual Governance Statement – the PCC publishes an Annual Governance Statement in accordance with the Delivering Good Governance guidance in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015;

- Statement of Responsibilities – this explains the responsibilities for the financial affairs and how these responsibilities are carried out;

- Notes to the Accounts – the notes show details supporting each of the main accounting statements, together with additional information to explain the financial transactions. Note 1 contains the Accounting Policies. The purpose of these policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts;

- Police Officer Pensions, Home Office Memorandum Account – this summarises the transactions relating to retirement benefits paid to police officers and how these costs are financed.

Relationship between Accounting Statements

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

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

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

Signed by Julie Flint

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

Statement of Responsibilities for the Statements of Accounts

This section explains the Police and Crime Commissioner's responsibilities for the stewardship of the PCC's financial affairs.

Responsibilities of The Police and Crime Commissioner	**Responsibilities of the Chief Finance Officer**
The PCC is required to: • make arrangements for the proper administration of the financial affairs of the PCC and to secure that one of its officers (the Chief Financial Officer) has the responsibility for the administration of those affairs; • manage affairs of the PCC to secure economic, efficient and effective use of resources and to safeguard its assets; and • approve the Statement of Accounts.	The Chief Finance Officer is responsible for the preparation of the PCC's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Chief Finance Officer has: • selected suitable accounting policies and then applied them consistently; • made judgements and estimates that were reasonable and prudent; • complied with the Code; • kept proper accounting records which were up to date; • taken reasonable steps for the prevention and detection of fraud and other irregularities; • assessed the PCC's and the Group's ability to continue as a going concern disclosing, as applicable, matters related to going concern; • used the going concern basis of accounting on the assumption that the functions of the PCC and the Group will continue in operational existence for the foreseeable future; and • maintained such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

I approve these audited Statement of Accounts.	I certify that the Financial Statements present a true and fair view of the financial position of the Police and Crime Commissioner for Lincolnshire as at 31 March 2021 and its income and expenditure for the year then ended.

Marc Jones	Julie Flint CPFA MSc
	Signed by Julie Flint
Police and Crime Commissioner for Lincolnshire	Chief Finance Officer
Date:	Date: ~~13/07/2021~~

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

Group Expenditure and Funding Analysis 2020/21

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

2019/20				Group	2020/21		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Note		Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
22,187	4,122	26,309		Police and Crime Commissioner	24,068	(24)	24,044
116,725	(11,301)	105,424		Chief Constable	121,653	(15,189)	106,464
1,165	-	1,165		Joint Services	1,365	-	1,365
140,077	**(7,179)**	**132,898**		**Cost of Services**	**147,086**	**(15,213)**	**131,873**
799	2,172	2,971	**9**	Other Operating Expenditure	1,417	608	2,025
1,726	36,990	38,716	**10**	Financing and Investment Income and Expenditure	1,833	32,279	34,112
(145,913)	(608)	(146,521)	**11**	Taxation and Non-Specific Grant Income	(154,800)	(679)	(155,479)
(3,311)	**31,375**	**28,064**	**5**	**(Surplus) or Deficit on the Provision of Services**	**(4,464)**	**16,995**	**12,531**
3,233				Opening General Fund Balance as at 31 March	**3,331**		
3,311				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	4,464		
(3,212)			**8**	Net transfers (to)/from Earmarked Reserves	(1,817)		
3,331				**Closing General Fund as at 31 March**	**5,978**		

2019/20				Group	2020/21		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Note		Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
22,187	4,122	26,309		Police and Crime Commissioner	24,633	(293)	24,340
116,725	(11,301)	105,424		Chief Constable	121,653	(15,189)	106,464
1,165	-	1,165		Joint Services	1,365	-	1,365
140,077	**(7,179)**	**132,898**		**Cost of Services**	**147,651**	**(15,482)**	**132,169**
799	2,172	2,971	**8**	Other Operating Expenditure	879	608	1,487
1,726	36,990	38,716	**9**	Financing and Investment Income and Expenditure	1,806	32,279	34,085
(145,913)	(608)	(146,521)	**10**	Taxation and Non-Specific Grant Income	(154,800)	(679)	(155,479)
(3,311)	**31,375**	**28,064**	**4**	**(Surplus) or Deficit on the Provision of Services**	**(4,464)**	**16,726**	**12,262**
3,233				Opening General Fund Balance as at 31 March	**3,332**		
3,311				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	4,464		
(3,212)			**7**	Net transfers (to)/from Earmarked Reserves	(1,817)		
3,332				**Closing General Fund as at 31 March**	**5,979**		

PCC Expenditure and Funding Analysis 2020/21

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

2019/20				PCC	2020/21		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Note		Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
22,187	4,122	26,309		Police and Crime Commissioner	24,068	(24)	24,044
834	-	834		Joint Services	482	-	482
23,021	**4,122**	**27,143**		**Cost of Services**	**24,550**	**(24)**	**24,526**
(1)	2,172	2,171	**9**	Other Operating Expenditure	540	608	1,148
1,726	515	2,241	**10**	Financing and Investment Income and Expenditure	1,833	299	2,132
(145,913)	(608)	(146,521)	**11**	Taxation and Non-Specific Grant Income	(154,800)	(679)	(155,479)
117,857	-	117,857	**13**	Expenditure - Intra Group financing	123,413	-	123,413
(3,310)	**6,201**	**2,891**	**5**	**(Surplus) or Deficit on the Provision of Services**	**(4,464)**	**204**	**(4,260)**
3,233				Opening General Fund Balance as at 31 March	**3,331**		
3,310				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	4,464		
(3,212)			**8**	Net transfers (to) / from Earmarked Reserves	(1,817)		
3,331				**Closing General Fund as at 31 March**	**5,978**		

2019/20				PCC	2020/21		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Note		Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
22,187	4,122	26,309		Police and Crime Commissioner	24,633	(293)	24,340
834	-	834		Joint Services	482	-	482
23,021	**4,122**	**27,143**		**Cost of Services**	**25,115**	**(293)**	**24,822**
(1)	2,172	2,171	**8**	Other Operating Expenditure	2	608	610
1,726	515	2,241	**9**	Financing and Investment Income and Expenditure	1,806	299	2,105
(145,913)	(608)	(146,521)	**10**	Taxation and Non-Specific Grant Income	(154,800)	(679)	(155,479)
117,857	-	117,857	**12**	Expenditure - Intra Group financing	123,413	-	123,413
(3,310)	**6,201**	**2,891**	**4**	**(Surplus) or Deficit on the Provision of Services**	**(4,464)**	**(65)**	**(4,529)**
3,233				Opening General Fund Balance as at 31 March	**3,331**		
3,310				Increase/(Decrease) in Year before Transfers to Earmarked Reserves	4,464		
(3,212)			**7**	Net transfers (to) / from Earmarked Reserves	(1,817)		
3,331				**Closing General Fund as at 31 March**	**5,978**		

Group Comprehensive Income and Expenditure Statement 2020/21

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

2019/20					2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,666	(8,357)	26,309		Police and Crime Commissioner	32,192	(8,148)	24,044
111,500	(6,076)	105,424		Chief Constable	115,208	(8,744)	106,464
1,155	10	1,165		Joint Services	1,365	-	1,365
147,321	**(14,423)**	**132,898**		**Cost of Services**	**148,765**	**(16,892)**	**131,873**
3,764	(793)	2,971	**9**	Other Operating Expenditure	2,958	(933)	2,025
38,880	(164)	38,716	**10**	Financing and Investment Income and Expenditure	34,150	(38)	34,112
-	(146,521)	(146,521)	**11**	Taxation and Non-Specific Grant Income	-	(155,479)	(155,479)
189,965	**(161,901)**	**28,064**		**(Surplus) or Deficit on the Provision of Services**	**185,873**	**(173,342)**	**12,531**
-	(7,841)	(7,841)	**28**	(Surplus) / Deficit on Revaluation of Non-Current Assets	-	(902)	(902)
	(156,099)	(156,099)	**30**	Actuarial (Gains) or Losses on Pension Assets and Liabilities	307,711	-	307,711
-	**(163,940)**	**(163,940)**		**Other Comprehensive Income and Expenditure**	**307,711**	**(902)**	**306,809**
189,965	**(325,841)**	**(135,876)**		**Total Comprehensive Income and Expenditure**	**493,584**	**(174,244)**	**319,340**

2019/20					2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,666	(8,357)	26,309		Police and Crime Commissioner	32,488	(8,148)	24,340
111,500	(6,076)	105,424		Chief Constable	115,209	(8,744)	106,464
1,155	10	1,165		Joint Services	1,365	-	1,365
147,321	**(14,423)**	**132,898**		**Cost of Services**	**149,062**	**(16,892)**	**132,169**
3,764	(793)	2,971	**8**	Other Operating Expenditure	2,420	(933)	1,487
38,880	(164)	38,716	**9**	Financing and Investment Income and Expenditure	34,123	(38)	34,085
-	(146,521)	(146,521)	**10**	Taxation and Non-Specific Grant Income	-	(155,479)	(155,479)
189,965	**(161,901)**	**28,064**		**(Surplus) or Deficit on the Provision of Services**	**185,605**	**(173,342)**	**12,262**
-	(7,841)	(7,841)	**27**	(Surplus) / Deficit on Revaluation of Non-Current Assets	-	(1,023)	(1,023)
(156,099)	-	(156,099)	**29**	Actuarial (Gains) or Losses on Pension Assets and Liabilities	310,779	-	310,779
(156,099)	**(7,841)**	**(163,940)**		**Other Comprehensive Income and Expenditure**	**310,779**	**(1,023)**	**309,756**
33,866	**(169,742)**	**(135,876)**		**Total Comprehensive Income and Expenditure**	**496,384**	**(174,365)**	**322,018**

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 requires that the Comprehensive Income and Expenditure Statement (CIES) reflects the internal management reporting and ~~decision making~~decision-making arrangements of the organisation.

The strategic partnership contract is managed by the PCC and has been included within the annual statements for the PCC in line with the above arrangements. The cost relating to the G4S strategic partnership of £23.2m for 2020/21 (2019/20: £22.4m) is included in the Group Comprehensive Income and Expenditure Statement shown above. See note 2 for more information.

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

PCC Comprehensive Income and Expenditure Statement 2020/21

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

2019/20					2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,666	(8,357)	26,309		Police and Crime Commissioner	32,488	(8,148)	24,340
818	16	834		Joint Services	482	-	482
35,484	**(8,341)**	**27,143**		**Cost of Services**	**32,970**	**(8,148)**	**24,822**
2,233	(62)	2,171	**8**	Other Operating Expenditure	931	(321)	610
2,405	(164)	2,241	**9**	Financing and Investment Income and Expenditure	2,143	(38)	2,105
-	(146,521)	(146,521)	**10**	Taxation and Non-Specific Grant Income	-	(155,479)	(155,479)
117,857	-	117,857		Expenditure - Intra Group financing	123,413	-	123,413
157,979	**(155,088)**	**2,891**		**(Surplus) or Deficit on the Provision of Services**	**159,457**	**(163,986)**	**(4,529)**
-	(7,841)	(7,841)	**27**	(Surplus) / Deficit on Revaluation of Non-Current Assets	-	(1,023)	(1,023)
(8,814)	-	(8,814)	**29**	Actuarial (Gains) or Losses on Pension Assets and Liabilities	8,259	-	8,259
(8,814)	**(7,841)**	**(16,655)**		**Other Comprehensive Income and Expenditure**	**8,259**	**(1,023)**	**7,236**
149,165	**(162,929)**	**(13,764)**		**Total Comprehensive Income and Expenditure**	**167,716**	**(165,009)**	**2,707**

e Movement in Reserves Statement.

2019/20					2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,666	(8,357)	26,309		Police and Crime Commissioner	32,192	(8,148)	24,044
818	16	834		Joint Services	482	-	482
35,484	**(8,341)**	**27,143**		**Cost of Services**	**32,674**	**(8,148)**	**24,526**
2,233	(62)	2,171	**9**	Other Operating Expenditure	1,469	(321)	1,148
2,405	(164)	2,241	**10**	Financing and Investment Income and Expenditure	2,170	(38)	2,132
-	(146,521)	(146,521)	**11**	Taxation and Non-Specific Grant Income	-	(155,479)	(155,479)
117,857	-	117,857		Expenditure - Intra Group financing	123,413	-	123,413
157,979	**(155,088)**	**2,891**		**(Surplus) or Deficit on the Provision of Services**	**159,726**	**(163,986)**	**(4,260)**
-	(7,841)	(7,841)	**28**	(Surplus) / Deficit on Revaluation of Non-Current Assets	-	(902)	(902)
	(8,814)	(8,814)	**30**	Actuarial (Gains) or Losses on Pension Assets and Liabilities	7,323	-	7,323
-	**(16,655)**	**(16,655)**		**Other Comprehensive Income and Expenditure**	**7,323**	**(902)**	**6,421**
157,979	**(171,743)**	**(13,764)**		**Total Comprehensive Income and Expenditure**	**167,049**	**(164,888)**	**2,161**

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 requires that the Comprehensive Income and Expenditure Statement (CIES) reflects the internal

management reporting and ~~decision making~~decision-making arrangements of the organisation.

The strategic partnership contract is managed by the PCC and has been included within the annual statements for the PCC. The cost relating to the G4S strategic partnership of £23.2m for 2020/21 (2019/20: £22.3m) is shown in the PCC Comprehensive Income and Expenditure Statement shown above. See note 2 for more information.

Group Movement in Reserves Statement 2020/21

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

Group	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	**-**	**292**	**9,227**	**3,233**	**12,751**	**(1,544,725)**	**(1,531,974)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(28,064)	(28,064)	-	(28,064)
Other Comprehensive Income and Expenditure	-	-	-	-	-	163,940	163,940
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(28,064)**	**(28,064)**	**163,940**	**135,876**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(280)	-	31,375	31,095	(31,095)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,311**	**3,031**	**132,845**	**135,876**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**99**	**3,031**	**132,845**	**135,876**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,331**	**15,782**	**(1,411,881)**	**(1,396,099)**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	(12,531)	(12,531)	-	(12,531)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(306,809)	(306,809)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(12,531)**	**(12,531)**	**(306,809)**	**(319,340)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(12)	-	16,995	16,983	(16,983)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(323,792)**	**(319,340)**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(323,792)**	**(319,340)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,978**	**20,234**	**(1,735,673)**	**(1,715,439)**

Group	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	**-**	**292**	**9,227**	**3,233**	**12,751**	**(1,544,725)**	**(1,531,974)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(28,064)	(28,064)	-	(28,064)
Other Comprehensive Income and Expenditure	-	-	-	-	-	163,940	163,940
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(28,064)**	**(28,064)**	**163,940**	**135,876**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(280)	-	31,375	31,095	(31,095)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,311**	**3,031**	**132,845**	**135,876**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**99**	**3,031**	**132,845**	**135,876**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,332**	**15,782**	**(1,411,881)**	**(1,396,099)**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	(12,531)	(12,531)	-	(12,531)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(306,809)	(306,809)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(12,531)**	**(12,531)**	**(306,809)**	**(319,340)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(12)	-	16,995	16,983	(16,983)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(323,792)**	**(319,340)**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(323,792)**	**(319,340)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,979**	**20,234**	**(1,735,674)**	**(1,715,440)**

Group	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	**-**	**292**	**9,227**	**3,233**	**12,751**	**(1,544,725)**	**(1,531,974)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(28,064)	(28,064)	-	(28,064)
Other Comprehensive Income and Expenditure	-	-	-	-	-	163,940	163,940
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(28,064)**	**(28,064)**	**163,940**	**135,876**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(280)	-	31,375	31,095	(31,095)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,311**	**3,031**	**132,845**	**135,876**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**99**	**3,031**	**132,845**	**135,876**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,332**	**15,782**	**(1,411,881)**	**(1,396,099)**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	(12,531)	(12,531)	-	(12,531)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(306,809)	(306,809)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(12,531)**	**(12,531)**	**(306,809)**	**(319,340)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	16,995	16,983	(16,983)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(323,792)**	**(319,340)**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(323,792)**	**(319,340)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,979**	**20,234**	**(1,735,674)**	**(1,715,440)**

Group	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	**-**	**292**	**9,227**	**3,233**	**12,751**	**(1,544,725)**	**(1,531,974)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(28,064)	(28,064)	-	(28,064)
Other Comprehensive Income and Expenditure	-	-	-	-	-	163,940	163,940
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(28,064)**	**(28,064)**	**163,940**	**135,876**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(280)	-	31,375	31,095	(31,095)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,311**	**3,031**	**132,845**	**135,876**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**99**	**3,031**	**132,845**	**135,876**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,332**	**15,782**	**(1,411,881)**	**(1,396,099)**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	(12,262)	(12,262)	-	(12,262)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(309,756)	(309,756)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(12,262)**	**(12,262)**	**(309,756)**	**(322,018)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	16,726	16,714	(16,714)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(326,470)**	**(322,018)**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(326,470)**	**(322,018)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,979**	**20,234**	**(1,738,352)**	**(1,718,118)**

PCC Movement in Reserves Statement 2020/21

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

PCC	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019 carried forward	**-**	**292**	**9,227**	**3,233**	**12,751**	**(20,140)**	**(7,389)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(2,891)	(2,891)	-	(2,891)
Other Comprehensive Income and Expenditure	-	-	-	-	-	16,655	16,655
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(2,891)**	**(2,891)**	**16,655**	**13,764**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(280)	-	6,201	5,921	(5,921)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,310**	**3,030**	**10,734**	**13,764**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**98**	**3,030**	**10,734**	**13,764**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,331**	**15,782**	**(9,406)**	**6,376**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	4,260	4,260	-	4,260
Other Comprehensive Income and Expenditure	-	-	-	-	-	(6,421)	(6,421)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**4,260**	**4,260**	**(6,421)**	**(2,161)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	204	192	(192)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(6,613)**	**(2,161)**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(6,613)**	**(2,161)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,978**	**20,234**	**(16,019)**	**4,215**

PCC	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019 carried forward	**-**	**292**	**9,227**	**3,233**	**12,751**	**(20,140)**	**(7,389)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(2,891)	(2,891)	-	(2,891)
Other Comprehensive Income and Expenditure	-	-	-	-	-	16,655	16,655
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(2,891)**	**(2,891)**	**16,655**	**13,764**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(280)	-	6,201	5,921	(5,921)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,310**	**3,030**	**10,734**	**13,764**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**98**	**3,030**	**10,734**	**13,764**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,331**	**15,782**	**(9,406)**	**6,376**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	4,529	4,529	-	4,529
Other Comprehensive Income and Expenditure	-	-	-	-	-	(7,236)	(7,236)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**4,529**	**4,529**	**(7,236)**	**(2,707)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	(12)	-	(65)	(77)	77	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(7,159)**	**(2,707)**
Net transfers (to)/from Earmarked Reserves (Note 7)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(7,159)**	**(2,707)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,978**	**20,234**	**(16,565)**	**3,669**

PCC	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019 carried forward	**-**	**292**	**9,227**	**3,233**	**12,751**	**(20,140)**	**(7,389)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(2,891)	(2,891)	-	(2,891)
Other Comprehensive Income and Expenditure	-	-	-	-	-	16,655	16,655
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(2,891)**	**(2,891)**	**16,655**	**13,764**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(280)	-	6,201	5,921	(5,921)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,310**	**3,030**	**10,734**	**13,764**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**98**	**3,030**	**10,734**	**13,764**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,331**	**15,782**	**(9,406)**	**6,376**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	4,260	4,260	-	4,260
Other Comprehensive Income and Expenditure	-	-	-	-	-	(6,421)	(6,421)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**4,260**	**4,260**	**(6,421)**	**(2,161)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(12)	-	204	192	(192)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(6,613)**	**(2,161)**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(6,613)**	**(2,161)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,978**	**20,234**	**(16,019)**	**4,215**

PCC	Capital Receipts Reserve	Capital Grants Unapplied	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019 carried forward	**-**	**292**	**9,227**	**3,233**	**12,751**	**(20,140)**	**(7,389)**
Movement in Reserves during 2019/20							
Surplus or (Deficit) on the provision of services	-	-	-	(2,891)	(2,891)	-	(2,891)
Other Comprehensive Income and Expenditure	-	-	-	-	-	16,655	16,655
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**(2,891)**	**(2,891)**	**16,655**	**13,764**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(280)	-	6,201	5,921	(5,921)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(280)**	**-**	**3,310**	**3,030**	**10,734**	**13,764**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	3,212	(3,212)	-	-	-
Increase/(Decrease) in 2019/20	**-**	**(280)**	**3,212**	**98**	**3,030**	**10,734**	**13,764**
Balance at 31 March 2020 carried forward	**-**	**12**	**12,439**	**3,331**	**15,782**	**(9,406)**	**6,376**
Movement in Reserves during 2020/21							
Surplus or (Deficit) on the provision of services	-	-	-	4,260	4,260	-	4,260
Other Comprehensive Income and Expenditure	-	-	-	-	-	(6,421)	(6,421)
Total Comprehensive Income and Expenditure	**-**	**-**	**-**	**4,260**	**4,260**	**(6,421)**	**(2,161)**
Adjustments between accounting basis and funding basis under regulations (Note 7)	-	(12)	-	204	192	(192)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	**-**	**(12)**	**-**	**4,464**	**4,452**	**(6,613)**	**(2,161)**
Net transfers (to)/from Earmarked Reserves (Note 8)	-	-	1,817	(1,817)	-	-	-
Increase/(Decrease) in 2020/21	**-**	**(12)**	**1,817**	**2,647**	**4,452**	**(6,613)**	**(2,161)**
Balance at 31 March 2021 carried forward	**-**	**-**	**14,256**	**5,978**	**20,234**	**(16,019)**	**4,215**

Group and PCC Balance Sheet as at 31 March 2021

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

31 March 2020				31 March 2021	
PCC £000	Group £000	Note		PCC £000	Group £000
47,269	47,269	14	Property, Plant and Equipment	49,928	49,928
2,120	2,120	16	Intangible Assets	1,536	1,536
-	-	22	Long-Term Debtors	25	25
49,389	**49,389**		**Long-Term Assets**	**51,489**	**51,489**
250	250	20	Assets Held for Sale	-	-
454	454	21	Inventories	389	389
11,456	13,870	22	Short-Term Debtors	11,546	14,622
6,152	6,152	23	Cash and Cash Equivalents	8,907	8,907
20,726	**20,726**		**Current Assets**	**20,842**	**23,918**
(1,073)	(1,073)	47	Short-Term Borrowing	(1,104)	(1,104)
(10,210)	(12,624)	24	Short-Term Creditors	(11,945)	(15,021)
(3,026)	(3,026)	19	Other Short Term Liabilities	(3,660)	(3,660)
(1,296)	(1,313)	25	Short-Term Provisions	(1,298)	(1,313)
(196)	(196)	12	Revenue Grants Receipts in Advance (< 1 yr)	(201)	(201)
(18,215)	**(18,232)**		**Current Liabilities**	**(18,208)**	**(21,299)**
(28,869)	(28,869)	47	Long-Term Borrowing	(28,201)	(28,201)
(13,629)	(1,415,979)	45	Pension Liabilities	(21,707)	(1,741,271)
(3,026)	(3,026)	19	Other Long-Term Liabilities	-	-
-	(108)	25	Long-Term Provisions	-	(75)
(45,524)	**(1,447,982)**		**Long-Term Liabilities**	**(49,908)**	**(1,769,547)**
6,376	**(1,396,099)**		**Net Assets**	**4,215**	**(1,715,439)**
15,782	15,782	26	Usable Reserves	20,234	20,234
(9,406)	(1,411,881)	27	Unusable Reserves	(16,019)	(1,735,673)
6,376	**(1,396,099)**		**Total Reserves**	**4,215**	**(1,715,439)**

31 March 2020				31 March 2021	
PCC £000	Group £000	Note		PCC £000	Group £000
47,269	47,269	13	Property, Plant and Equipment	49,510	49,510
2,120	2,120	15	Intangible Assets	1,536	1,536
-	-	21	Long-Term Debtors	25	25
49,389	**49,389**		**Long-Term Assets**	**51,071**	**51,071**
250	250	19	Assets Held for Sale	-	-
454	454	20	Inventories	389	389
13,870	13,870	21	Short-Term Debtors	14,622	14,622
6,152	6,152	22	Cash and Cash Equivalents	8,907	8,907
20,726	**20,726**		**Current Assets**	**23,918**	**23,918**
(1,073)	(1,073)	46	Short-Term Borrow ing	(1,104)	(1,104)
(12,624)	(12,624)	23	Short-Term Creditors	(14,482)	(14,482)
(3,026)	(3,026)	18	Other Short Term Liabilities	(3,391)	(3,391)
(1,296)	(1,313)	24	Short-Term Provisions	(1,298)	(1,313)
(196)	(196)	11	Revenue Grants Receipts in Advance (< 1 yr)	(201)	(201)
(18,215)	**(18,232)**		**Current Liabilities**	**(20,476)**	**(20,491)**
(28,869)	(28,869)	46	Long-Term Borrow ing	(28,201)	(28,201)
(13,629)	(1,415,979)	44	Pension Liabilities	(22,643)	(1,744,339)
(3,026)	(3,026)	18	Other Long-Term Liabilities	-	-
-	(108)	24	Long-Term Provisions	-	(76)
(45,524)	**(1,447,982)**		**Long-Term Liabilities**	**(50,844)**	**(1,772,616)**
6,376	**(1,396,099)**		**Net Assets**	**3,669**	**(1,718,118)**
15,782	15,782	25	Usable Reserves	20,234	20,234
(9,406)	(1,411,881)	26	Unusable Reserves	(16,565)	(1,738,352)
6,376	**(1,396,099)**		**Total Reserves**	**3,669**	**(1,718,118)**

These ~~un~~audited accounts were signed on ~~13 July 2021.~~

Signed by Julie Flint

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Julie Flint CPFA MSc
Chief Finance Officer

Group and PCC Cash Flow Statement 2020/21

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

2019/20				2020/21	
PCC £000	Group £000	Note		PCC £000	Group £000
2,891	28,064		**Net (Surplus) or Deficit on the Provision of Services**	(4,260)	12,531
(10,929)	(36,100)	**33**	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(9,601)	(26,394)
62	62	**34**	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	321	321
(7,974)	**(7,974)**		**Net Cash (Inflows) or Outflows from Operating Activities**	**(13,540)**	**(13,542)**
6,640	6,640	**36**	Investing Activities	6,641	6,641
3,314	3,314	**37**	Financing Activities	4,146	4,146
1,980	**1,980**		**Net (Increase) or Decrease in Cash and Cash Equivalents**	**(2,755)**	**(2,755)**
8,131	8,131	**23**	Cash and Cash Equivalents at the Beginning of the Reporting Period	6,151	6,151
6,151	6,151	**23**	Cash and Cash Equivalents at the End of the Reporting Period	8,906	8,906

2019/20				2020/21	
PCC £000	Group £000	Note		PCC £000	Group £000
2,891	28,064		**Net (Surplus) or Deficit on the Provision of Services**	(4,529)	12,262
(10,929)	(36,100)	**32**	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(8,669)	(25,462)
62	62	**33**	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	321	321
(7,974)	**(7,974)**		**Net Cash (Inflows) or Outflows from Operating Activities**	**(12,877)**	**(12,879)**
6,640	6,640	**35**	Investing Activities	6,102	6,102
3,314	3,314	**36**	Financing Activities	4,022	4,022
1,980	**1,980**		**Net (Increase) or Decrease in Cash and Cash Equivalents**	**(2,755)**	**(2,755)**
8,131	8,131	**22**	Cash and Cash Equivalents at the Beginning of the Reporting Period	6,151	6,151
6,151	6,151	**22**	Cash and Cash Equivalents at the End of the Reporting Period	8,906	8,906

Police and Crime Commissioner for Lincolnshire

Notes to the Accounts

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

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

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the PCC's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The PCC is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards.

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

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

1.2. Prior period adjustments, Changes in Accounting Policies and Estimate and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the PCC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.3. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

Property, plant and equipment are tangible items that are:

- Held for operational use, for rental to others, or for administrative purposes; and

- Expected to be used during more than one period.

Classification

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

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

Initial Recognition

- Recognition

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

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

- Measurement

  Assets are initially measured at cost, comprising:

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

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

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

De Minimis Level

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

Subsequent Expenditure

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

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

Measurement after Recognition – Valuation Approach

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

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

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

All valuations are in accordance with the capital accounting rules.

1.5. Operational Assets

1.5.1. Land and Operational Properties:

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

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

1.6. Non-Operational Assets

1.6.1. Surplus assets

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

1.6.2. Assets Under Construction

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

1.7. Valuation Programme

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

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

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

1.8. Component Accounting for Property, Plant and Equipment

1.8.1. The PCC's Componentisation Policy

The Code requires that:

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

1.8.2. Identifying Components

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

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

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

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

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

1.8.3. Subsequent Capital Expenditure

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

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

1.8.4. Revaluation Reserve

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

1.9. Revaluation Gains and Losses

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

1.9.1. Recognizing a Revaluation Gain or Loss

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

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

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

1.10. Depreciation

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

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

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

*at acquisition

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

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

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

1.11. Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

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

1.12. Impairment of Non-Current Assets

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.13. Intangible Assets

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

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

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

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

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

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

1.13.1. De Minimis Level

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

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

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

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

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

1.15. Minimum Revenue Provision

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

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

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

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

1.16. Revenue Expenditure Financed through Capital under Statute

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

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

1.17. Classification of Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

1.18. The PCC as Lessee

1.18.1. Finance Leases

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

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

Lease payments are apportioned between:

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

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

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

1.18.2. Operating Leases

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

1.19. The PCC as Lessor

1.19.1. Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

1.19.2. Operating Leases

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

1.20. Government Grants and Contributions

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

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

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

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

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

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

1.21. Debtors

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

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

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

1.22. Creditors

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

There is no de minimis for capital or revenue accruals.

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

1.23. Debt impairment

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

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

1.24. Inventories

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

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

1.25. Investments and Cash and Cash Equivalents

1.25.1. Investments

The PCC will classify these as follows:

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

1.25.2. Cash and Cash Equivalents

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

1.26. Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the PCC becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

1.27. Contingent Liabilities

A contingent liability is where there is a possible obligation to transfer economic benefits due to a past event, but the possible obligation will only be confirmed by the occurrence or non-occurrence of one or more events in the future, not wholly within the control of the PCC. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

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

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

1.28. Contingent Assets

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

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

1.29. Reserves

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

1.29.1. Usable Reserves

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

1.29.2. Unusable Reserves

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

1.30. Events after the Reporting Period

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

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

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

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

1.31. Recognition of Revenue (Income and Expenditure)

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

1.32. Costs of Overheads and Support Services

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

1.33. Value Added Tax (VAT)

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

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

1.34. Fair Value Measurement

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

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

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

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

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

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

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

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

1.35. Employee Benefits

1.35.1. Benefits Payable during Employment

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

1.35.2. Termination Benefits

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

1.35.3. Post-employment Benefits

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

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

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

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

1.35.4. The Local Government Pension Scheme

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

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

- Liabilities are discounted to their value at current prices, using a discount rate of 2.0% (based on the indicative rate of return on high quality AA index corporate bonds);

- The assets of Lincolnshire pension fund attributable to the PCC are included in the Balance Sheet at their fair value as follows:

  - Quoted securities – current bid price;

  - Unquoted securities – professional estimate;

  - Unitised securities – current bid price;

  - Property – market value.

1.35.5. Percentage Entity Split

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

1.35.6. The Police Officer Pension Scheme

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

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

- Liabilities are discounted to their value at current prices, using a discount rate of 2.0% (based on the indicative rate of return on high quality AA index corporate bonds).

1.35.7. Pension Scheme Policies

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

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

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

1.35.8. Discretionary Benefits

The PCC also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.35.9. Police Officer Pensions – Home Office Memorandum Account

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

1.36. Joint Operations

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

1.37. Financial Instruments

1.37.1. Financial Liabilities

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

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

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

1.37.2. Financial Assets

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

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

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

1.37.3. Financial Assets Measured at Amortised Cost

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

2. Judgements in Applying Accounting Policies

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

- There is uncertainty about service provision following government decisions to reduce future levels of funding for the PCC Group. However, the Group has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision;

- As part of the strategic partnership with G4S, the transfer of some specialised equipment and intangible assets, have been treated as a disposal of assets. The subsequent use of the assets creates a finance lease under IFRIC 4. Hence, the transfer valuation appears in the asset register of the PCC and is depreciated and re-valued in line with accounting policies. There is a matching finance lease liability that is written down over the individual asset lives;

- For retirement benefits, the interpretation of CIPFA guidance differs from that of the Code itself. CIPFA guidance expects plan assets to be included in the financial statements, but the Code says not to include them. This means that by following the CIPFA guidance, the PCC has treated Police Pensions Payments grant as an employers' contribution, reducing the overall pension liability. The impact of this on the General Reserve is reversed through the Movement in Reserves Statement, with a corresponding entry in the Pensions Reserve. The PCC and the Chief Finance Officer have concluded that this approach presents a true and fair view of the PCC's financial position, financial performance and cash flow;

- The Scheme of Arrangements within the PCC Group and the governance arrangements indicate that the Chief Constable controls police officers and police staff, with the exception of PCC staff. The PCC controls income, assets and usable reserves;

- G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. Lincolnshire Police are considered to be the principal rather than merely an agent in these transactions as they retain responsibility for the liabilities. Hence, the IAS19 results as at 31 March 2021 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities;

- The split of the G4S pension liability within the Local Government Pensions Scheme is allocated between the PCC and the Chief Constable in line with the Strategic Partnership arrangement. The current percentage entity split is 30.5% PCC and 69.5% Chief Constable;

- In November 2019, the PCC Group moved into the Blue Light Campus, Lincoln's new joint fire, police and ambulance station on South Park. The property is a Right of Use lease that the PCC have with Lincolnshire County Council. As the PCC Group had already paid contributions prior to the lease inception they do not have a lease liability. Any revaluation increase will be treated as an addition to the finance lease to reflect the fair value of the asset and credited to the revaluation reserve.

3. Assumptions and Other Major Sources of Estimation Uncertainty

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

The items in the PCC's Group Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pension's assets and liabilities. Hence, these are considered separately.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liability (Group) £1,7414,271339k of which £212,707643k relates to the PCC	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions have been measured and described in the tables below. The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.
Actuarial Assumptions (Group) £1,7414,271339k of which £21,7072,643k relates to the PCC	The actuaries have assumed that CPI will be approximately 1% p.a. below RPI on average.	As a market in CPI linked bonds does not exist the actuaries need to make an estimate of the long term gap between RPI and CPI in order to arrive at a CPI assumption for the accounts.

The items in the PCC's Group Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pension's assets and liabilities. Hence, these are considered separately.

3.1. Pension assumptions

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

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

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

Change in financial and demographic assumptions	Approximate percentage increase to Employer Liability	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	10%	162.70
1 year increase in member life expectancy	3%	50.03
0.5% in the Salary Increase Rate	1%	10.84
0.5% increase in the Pensions Increase Rate (CPI)	8%	132.71

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

Change in financial and demographic assumptions	Approximate percentage increase to Projected Current Service Cost	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	20%	6.95
1 year increase in member life expectancy	3%	1.05
0.5% in the Salary Increase Rate	<1%	-
0.5% increase in the Pensions Increase Rate (CPI)	9%	3.21

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

	£000	£000	£000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	224,295	229,408	234,642
Projected Service Cost	7,774	7,998	8,227
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	230,104	229,408	228,719
Projected Service Cost	8,002	7,998	7,993
Adjustment to pension increase and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	233,897	229,408	225,020
Projected Service Cost	8,225	7,998	7,777
Adjustment to life expectancy assumptions	**+ 1 year**	**None**	**- 1 year**
Present value of total obligation	239,543	229,408	219,706
Projected Service Cost	8,374	7,998	7,637

3.2. Other Areas of Estimation Uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment £49,~~510~~928k	Valuations are provided at a specific date. Market conditions can change at short notice.	The last year has seen a 23% increase in the PPE figures. Much of this is due to the spend on the Blue Light collaboration project.
Classification of leases £3,~~391k~~660k	There is some subjective interpretation of contract information when classifying some arrangements as finance or operating leases. For some equipment, the nature of the agreement points to a finance lease, but the details in the contract do not allow accurate calculations to be performed.	We have treated some arrangements as operating leases in the absence of the necessary information to account for them as finance leases. Assets and liabilities may be understated in the Balance Sheet
Collection fund balances £128k	Estimates have been used to show the proportion of income due to the PCC for council ~~tax, but~~tax but held by the district councils in their collection fund account. Some councils have estimated their year-end surplus and the associated Balance Sheet ~~figures, but~~figures but have had to do so several months before the collection fund accounts are prepared.	There is no impact on the General Fund Balance. The surplus in the Comprehensive Income and Expenditure Statement and the associated Balance Sheet figures could vary by up to £200k.
~~Accumulated Absences (Group) £3,076k~~	~~The calculation is based on the balance of hours owed to or owing by each individual recorded in the Duty Management System which includes Annual Leave, Time Off In Lieu and Rest Days in Lieu.~~ ~~Adjustments have been made to remove negative balances and reduce high carry forward balances that significantly exceed policy.~~ ~~Annual Leave is restricted to 5 days, as per policy. The hourly rate used is based on the average pay from the March payroll files.~~	~~Actual balances have since been calculated for approved carry forward and the figures are not materially different to the estimates, therefore no adjustments have been made.~~

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4. Going Concern

4.1 Going Concern – Underlying Principle

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These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Lincolnshire and the Chief Constable of Lincolnshire have assessed going concern and that cash flow requirements can be met for the assessment period to September 2023.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as policing bodies cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities and policing bodies carry out functions essential to the local community and are themselves tax revenue-raising bodies (with limits on their revenue raising powers arising only at the discretion of central government). If a policing body were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements of a policing body to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that policing services will continue to operate for the foreseeable future. The Police and Crime Commissioner for Lincolnshire and the Chief Constable of Lincolnshire accounts therefore assume they will continue to operate for the foreseeable future.

Police funding is under the remit of the Home Office who approved a 3-year settlement for Police Bodies up to 2024/25. This indicated that an additional £650m in 2023/24 and £800m in 2024/25 would be provided for Policing. In addition, PCC's were told at that time they had the flexibility to increase Council Tax by up to £10 without incurring a referendum for 2022/23, 2023/24 and 2024/25 so they could plan ahead. This was later increased to £15 for 2023/24. This was a good sign that the government is aware of the need for greater certainty over funding for financial planning purposes.

4.2 Going Concern – Impact of Covid-19

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The emergence of Covid-19 fundamentally changed the financial regime from March 2020 for police forces with additional service requirements to enforce emergency health legislation. The Police and Crime Commissioner for Lincolnshire and the Chief Constable of Lincolnshire responded to the challenges of Covid-19 as they were publicly announced, maintaining a robust control environment to capture issues, assess capacity and capability, manage stakeholder engagement, make decisions and coordinate the Police response to Covid-19. Extensive internal and external communications issued the latest information and guidance to staff and officers daily to include; briefings, operational guidance, intelligence updates, personal guidance, line manager advice, staff impact and wellbeing resources. The pandemic related elements were brought to a close during March 2022 as managing Covid-19 impacts were incorporated within business-as-usual activities.

4.3 Going Concern – Current & Forecast Financial Position

The 2022/23 revenue budget was set in February 2022 as a balanced budget of £151.49m. A capital and investment programme budget was also set in February 2022, providing a further £5.2m in 2022/23 to be financed by a combination of government grant, capital receipts, borrowing and revenue contributions. The capital programme supports investment

in the estate, fleet replacement and equipment, Information Technology, business led IT Projects and operational equipment. This is essential to ensure fit-for-purpose services, to deliver savings and generate income to balance the budgets over the medium-term financial plan period to 2025/26.

4.4 Going Concern – Cash Position

The PCC for Lincolnshire had a cash equivalent balance of £38.075m at the end of August 2023, compared to £8.87m at 31 March 2021 year-end. This includes £11.475m in Money Market Funds (MMF) available within 24 hours (£8.87m MMF's at 31 March 2021). The PCC deems the uncertainty on income cash flows low as the majority of its income is receivable from the Home Office and local billing authorities. The PCC and Chief Constable continue to take action to maximise and maintain sufficient cash for its activities throughout the medium term and has a borrowing strategy in place to borrow against capital investment as plans are approved. The PCC is also able to mitigate any short-term deposit timing cash flow requirements with its ability to borrow short term monies from other institutions and local authorities at short notice. In a 'stressed' case scenario whereby income is constrained further in the event of unexpected economic shocks and income recovering only very slowly, The PCC has sufficient levels of reserves and investments that it would not run out of cash during 2023/24.

4.5 Going Concern – Conclusion

These accounts have been prepared on a going concern basis, with planned outturn and targets up to 2022/23 within the level of general useable reserves and a balanced budget in place for 2023/24.

4. Expenditure and Funding Analysis

2019/20					Group	2020/21			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	Note		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000			£000	£000	£000	£000
2,800	1,016	306	4,122		Police and Crime Commissioner	(1,413)	458	662	(293)
-	(11,301)	-	(11,301)		Chief Constable	-	(15,189)	-	(15,189)
-	-	-	-		Joint Services	-	-	-	-
2,800	**(10,285)**	**306**	**(7,179)**		**Cost of Services**	**(1,413)**	**(14,731)**	**662**	**(15,482)**
2,172	-	-	2,172	8	Other Operating Expenditure	608	-	-	608
-	36,990	-	36,990	9	Financing and Investment Income and Expenditure	-	32,279	-	32,279
(499)	-	(109)	(608)	10	Taxation and Non-Specific Grant Income	(1,133)	-	454	(679)
4,473	**26,705**	**197**	**31,375**		**Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit**	**(1,938)**	**17,548**	**1,116**	**16,726**

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2019/20					Group	2020/21			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	Note		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000			£000	£000	£000	£000
2,800	1,016	306	4,122		Police and Crime Commissioner	(1,144)	458	662	(24)
-	(11,301)	-	(11,301)		Chief Constable	-	(15,189)	-	(15,189)
-	-	-	-		Joint Services	-	-	-	-
2,800	**(10,285)**	**306**	**(7,179)**		**Cost of Services**	**(1,144)**	**(14,731)**	**662**	**(15,213)**
2,172	-	-	2,172	9	Other Operating Expenditure	608	-	-	608
-	36,990	-	36,990	10	Financing and Investment Income and Expenditure	-	32,279	-	32,279
(499)	-	(109)	(608)	11	Taxation and Non-Specific Grant Income	(1,133)	-	454	(679)
4,473	**26,705**	**197**	**31,375**		**Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit**	**(1,669)**	**17,548**	**1,116**	**16,995**

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2019/20					PCC	2020/21			
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Note		Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
2,800	1,016	306	4,122		Police and Crime Commissioner	(1,144)	458	662	(24)
-	-	-	-		Joint Services	-	-	-	-
2,800	**1,016**	**306**	**4,122**		**Cost of Services**	**(1,144)**	**458**	**662**	**(24)**
2,172	-	-	2,172	**9**	Other Operating Expenditure	608	-	-	608
-	515	-	515	**10**	Financing and Investment Income and Expenditure	-	299	-	299
(499)	-	(109)	(608)	**11**	Taxation and Non-Specific Grant Income	(1,133)	-	454	(679)
4,473	**1,531**	**197**	**6,201**		**Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit**	**(1,669)**	**757**	**1,116**	**204**

2019/20					PCC	2020/21			
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Note		Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
2,800	1,016	306	4,122		Police and Crime Commissioner	(1,413)	458	662	(293)
-	-	-	-		Joint Services	-	-	-	-
2,800	**1,016**	**306**	**4,122**		**Cost of Services**	**(1,413)**	**458**	**662**	**(293)**
2,172	-	-	2,172	**8**	Other Operating Expenditure	608	-	-	608
-	515	-	515	**9**	Financing and Investment Income and Expenditure	-	299	-	299
(499)	-	(109)	(608)	**10**	Taxation and Non-Specific Grant Income	(1,133)	-	454	(679)
4,473	**1,531**	**197**	**6,201**		**Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit**	**(1,938)**	**757**	**1,116**	**(65)**

~~4.1.~~5.1. Adjustments for Capital Purposes

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

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

~~4.2.~~5.2. Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the PCC Group as allowed by statute and the replacement with current service costs and past service costs;

- For Financing and Investment Income and Expenditure this is the net interest on the defined benefit liability is charged to the CIES.

4.3.5.3. Other Differences

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

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

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

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~~5.~~6. Expenditure Analysed by Nature

2019/20 £000	Group Expenditure and Income	2020/21 £000
	Expenditure	
52,232	Police Pay and Allowances	54,730
23,157	Police Staff Pay and Allowances	22,479
1,732	Other Employee Expenses	1,327
1,840	Police Pensions	1,538
22,365	Pension costs inc IAS19	21,679
3,032	Premises	3,140
1,467	Transport	1,302
10,048	Supplies and Services	13,680
23,545	Third Party Payments	23,045
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	1,469
776	Precepts and levies	867
755	Seconded Officers	622
38,880	Interest and investment expenditure	34,149
189,964	**Total expenditure**	**185,873**
	Income	
(10,820)	Fees, charges and other service income	(9,483)
(4,777)	Other Grant Income	(7,409)
(731)	Seconded Officers	(612)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(163,075)	**Total income**	**(173,341)**
26,889	**(Surplus) or Deficit on the Provision of Services**	**12,531**

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2019/20 £000	Group Expenditure and Income	2020/21 £000
	Expenditure	
52,232	Police Pay and Allowances	54,730
23,157	Police Staff Pay and Allowances	22,479
1,732	Other Employee Expenses	1,327
1,840	Police Pensions	1,538
22,365	Pension costs inc IAS19	21,679
3,032	Premises	3,140
1,467	Transport	1,302
10,048	Supplies and Services	13,680
23,545	Third Party Payments	23,342
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
776	Precepts and levies	867
755	Seconded Officers	622
38,880	Interest and investment expenditure	34,122
189,964	**Total expenditure**	**185,603**
	Income	
(10,820)	Fees, charges and other service income	(11,212)
(3,602)	Other Grant Income	(5,680)
(731)	Seconded Officers	(612)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(161,900)	**Total income**	**(173,341)**
28,064	**(Surplus) or Deficit on the Provision of Services**	**12,262**

6.

2019/20 £000	Group Expenditure and Income	2020/21 £000
	Expenditure	
52,232	Police Pay and Allowances	54,730
23,157	Police Staff Pay and Allowances	22,479
1,732	Other Employee Expenses	1,327
1,840	Police Pensions	1,538
22,365	Pension costs inc IAS19	21,679
3,032	Premises	3,140
1,467	Transport	1,302
10,048	Supplies and Services	13,680
23,545	Third Party Payments	23,342
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
776	Precepts and levies	867
755	Seconded Officers	622
38,880	Interest and investment expenditure	34,122
189,964	**Total expenditure**	**185,603**
	Income	
(10,820)	Fees, charges and other service income	(10,042)
(4,777)	Other Grant Income	(6,850)
(731)	Seconded Officers	(612)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(163,075)	**Total income**	**(173,341)**
26,889	**(Surplus) or Deficit on the Provision of Services**	**12,262**

2019/20 £000	PCC Expenditure and Income	2020/21 £000
	Expenditure	
3,767	Police Staff Pay and Allowances	3,197
39	Other Employee Expenses	72
14	Premises	23
28	Transport	183
607	Supplies and Services	1,240
23,127	Third Party Payments	22,411
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
2,405	Interest and investment expenditure	2,142
117,857	Intra Group financing	123,413
157,979	**Total expenditure**	**159,455**
	Income	
(5,229)	Fees, charges and other service income	(3,693)
(3,112)	Other Grant Income	(4,455)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(155,088)	**Total income**	**(163,985)**
2,891	**(Surplus) or Deficit on the Provision of Services**	**(4,530)**

2019/20 £000	PCC Expenditure and Income	2020/21 £000
	Expenditure	
-	Police Pay and Allowances	-
3,767	Police Staff Pay and Allowances	3,197
39	Other Employee Expenses	72
14	Premises	23
28	Transport	183
607	Supplies and Services	1,240
23,127	Third Party Payments	22,411
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
2,405	Interest and investment expenditure	2,142
117,857	Intra Group financing	123,413
157,979	**Total expenditure**	**159,455**
	Income	
(5,229)	Fees, charges and other service income	(2,522)
(4,287)	Other Grant Income	(5,625)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(156,263)	**Total income**	**(163,984)**
1,716	**(Surplus) or Deficit on the Provision of Services**	**(4,529)**

2019/20 £000	Group Expenditure and Income	2020/21 £000
	Expenditure	
52,232	Police Pay and Allowances	54,730
23,157	Police Staff Pay and Allowances	22,479
1,732	Other Employee Expenses	1,327
1,840	Police Pensions	1,538
22,365	Pension costs inc IAS19	21,679
3,032	Premises	3,140
1,467	Transport	1,302
10,048	Supplies and Services	13,680
23,545	Third Party Payments	23,342
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
776	Precepts and levies	867
755	Seconded Officers	622
38,880	Interest and investment expenditure	34,122
189,964	**Total expenditure**	**185,603**
	Income	
(10,820)	Fees, charges and other service income	(9,483)
(4,777)	Other Grant Income	(7,409)
(731)	Seconded Officers	(612)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(163,075)	**Total income**	**(173,341)**
26,889	**(Surplus) or Deficit on the Provision of Services**	**12,262**

2019/20 £000	PCC Expenditure and Income	2020/21 £000
	Expenditure	
-	Police Pay and Allowances	-
3,767	Police Staff Pay and Allowances	3,197
39	Other Employee Expenses	72
14	Premises	23
28	Transport	183
607	Supplies and Services	1,240
23,127	Third Party Payments	22,114
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	1,469
2,405	Interest and investment expenditure	2,169
117,857	Intra Group financing	123,418
157,979	**Total expenditure**	**159,729**
	Income	
(5,229)	Fees, charges and other service income	(1,963)
(4,287)	Other Grant Income	(6,184)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(156,263)	**Total income**	**(163,985)**
1,716	**(Surplus) or Deficit on the Provision of Services**	**(4,260)**

2019/20 £000	PCC Expenditure and Income	2020/21 £000
	Expenditure	
-	Police Pay and Allowances	-
3,767	Police Staff Pay and Allowances	3,197
39	Other Employee Expenses	72
14	Premises	23
28	Transport	183
607	Supplies and Services	1,240
23,127	Third Party Payments	22,411
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
2,405	Interest and investment expenditure	2,142
117,857	Intra Group financing	123,413
157,979	**Total expenditure**	**159,455**
	Income	
(5,229)	Fees, charges and other service income	(1,963)
(4,287)	Other Grant Income	(6,184)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(156,263)	**Total income**	**(163,984)**
1,716	**(Surplus) or Deficit on the Provision of Services**	**(4,529)**

7. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

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

7.1. General Fund Balance

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

7.2. Capital Receipts Reserve

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

7.3. Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects, for which the PCC has met the conditions that would

otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2019/20 Adjustment between Accounting Basis and Funding Basis

2019/20 Group	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	26,705	-	-	(26,705)
Council tax (transferred to or from Collection Fund)	(109)	-	-	109
Unused Leave (transferred to the Accumulated Absences Reserve)	306	-	-	(306)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	9,351	-	-	(9,351)
Total Adjustments to Revenue Resources	**36,253**	**-**	**-**	**(36,253)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(56)	56	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,897)	-	-	4,897
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(205)	-	-	205
Total Adjustments between Revenue and Capital Resources	**(5,158)**	**56**	**-**	**5,102**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(56)	-	56
Application of capital grants to finance capital expenditure	280	-	(280)	-
Total Adjustments to Capital Resources	280	(56)	(280)	56
Total Adjustments	**31,375**	**-**	**(280)**	**(31,095)**

2019/20 PCC	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	1,531	-	-	(1,531)
Council tax (transferred to or from Collection Fund)	(109)	-	-	109
Unused Leave (transferred to the Accumulated Absences Reserve)	306	-	-	(306)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	9,351	-	-	(9,351)
Total Adjustments to Revenue Resources	**11,079**	**-**	**-**	**(11,079)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(56)	56	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,897)	-	-	4,897
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(205)	-	-	205
Total Adjustments between Revenue and Capital Resources	**(5,158)**	**56**	**-**	**5,102**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(56)	-	56
Application of capital grants to finance capital expenditure	280	-	(280)	-
Total Adjustments to Capital Resources	280	(56)	(280)	56
Total Adjustments	**6,201**	**-**	**(280)**	**(5,921)**

2020/21 Adjustment between Accounting Basis and Funding Basis

2020/21 Group	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	17,548	-	-	(17,548)
Council tax (transferred to or from Collection Fund)	454	-	-	(454)
Unused Leave (transferred to the Accumulated Absences Reserve)	662	-	-	(662)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	5,623	-	-	(5,623)
Total Adjustments to Revenue Resources	**24,287**	**-**	**-**	**(24,287)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(315)	315	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,589)	-	-	5,589
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,400)	-	-	1,400
Total Adjustments between Revenue and Capital Resources	**(7,304)**	**315**	**-**	**6,989**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(315)	-	315
Application of capital grants to finance capital expenditure	12	-	(12)	-
Total Adjustments to Capital Resources	12	(315)	(12)	315
Total Adjustments	**16,995**	**-**	**(12)**	**(16,983)**

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

2020/21 PCC	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	757	-	-	(757)
Council tax (transferred to or from Collection Fund)	454	-	-	(454)
Unused Leave (transferred to the Accumulated Absences Reserve)	662	-	-	(662)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	5,623	-	-	(5,623)
Total Adjustments to Revenue Resources	**7,496**	**-**	**-**	**(7,496)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(315)	315	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,589)	-	-	5,589
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,400)	-	-	1,400
Total Adjustments between Revenue and Capital Resources	**(7,304)**	**315**	**-**	**6,989**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(315)	-	315
Application of capital grants to finance capital expenditure	12	-	(12)	-
Total Adjustments to Capital Resources	12	(315)	(12)	315
Total Adjustments	**204**	**-**	**(12)**	**(192)**

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

8. Transfers Between Earmarked Reserves

Group / PCC	Balance at 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Transfer Between Reserves 2019/20 £000	Balance at 31 March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Transfer Between Reserves 2020/21 £000	Balance at 31 March 2021 £000
Major Incidents	**1,850**	-	-	-	**1,850**				**1,850**
Insurance	**1,000**	-	-	-	**1,000**				**1,000**
Proceeds of Crime	**186**	(46)	257		**397**	(71)	8		**334**
Employee Welfare	**52**	-	-	-	**52**			(52)	**-**
Development and Partnership Working	**1,144**	(99)	28	(250)	**823**		71		**894**
Victims Major Incidents	**-**		19	250	**269**				**269**
Partner Agency Funding	**106**				**106**	(17)			**89**
Performance and Productivity	**944**	(20)			**924**	(345)	384	151	**1,114**
CATS / Niche Back Office	**100**			(100)	**-**				**-**
Body Worn Cameras	**76**				**76**				**76**
Strategic Partnership	**75**	(55)			**20**				**20**
Regional NICHE Innovation Funds	**35**		304		**339**	(30)	97		**406**
Capital Financing Reserve	**1,000**				**1,000**				**1,000**
Ill Health Pension Resever	**375**				**375**		112		**487**
Staffing (Risk Mitigation)	**100**				**100**				**100**
PCC Regional Staffing	**-**		26		**26**		23		**49**
ARV Grant Notts	**257**				**257**	(68)			**189**
Specific Grant for Specialist Ongoing Operations	**874**	(480)			**394**	(122)	993	(1,265)	**-**
Domestic Abuse PIF Grant	**74**	(31)	7		**50**	(50)	43		**43**
Police Officer Bank Holiday Overtime	**95**		294		**389**	(95)			**294**
Family Day	**10**	(10)			**-**				**-**
Sandi Starfish	**3**	(3)			**-**				**-**
EMOPSS Disaggregation Risk	**151**				**151**			(151)	**-**
EMSOU Collaboration Risk	**60**	(48)			**12**			(12)	**-**
West Division Football	**15**		10		**25**		15		**40**
Specials ANPR Equipment	**12**	(12)			**-**				**-**
Operations Taser Equipment	**38**	(38)			**-**				**-**
Forensic Services	**100**				**100**			(100)	**-**
Mini Police Income	**-**		46		**46**				**46**
Regional Underspend	**-**		279		**279**			(279)	**-**
Home Office ICT Recharges	**-**		122		**122**	(122)			**-**
Operation Forge			60		**60**			(60)	**-**
South Park Bandwidth			32		**32**			(32)	**-**
Crime Review Building Works			100		**100**	(12)			**88**
Income Pressures	**-**		400		**400**			(400)	**-**
Violence & Vulnerabilty Fund	**-**		2,106		**2,106**	(1,237)	1,455		**2,324**
Blue Light Collaboration	**-**		3		**3**			(3)	**-**
Excellence in Police Finance	**60**	(30)			**30**	(30)		40	**40**
Earmarked non-recurrent funding for use in 2021/22					**-**		167		**167**
Funding of fixed term staff posts 21/22					**-**		492		**492**
Airwave Boosters					**-**		40		**40**
Complaints Handling					**-**		20		**20**
Recurrent & Non Recurrent Funding for expenditure in 2021/22					**-**		1,171		**1,171**
ICT WIFI Installations					**-**		50		**50**
Central Operations Tasers					**-**		53		**53**
Chief Constable Carry Forward to 21/22					**-**		99		**99**
PCC & Joint Services Carry Forward to 21/22					**-**		394		**394**
Non Recurrent Fixed Term Posts >21/22					**-**		481		**481**
Victim Services DA Funding					**-**		28		**28**
Subtotal	**8,792**	**(872)**	**4,093**	**(100)**	**11,913**	**(2,199)**	**6,196**	**(2,163)**	**13,747**
Regional Reserve	436	-	91	-	527	(17)			**510**
Total	**9,228**	**(872)**	**4,184**	**(100)**	**12,440**	**(2,216)**	**6,196**	**(2,163)**	**14,256**
Net transfers (to)/from Earmarked Reserves	**(1,752)**		**3,312**	**(100)**	**3,212**		**3,980**	**(2,163)**	**1,817**

Descriptions of the Earmarked Reserves

Earmarked Reserves - Group / PCC Balance at 31 March 2021	£000	Description of Reserve
Major Incidents	1,850	The requirements of operational policing vary significantly from year to year. The reserve ensures that the PCC Group has funds available to respond to the requirements of major incidents.
Insurance	1,000	To support the costs of on-going claims and for future unforeseen claims which have not yet arisen and for which revenue provision is insufficient.
Proceeds of Crime	334	The police share of assets recovered from the proceeds of crime is reserved for funding local crime reduction initiatives to benefit the community.
Development and Partnership Working	894	Reserve to be used for development and initiatives held by the OPCC.
Victims Major Incidents	269	Fund set aside towards funding victim support for those affected by Major Incidents.
Partner Agency Funding	89	Reserve for Funding received from NHS (custody transformation) and LCJB.
Performance and Productivity	1,114	Reserve to fund business change and efficiency projects.
Body Worn Cameras	76	Round 2 Innovation final costs.
Strategic Partnership	20	Carry forward of penalty income.
Innovation Funding (NICHE)	406	Balance of funding required to fund final part of Innovation R2 (£35k) plus amount to distribute back to other Forces.
Capital Financing Reserve	1,000	Reserve allocation set aside to fund future capital programme items.
Ill Health	487	Reserve to ensure Force can meet the cost of potential Ill Health retirements.
Staffing	100	To provide for potential base budget shortfalls in the event the vacancy factor is not met.
PCC Regional Collaboration Staffing	49	Surplus from past financial years to be used in 2021/22.
ARV Notts	189	Home Office grant held for distribution in 2021/22.
Domestic Abuse PIF Grant	43	Balance of funding to cover contribution to project in future accounting periods
Police Officer Bank Holiday Overtime	294	To smooth out the effect of certain years having more bank holidays than others.
West Division Football	40	Income generated through prosecuting offenders arrested at LCFC matches. Income will be used to offset potential initiatives during 2021/2022.
Mini Police Income	46	Ring fence of underspend from 2019/20.
Crime Review Building works	88	With a change to the Crime department it is likely building alterations will be required.
Violence & Vulnerabilty Fund	2,324	Fund for innovation and service development, bids to be made.
Excellence in Police Finance	40	To develop and improve financial management within the organisation through the CIPFA Finance Excellence in Policing programme.
Earmarked non-recurrent funding for use in 2021/22	167	Ringfence of non-recurrent funding for use in future years.
Funding of fixed term staff posts 21/22	492	Ringfence of non-recurrent funding for use in future years on staff posts.
Airwave Boosters	40	Expenditure did not occur in 2020/21 but is planned for 2021/22.
Complaints Handling	20	Risk mitigation for PCC when handling complaints.
Recurrent & Non Recurrent Funding for expenditure in 2021/22	1,171	Ringfence of non-recurrent funding for use in future years.
ICT WIFI Installations	50	Expenditure did not occur in 2020/21 but is planned for 2021/22.
Central Operations Tasers	53	Expenditure did not occur in 2020/21 but is planned for 2021/22.
Chief Constable Carry Forward to 21/22	99	Various small items of carry forward due to expenditure being delayed in to 2021/22.
PCC & Joint Services Carry Forward to 21/22	394	Various small items of carry forward due to expenditure being delayed in to 2021/22.
Non Recurrent Fixed Term Posts >21/22	481	Ringfence of non-recurrent funding for use in future years on staff posts.
Victim Services DA Funding	28	Further Domestic Abuse services to run in partnership with Lincolnshire County Council.
Sub-Total	**13,747**	
Regional Reserve	510	Reserves from surplus of funding relating to regional expenditure.
Total	**14,256**	

9. Other Operating Expenditure

2019/20			Group	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,233	(62)	2,171	(Gains) or Losses on the Disposal of Property, Plant and Equipment	1,469	(321)	1,148
776	-	776	Levies	867		867
755	(731)	24	Seconded Officers	622	(612)	10
3,764	**(793)**	**2,971**		**2,958**	**(933)**	**2,025**

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2019/20			Group	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,233	(62)	2,171	(Gains) or Losses on the Disposal of Property, Plant and Equipment	931	(321)	610
776	-	776	Levies	867	-	867
755	(731)	24	Seconded Officers	622	(612)	10
3,764	**(793)**	**2,971**		**2,420**	**(933)**	**1,487**

2019/20			PCC	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,233	(62)	2,171	(Gains) or Losses on the Disposal of Property, Plant and Equipment	1,469	(321)	1,148
2,233	**(62)**	**2,171**		**1,469**	**(321)**	**1,148**

2019/20			PCC	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,233	(62)	2,171	(Gains) or Losses on the Disposal of Property, Plant and Equipment	931	(321)	610
2,233	**(62)**	**2,171**		**931**	**(321)**	**610**

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

~~11.~~10. Finance and Investment Income and Expenditure

2019/20			Group	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
956	-	956	Interest Payable on Debt	873	-	873
934	-	934	Interest Element of Finance Lease (Lessee)	998	-	998
36,990	-	36,990	Pensions Interest Cost and Expected Return on Pensions Assets	32,279	-	32,279
-	(164)	(164)	Investment Interest Income	-	(38)	(38)
38,880	**(164)**	**38,716**		**34,150**	**(38)**	**34,112**

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2019/20			Group	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
956	-	956	Interest Payable on Debt	873	-	873
934	-	934	Interest Element of Finance Lease (Lessee)	971	-	971
36,990	-	36,990	Pensions Interest Cost and Expected Return on Pensions Assets	32,279	-	32,279
-	(164)	(164)	Investment Interest Income	-	(38)	(38)
38,880	**(164)**	**38,716**		**34,123**	**(38)**	**34,085**

2019/20			PCC	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
956	-	956	Interest Payable on Debt	873	-	873
934	-	934	Interest Element of Finance Lease (Lessee)	998	-	998
515	-	515	Pensions Interest Cost and Expected Return on Pensions Assets	299	-	299
-	(164)	(164)	Investment Interest Income		(38)	(38)
2,405	**(164)**	**2,241**		**2,170**	**(38)**	**2,132**

2019/20			PCC	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
956	-	956	Interest Payable on Debt	873	-	873
934	-	934	Interest Element of Finance Lease (Lessee)	971	-	971
515	-	515	Pensions Interest Cost and Expected Return on Pensions Assets	299	-	299
-	(164)	(164)	Investment Interest Income	-	(38)	(38)
2,405	**(164)**	**2,241**		**2,143**	**(38)**	**2,105**

~~13.~~11. Taxation and Non-Specific Grant Income

2019/20			Group / PCC	2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
-	(55,999)	(55,999)	Council Tax Income	-	(58,699)	(58,699)
-	(59,362)	(59,362)	General Government Grants*	-	(63,547)	(63,547)
-	(5,775)	(5,775)	Council Tax Support Grant	-	(5,775)	(5,775)
-	(1,059)	(1,059)	Council Tax Freeze Grant	-	(1,059)	(1,059)
-	(23,826)	(23,826)	Home Office Grant Payable tow ards the Cost of Retirement Benefits	-	(25,264)	(25,264)
-	(500)	(500)	Recognised Capital Grants and Contributions	-	(1,079)	(1,079)
	-	-	Regional Capital Grant	-	(56)	(56)
-	**(146,521)**	**(146,521)**		**-**	**(155,479)**	**(155,479)**

*See note 11 2019/20

11.1. Council Tax

The Lincolnshire district and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2020/21 the precept, including the estimated 2019/20 collection fund surplus, was paid to the PCC during the year and amounted to £58.7m distributed as shown below. The Code requires that Council Tax income included in the CIES for the year should be prepared on an ~~accruals~~accrual's basis. The cash received from the billing authorities is therefore adjusted for the PCC's share of the outturn opening and closing balances on the Collection Fund. These adjustments are however then taken to the Collection Fund Adjustment Account (see note 31) and included as a reconciling item in the MIRS to ensure that only the statutory amount is credited to the General Fund.

The figures credited to the CIES are broken down as follows:

Total 2019/20 £000	Group/PCC	Received from Billing Authority £000	Outturn surplus/(deficit) on Collection Fund at 31 March 2020 £000	Outturn surplus/(deficit) on Collection Fund at 31 March 2021 £000	Total 2020/21 £000
(5,917)	Lincoln City Council	(6,258)	(52)	69	**(6,137)**
(4,629)	Boston Borough Council	(4,850)	(11)	(37)	**(4,876)**
(10,801)	East Lindsey District Council	(11,420)	(116)	(43)	**(11,347)**
(7,313)	West Lindsey District Council	(7,722)	(184)	(146)	**(7,684)**
(9,003)	North Kesteven District Council	(9,477)	-	(20)	**(9,497)**
(11,527)	South Kesteven District Council	(12,197)	(152)	63	**(11,982)**
(6,808)	South Holland District Council	(7,228)	(66)	(14)	**(7,176)**
(55,998)		**(59,152)**	**(581)**	**(128)**	**(58,699)**

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~~The Council Tax income received from the following local authorities during the year:~~

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~~14.~~12. Grant Income

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

Group / PCC	2019/20 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
Central Government:		
Police Grant*	(59,363)	(63,547)
Home Office Pension Grant	(23,826)	(25,264)
Capital Grants and Contributions	(500)	(1,079)
Council Tax Support Grant	(5,775)	(5,775)
Council Tax Freeze Grant	(1,059)	(1,059)
Regional Capital Grant	-	(56)
Total	**(90,523)**	**(96,780)**

*See below re Home Office PUP Grant 2019/20

Group / PCC	2019/20 £000	2020/21 £000
Credited to Services		
Other Grant Income		
Special Grant	(1,600)	(993)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Armed Response Vehicle (ARV) Grant	(490)	(490)
Police Transformation Fund - Domestic Abuse Grant	(590)	-
Home Office PUP Grant*	-	(1,397)
Apprenticeship Levy Grant	(55)	(38)
COVID Support Grant	-	(732)
Op TALLA (COVID-19 Response)	-	(160)
Safer Streets Grant	-	(728)
Victim Services Grant	(868)	(1,122)
Regional External Grant	(477)	(575)
Total	**(5,255)**	**(7,409)**

* Replenishment of officer numbers under National Officer Uplift Project, £240k in 2019/20 within Police Grant

Group / PCC	2019/20 £000	2020/21 £000
Credited to Services		
Other Grant Income		
Special Grant	(1,600)	(1,475)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Armed Response Vehicle (ARV) Grant	(490)	(490)
Police Transformation Fund - Domestic Abuse Grant	(590)	-
Other Home Office Grants	(868)	(970)
Home Office PUP Grant*	-	(1,398)
Apprenticeship Levy Grant	(55)	(38)
COVID Support Grant	-	(250)
Op TALLA (COVID-19 Response)	-	(160)
Safer Streets Grant	-	(169)
Victim Services Grant	-	(152)
Regional External Grant	(477)	(575)
Total	**(5,255)**	**(6,852)**

* Replenishment of officer numbers under National Officer Uplift Project, £240k in 2019/20 within Police Grant

2019/20 £000	PCC Expenditure and Income	2020/21 £000
	Expenditure	
-	Police Pay and Allowances	-
3,767	Police Staff Pay and Allowances	3,197
39	Other Employee Expenses	72
14	Premises	23
28	Transport	183
607	Supplies and Services	1,240
23,127	Third Party Payments	22,411
3,727	Capital Financing	1,019
4,175	Depreciation and amortisation	4,826
2,233	Losses on the disposal of assets	931
2,405	Interest and investment expenditure	2,142
117,857	Intra Group financing	123,413
157,979	**Total expenditure**	**159,455**
	Income	
(5,229)	Fees, charges and other service income	(1,963)
(4,287)	Other Grant Income	(6,184)
(62)	Proceeds from the disposal of assets	(321)
(164)	Interest and investment income	(38)
(55,999)	Income from council tax	(58,699)
(90,522)	Government grants and contributions	(96,779)
(156,263)	**Total income**	**(163,984)**
1,716	**(Surplus) or Deficit on the Provision of Services**	**(4,529)**

PCC	2019/20 £000	2020/21 £000
Credited to Services		
Other Grant Income		
Special Grant	(1,600)	(1,475)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Police Transformation Fund - Domestic Abuse Grant	(590)	-
Other Home Office Grants	(868)	(970)
Home Office PUP Grant*	-	(1,398)
Apprenticeship Levy Grant	(55)	(38)
COVID Support Grant	-	(250)
Safer Streets Grant	-	(169)
Victim Services Grant	-	(152)
Total	**(4,288)**	**(5,627)**

* Replenishment of officer numbers under National Officer Uplift Project, £240k in 2019/20 within Police Grant

PCC	2019/20 £000	2020/21 £000
Credited to Services		
Other Grant Income		
Special Grant	(1,600)	(993)
Ers Contribution Pension Shortfall Grant	(1,175)	(1,175)
Police Transformation Fund - Domestic Abuse Grant	(590)	-
Home Office PUP Grant*	-	(1,397)
Apprenticeship Levy Grant	(55)	(38)
COVID Support Grant	-	(732)
Safer Streets Grant	-	(728)
Victim Services Grant	(868)	(1,122)
Total	**(4,288)**	**(6,184)**

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

Group / PCC	2019/20 £000	2020/21 £000
Revenue Grants Receipts in Advance <1 year		
Home Office Special Grant	(196)	(201)
Total	**(196)**	**(201)**

~~15.~~13. Intra-Group Financing

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

~~16.~~14. Property Plant and Equipment

Movements and closing balances in 2019/20 Group / PCC	Land and Buildings £000	Vehicles, Plant, Furniture & £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and £000
Cost or Valuation					
Balance at 31 March 2019 carried forward	24,648	31,614	-	9,014	65,276
Additions	1,024	2,741	-	774	4,539
Asset Additions Leased	2,759	1,707	-	310	4,776
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve including Leased Assets	7,318	-	(572)	-	6,746
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,530)	-	(197)	-	(3,727)
Derecognition - Disposals	(15)	(884)	-	-	(899)
Derecognition - Leased assets	-	(1,707)	-	(310)	(2,017)
Assets reclassified to/from Surplus Assets	(2,525)	-	2,525	-	-
Assets reclassified to/from Assets Held for Sale	(288)	-	-	-	(288)
Assets reclassified to/from Assets Under Construction including Leased Asse	7,208	310	-	(7,518)	-
At 31 March 2020	**36,599**	**33,781**	**1,756**	**2,270**	**74,406**
Depreciation and Impairment					
Balance at 31 March 2019 carried forward	(1)	(25,716)	-	-	(25,717)
Depreciation written out through the revaluation reserve	899	-	182	-	1,081
Derecognition - Disposals	-	857	-	-	857
Revaluation increases/(decreases) recognised in CIES	-				-
Depreciation charge in year	(880)	(2,296)	(182)	-	(3,358)
At 31 March 2020	**18**	**(27,155)**	**-**	**-**	**(27,137)**
Net Book Value:					
At 31 March 2020	**36,617**	**6,626**	**1,756**	**2,270**	**47,269**
At 31 March 2019	**24,647**	**5,898**	**-**	**9,014**	**39,559**

Movements and closing balances in 2020/21 Group / PCC	Land and Buildings £000	Vehicles, Plant, Furniture & £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and £000
Cost or Valuation					
Balance at 31 March 2020 carried forward	36,599	33,781	1,756	2,270	74,406
Additions	2,654	2,220	-	1,820	6,694
Asset Additions Leased	71	138		785	994
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve including Leased Assets	(637)	-	-	-	(637)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,000)	-	-	-	(1,000)
Derecognition - Disposals	-	(13,406)	-	-	(13,406)
Derecognition - Leased assets	-	(138)	-	(785)	(923)
Assets reclassified to/from Surplus Assets	250	-	(250)	-	-
Assets reclassified to/from Assets Under Construction including Leased Asse	18	171	-	(189)	-
At 31 March 2021	**37,955**	**22,766**	**1,506**	**3,901**	**66,128**
Depreciation and Impairment					
Balance at 31 March 2020 carried forward	18	(27,155)	-	-	(27,137)
Depreciation written out through the revaluation reserve	1,493	-	84	-	1,577
Derecognition - Disposals	-	13,404	-	-	13,404
Revaluation increases/(decreases) recognised in CIES	-	-	-		-
Depreciation charge in year	(1,513)	(2,447)	(84)	-	(4,044)
At 31 March 2021	**(2)**	**(16,198)**	**-**	**-**	**(16,200)**
Net Book Value:					
At 31 March 2021	**37,953**	**6,568**	**1,506**	**3,901**	**49,928**
At 31 March 2020	**36,617**	**6,626**	**1,756**	**2,270**	**47,269**

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

Movements and closing balances in 2020/21 Group / PCC	Land and Buildings £000	Vehicles, Plant, Furniture & £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and £000
Cost or Valuation					
Balance at 31 March 2020 carried forward	36,599	33,781	1,756	2,270	74,406
Additions	2,654	2,220	-	1,281	6,155
Asset Additions Leased	71	138		392	601
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve including Leased Assets	(516)	-	-	-	(516)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,000)	-	-	-	(1,000)
Derecognition - Disposals	-	(13,406)	-	-	(13,406)
Derecognition - Leased assets	-	(138)	-	(392)	(530)
Assets reclassified to/from Surplus Assets	250	-	(250)	-	-
Assets reclassified to/from Assets Under Construction including Leased Asse	18	171	-	(189)	-
At 31 March 2021	**38,076**	**22,766**	**1,506**	**3,362**	**65,710**
Depreciation and Impairment					
Balance at 31 March 2020 carried forward	18	(27,155)	-	-	(27,137)
Depreciation written out through the revaluation reserve	1,493	-	84	-	1,577
Derecognition - Disposals	-	13,404	-	-	13,404
Revaluation increases/(decreases) recognised in CIES	-	-	-		-
Depreciation charge in year	(1,513)	(2,447)	(84)	-	(4,044)
At 31 March 2021	**(2)**	**(16,198)**	**-**	**-**	**(16,200)**
Net Book Value:					
At 31 March 2021	**38,074**	**6,568**	**1,506**	**3,362**	**49,510**
At 31 March 2020	**36,617**	**6,626**	**-**	**2,270**	**47,269**

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

~~16.1.~~14.1. Major Non-Current Assets

Analysis of the numbers of major non-current assets:

Group / PCC	2019/20 (Numbers)	2020/21 (Numbers)
Force Headquarters	1	1
Police Stations	38	36
Former Lincoln Police Station (now Surplus Asset)	-	1
Sexual Assault Referral Centre	1	1
Major Aerial sites	3	3
Vehicles	446	501
Police Dog Training Establishment	1	1
Bluelight South Park Campus	1	1
East Coast Training Centre	-	1

~~17.~~15. Valuation of Non-Current Assets

Land and buildings have been revalued, on the basis described in Note 1, and in accordance with the principles of the Accounting Code of Practice, as at the 1 April 2020 by Chartered Surveyors Align Property Partners who are RICS Registered Valuers and independent of the PCC. It should be noted that a separate valuation was commissioned for the Blue Light Campus by Kier Specialist Services for leasing purposes.

A material change review was completed by Align Property Partners as at 31 March 2021 and the report stated:

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore on the basis of 'material valuation uncertainty as per VPS 3 and VGA of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review.

As at a valuation date of 31st March 2021, we are unable to comment with full accuracy as to the recent changes in the market and their impact on values at the current time and in such exceptional circumstances because this is an entirely unknown quantity and the local economy and property market are effectively on lockdown at this time. We are able to comment generally that the current market situation is highly likely to have a negative impact on both values and marketability of properties across the portfolio and the full impact will become more apparent in the fullness of time once transactions return to the market.

The next desktop review will take place at the end of January 2022 as at 1 April 2021.

~~18.~~16. Intangible Assets

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

Group / PCC	2019/20 £000	2020/21 £000
Balance at start of year:		
Gross carrying amounts	5,954	6,170
Accumulated amortisation	(3,285)	(4,050)
Net carrying amount at start of year	**2,669**	**2,120**
Amortisation for the period	(765)	(781)
Additions:		
Purchases	216	197
Additions leased	168	198
Reclassified to Finance Leases:		
Disposals	(168)	(198)
Net carrying amount at end of year	**2,120**	**1,536**
Comprising:		
Gross carrying amounts	6,170	6,367
Accumulated amortisation	(4,050)	(4,831)
	2,120	**1,536**

The PCC has no internally generated assets. All other assets have finite useful lives of 8 years and are amortised on a straight line basis. The amortisation of £781k charged to revenue in the year was charged to the capital financing cost centre and then absorbed as an overhead by the PCC in the Cost of Services.

~~19.~~17. Capital Commitments

Within the approved capital programme of £5.654m for 2021/22, the following commitments exist from the 2020/21 programme:

- The front entrance and reception at Shared Headquarters to become compliant with disability access legislation. This commenced early in the 2021 calendar year with an anticipated completion date of May/June 2021;
- Completion of the Command and Control project for £1,700k;
- A Business Intelligence Tool for £1,200k;
- The Emergency Services Network (ESN) programme to continue with a budget of approximately £500k for 2021/22 although the significant levels of expenditure on this project are not expected until the 2022/23 year;
- The Nexus Core Switch for £381k and Body Worn Camera for £900k – an instruction to deliver these two projects had been given to G4S by 31st March 2021, with completion expected in the early part of the 2021/22 financial year;
- The ISO Accreditation for the Forensic Collision Network for £150k.

~~20.~~18. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is financed in future years by charges to revenue, the expenditure results in an increase in

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

Group / PCC	2019/20 £000	2020/21 £000
Opening Capital Financing requirement	**39,820**	**43,582**
Capital Investment		
Land and Buildings	3,783	2,725
Plant and Equipment	2,741	2,220
Assets Under Construction	774	1,820
Intangible Assets	216	197
G4S Leased Assets	2,185	1,121
Sources of Finance		
Capital Receipts	(56)	(313)
Government Grants and other Contributions	(779)	(1,145)
Direct Revenue Financing	(205)	(1,400)
Minimum Revenue Provision	(1,870)	(2,467)
Revenue Provision	(3,027)	(3,122)
Closing Capital Financing Requirement	**43,582**	**43,218**
Explanation of Movements in Year		
Assets acquired under finance leases	2,185	1,121
Increase / (decrease) in underlying need to borrow	1,577	(1,485)
Increase/(decrease) in Capital Financing Requirement	**3,762**	**(364)**

Group / PCC	2019/20 £000	2020/21 £000
Opening Capital Financing requirement	**39,820**	**43,582**
Capital Investment		
Land and Buildings	3,783	2,725
Plant and Equipment	2,741	2,220
Assets Under Construction	774	1,281
Intangible Assets	216	197
G4S Leased Assets	2,185	728
Sources of Finance		
Capital Receipts	(56)	(313)
Government Grants and other Contributions	(779)	(1,145)
Direct Revenue Financing	(205)	(1,400)
Minimum Revenue Provision	(1,870)	(2,467)
Revenue Provision	(3,027)	(3,391)
Closing Capital Financing Requirement	**43,582**	**42,017**
Explanation of Movements in Year		
Assets acquired under finance leases	2,185	728
Increase / (decrease) in underlying need to borrow	1,577	(2,293)
Increase/(decrease) in Capital Financing Requirement	**3,762**	**(1,565)**

~~21.~~19. Finance Leases

~~21.1.~~19.1. PCC as Lessee - Finance Leases

Net Carrying Amount - Group / PCC	2019/20 £000	2020/21 £000
Land and Buildings	14,107	13,912
Vehicles, Plant, Furniture and Equipment	7,107	6,543
	21,214	**20,455**

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~~21.2.~~

Net Carrying Amount - Group / PCC	2019/20 £000	2020/21 £000
Land and Buildings	14,107	13,912
Vehicles, Plant, Furniture and Equipment	7,107	6,004
	21,214	**19,916**

Minimum Lease Payments - Group / PCC	2019/20 £000	2020/21 £000
Not later than one year	3,026	3,660
Later than one year and not later than five years	3,026	-
Later than five years	-	-
	6,052	**3,660**

Minimum Lease Payments - Group / PCC	2019/20 £000	2020/21 £000
Not later than one year	3,026	3,391
Later than one year and not later than five years	3,026	-
Later than five years	-	-
	6,052	**3,391**

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

As part of the strategic partnership with G4S, ICT and furniture assets were transferred to G4S in 2012/13. Additional assets have since been added and are now valued at £3.74m. Under IFRIC 4 there is a finance lease for these assets. The associated minimum lease payments are shown above. There are no contingent rents or sublease payments.

In November 2019, the PCC Group moved into the Blue Light Campus, Lincoln's new joint fire, police and ambulance station on South Park, occupied through a 70-year finance lease with Lincolnshire County Council. This asset is classed as Property, Plant and Equipment in the Balance Sheet as a finance lease at a value of £13.7m. There is no corresponding lease liability to recognise as the PCC Group paid a contribution prior to the inception of the lease. Any revaluation amount has been credited to the revaluation reserve. If demanded the annual rent is one peppercorn per annum.

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

~~21.3.~~19.2. PCC as Lessee - Operating Leases

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

Group / PCC	2019/20 £000	2020/21 £000
Not later than one year	21	38
Later than one year and not later than five years	-	97
Later than five years	-	-
	21	**135**

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

Group / PCC	2019/20 £000	2020/21 £000
Minimum lease payments	55	55
	55	**55**

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

~~21.4.~~19.3. PCC as Lessor - Operating Leases

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

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

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

Group / PCC	2019/20 £000	2020/21 £000
Not later than one year	120	98
Later than one year and not later than five years	259	128
Later than five years	27	34
	406	**260**

Group / PCC	2019/20 £000	2020/21 £000
Not later than one year	120	98
Later than one year and not later than five years	259	283
Later than five years	27	34
	406	**415**

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

A service charge of £90k was levied to facilitate Lincolnshire Police recovering expenditure incurred on items such as rates and utilities. In accordance with guidance, this service charge is not included in the above table as service charges are excluded from minimum lease payments.

~~22.~~20. Assets Held for Sale

Group / PCC	2019/20 £000
Cost or Valuation	
Balance at 31 March 2019 carried forward	-
Revaluation Increases/ (decreases) recognised in the Revaluation Reserve	(38)
Revaluation Increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-
Assets reclassified to Assets Held for Sale from PPE	288
At 31 March 2020	**250**
Depreciation and Impairment	
Balance at 31 March 2019 carried forward	-
Depreciation written out through the revaluation reserve (prior to reclassification)	13
Depreciation charge in year	(13)
At 31 March 2020	**-**
Net Book Value:	
At 31 March 2020	**250**
At 31 March 2019	**-**

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

~~23.~~21. Inventories

Group / PCC	Uniform and Equipment		Diesel		Fleet Maintenance		Other		Total	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Balance at Start of Year	**304**	**260**	**111**	**140**	**51**	**53**	**3**	**1**	**469**	**454**
Purchases	163	119	676	433	118	104	-	5	957	**661**
Recognised as an Expense in the year	(207)	(136)	(647)	(468)	(116)	(117)	(2)	(5)	(972)	**(726)**
Balance at End of Year	**260**	**243**	**140**	**105**	**53**	**40**	**1**	**1**	**454**	**389**

It should be noted that no uniform stocktake took place as at 31 March 2021 due the cancellation of the physical stock count owing to the Covid-19 outbreak. The last stocktake was undertaken in April 2019 and an adjustment made for £0.7k.

As part of Operation TALLA, set up to deal with the Covid-19 pandemic, the national police distribution hub has been supplying Personal Protective Equipment free of charge to all Police Forces. The value of this PPE held by the PCC for Lincolnshire as at 31 March 2021 was £14,871 based on the current average market rate at the time. This is not held on the balance sheet by way of a donated inventories account due to the low level of materiality. There is no physical cost transfer to the PCC; both the income and expenditure is accounted for by the Department of Health and Social Care on behalf of all Police Forces who have received the funding for public sector PPE directly from HM Treasury.

~~24.~~22. Debtors

2019/20			Group	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
			Amounts falling due within one year:			
1,374	69	**1,444**	Trade Receivables	1,083	68	**1,151**
1,904	314	**2,217**	Accrued Income	1,888	227	**2,115**
2,313	-	**2,313**	Local Taxation Receivable	2,917	-	**2,917**
1,691	-	**1,691**	VAT Claim Receivable	816	-	**816**
5,749	-	**5,749**	Home Office Retirement Benefits Grant Receivable	6,428	-	**6,428**
4	451	**455**	Prepayments and Other Receivable Amounts	18	1,176	**1,194**
13,035	**835**	**13,870**	**Total Debtors falling due within one year**	**13,151**	**1,471**	**14,622**

2019/20			Group / PCC	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
			Amounts falling due within one year:			
1,374	69	**1,444**	Trade Receivables	1,083	68	**1,151**
1,904	314	**2,217**	Accrued Income	1,888	227	**2,115**
2,313	-	**2,313**	Local Taxation Receivable	2,917	-	**2,917**
1,691	-	**1,691**	VAT Claim Receivable	816	-	**816**
5,749	-	**5,749**	Home Office Retirement Benefits Grant Receivable	6,428	-	**6,428**
4	451	**455**	Prepayments and Other Receivable Amounts	18	1,176	**1,194**
13,035	**835**	**13,870**	**Total Debtors falling due within one year**	**13,151**	**1,471**	**14,622**

2019/20			PCC	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
			Amounts falling due within one year:			
1,374	69	**1,444**	Trade Receivables	1,083	68	**1,151**
1,904	314	**2,217**	Accrued Income	1,888	227	**2,115**
2,313	-	**2,313**	Local Taxation Receivable	2,917	-	**2,917**
1,691	-	**1,691**	VAT Claim Receivable	816	-	**816**
5,749	-	**5,749**	Home Office Retirement Benefits Grant Receivable	6,428	-	**6,428**
4	451	**455**	Prepayments and Other Receivable Amounts	18	1,176	**1,194**
	(2,414)	**(2,414)**	PCC guarantee for accumulated absences liability		(3,076)	**(3,076)**
13,035	**(1,580)**	**11,456**	**Total Debtors falling due within one year**	**13,151**	**(1,605)**	**11,546**

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2019/20 £000	Group / PCC	2020/21 Local/Central Government Bodies £000
	Amounts falling due after one year:	
-	Long Term Debtors	25
-	**Total Debtors falling due after one year**	**25**

~~26.~~23. Cash and Cash Equivalents

Group / PCC	2019/20 £000	2020/21 £000
Cash Held by the PCC	28	23
Bank Current Accounts	(407)	188
Insurance Imprest Account	48	27
Confiscated Account	(117)	(202)
Short-term Deposits	6,600	8,870
Total Cash and Cash Equivalents	**6,152**	**8,906**

Any cash confiscated as part of police operations is paid into and held in the bank current account until a later date when it is decided by the court whether it should be paid back to the

individual from whom it was ~~confiscated, or~~confiscated or paid over to the Home Office as a result of criminal activity.

~~27.~~24. Creditors

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

2019/20			Group	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
(1,147)	(964)	**(2,111)**	Trade Payables	(43)	(659)	**(702)**
(2,085)	(2,297)	**(4,382)**	Accruals and Receipts in Advance	(1,258)	(4,495)	**(5,753)**
(2,064)	(2,628)	**(4,692)**	Police and Police Staff Pay Creditors	(2,229)	(3,417)	**(5,646)**
(1,343)	-	**(1,343)**	Local Taxation Payable	(2,790)	-	**(2,790)**
-	(96)	**(96)**	Other Amounts Payable	-	(130)	**(130)**
(6,639)	**(5,985)**	**(12,624)**	**Total Short-Term Creditors**	**(6,320)**	**(8,701)**	**(15,021)**

2019/20			Group / PCC	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
(1,147)	(964)	**(2,111)**	Trade Payables	(43)	(658)	**(701)**
(2,085)	(2,297)	**(4,382)**	Accruals and Receipts in Advance	(1,258)	(3,956)	**(5,214)**
(2,064)	(2,628)	**(4,692)**	Police and Police Staff Pay Creditors	(2,229)	(3,417)	**(5,646)**
(1,343)	-	**(1,343)**	Local Taxation Payable	(2,790)	-	**(2,790)**
-	(96)	**(96)**	Other Amounts Payable	-	(130)	**(130)**
(6,639)	**(5,985)**	**(12,624)**	**Total Short-Term Creditors**	**(6,320)**	**(8,161)**	**(14,481)**

2019/20			PCC	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
(1,147)	(964)	**(2,111)**	Trade Payables	(43)	(659)	**(702)**
(2,085)	(2,297)	**(4,382)**	Accruals and Receipts in Advance	(1,258)	(4,495)	**(5,753)**
(2,064)	(214)	**(2,278)**	Police and Police Staff Pay Creditors	(2,229)	(341)	**(2,570)**
(1,343)	-	**(1,343)**	Local Taxation Payable	(2,790)	-	**(2,790)**
-	(96)	**(96)**	Other Amounts Payable	-	(130)	**(130)**
(6,639)	**(3,571)**	**(10,210)**	**Total Short-Term Creditors**	**(6,320)**	**(5,625)**	**(11,945)**

2019/20			PCC	2020/21		
Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000		Local/Central Government Bodies £000	Other Entities and Individuals £000	Total £000
(1,147)	(964)	**(2,111)**	Trade Payables	(43)	(658)	**(701)**
(2,085)	(2,297)	**(4,382)**	Accruals and Receipts in Advance	(1,258)	(3,956)	**(5,214)**
(2,064)	(214)	**(2,278)**	Police and Police Staff Pay Creditors	(2,229)	(341)	**(2,570)**
(1,343)	-	**(1,343)**	Local Taxation Payable	(2,790)	-	**(2,790)**
-	(96)	**(96)**	Other Amounts Payable	-	(130)	**(130)**
-	**(2,414)**	**(2,414)**	**Inter Group**	**-**	**(3,076)**	**(3,076)**
(6,639)	**(5,985)**	**(12,624)**	**Total Short-Term Creditors**	**(6,320)**	**(8,161)**	**(14,481)**

~~28.~~25. Revenue provisions

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

Short Term Provisions - Group	Balance 31 March 2020	Additional provisions made in 2020/21	Amounts used in 2020/21	Unused amounts reversed in 2020/21	Balance 31 March 2021
Legal Services	(512)	(318)	-	-	(830)
Termination Benefits of Employment	(17)	-	-	2	(15)
Demand Analysis	(30)	-	-	-	(30)
SPOC Overtime (Source Handlers)	(284)	-	-	194	(90)
Ill Health Reserve	(112)	-	-	112	-
Source Handlers Legal Costs	(80)	-	-	-	(80)
Stores Provision	(26)	-	-	10	(16)
Fleet Liabilty with G4S	(50)	-	-	-	(50)
GMP Pension Reconciliation	(11)	-	-	-	(11)
Fixed Term Contract Liabilities	(191)	-	-	-	(191)
Total	**(1,313)**	**(318)**	**-**	**318**	**(1,313)**

Short Term Provisions - PCC	Balance 31 March 2020	Additional provisions made in 2020/21	Amounts used in 2020/21	Unused amounts reversed in 2020/21	Balance 31 March 2021
Legal Services	(512)	(318)	-	-	(830)
Demand Analysis	(30)	-	-	-	(30)
SPOC Overtime (Source Handlers)	(284)	-	-	194	(90)
Ill Health Reserve	(112)	-	-	112	-
Source Handlers Legal Costs	(80)	-	-	-	(80)
Stores Provision	(26)	-	-	10	(16)
Fleet Liabilty with G4S	(50)	-	-	-	(50)
GMP Pension Reconciliation	(11)	-	-	-	(11)
Fixed Term Contract Liabilities	(191)	-	-	-	(191)
Total	**(1,296)**	**(318)**	**-**	**316**	**(1,298)**

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

Long Term Provisions - Group	Balance 31 March 2020	Additional provisions made in 2020/21	Amounts used in 2020/21	Unused amounts reversed in 2020/21	Balance 31 March 2021
Termination Benefits of Employment	(108)	-	-	32	(76)
Total	**(108)**	**-**	**-**	**32**	**(76)**

~~29.~~26. Usable Reserves

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

Usable Reserves - Group	Capital Grants Unapplied	Earmarked Reserves (PCC)	Earmarked Reserves (Region)	Earmarked Reserves Total	General Fund Balance	General Fund Balance (Region)	General Reserve Total	Total Usable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2020	**12**	**11,912**	**527**	**12,439**	**3,297**	**34**	**3,331**	**15,782**
Movements during the year								
Surplus / (Deficit) on the provision of services				-	(12,514)	(17)	(12,531)	(12,531)
Adjustments between accounting basis and funding basis under regulations	(12)			-	16,995		16,995	16,983
Income and Expenditure contribution		6,196	-	6,196	(6,196)	-	(6,196)	-
Used in the year		(2,199)	(17)	(2,216)	2,199	17	2,216	-
Adjustments to usable reserves		(2,163)		(2,163)	2,163		2,163	-
Total reserve movements 2020/21	**(12)**	**1,834**	**(17)**	**1,817**	**2,647**	**-**	**2,647**	**4,452**
Balance as at 31 March 2021	**-**	**13,746**	**510**	**14,256**	**5,944**	**34**	**5,978**	**20,234**

Usable Reserves - Group	Capital Grants Unapplied	Earmarked Reserves (PCC)	Earmarked Reserves (Region)	Earmarked Reserves Total	General Fund Balance	General Fund Balance (Region)	General Reserve Total	Total Usable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2020	**12**	**11,912**	**527**	**12,439**	**3,297**	**34**	**3,332**	**15,782**
Movements during the year								
Surplus / (Deficit) on the provision of services				-	(12,245)	(17)	(12,262)	(12,262)
Adjustments between accounting basis and funding basis under regulations	(12)			-	16,726		16,726	16,714
Income and Expenditure contribution		6,196	-	6,196	(6,196)	-	(6,196)	-
Used in the year		(2,199)	(17)	(2,216)	2,199	17	2,216	-
Adjustments to usable reserves		(2,163)		(2,163)	2,163		2,163	-
Total reserve movements 2020/21	**(12)**	**1,834**	**(17)**	**1,817**	**2,647**	**-**	**2,647**	**4,452**
Balance as at 31 March 2021	**-**	**13,746**	**510**	**14,256**	**5,944**	**34**	**5,979**	**20,234**

Usable Reserves - PCC	Capital Grants Unapplied £000	Earmarked Reserves (PCC) £000	Earmarked Reserves (Region) £000	Earmarked Reserves Total £000	General Fund Balance £000	General Fund Balance (Region) £000	General Reserve Total £000	Total Usable Reserves £000
Balance as at 31 March 2020	**12**	**11,912**	**527**	**12,439**	**3,297**	**34**	**3,331**	**15,782**
Movements during the year								
Surplus / (Deficit) on the provision of services					4,277	(17)	4,260	4,260
Adjustments between accounting basis and funding basis under regulations	(12)			-	204		204	192
Income and Expenditure contribution		6,196	-	6,196	(6,196)	-	(6,196)	-
Used in the year		(2,199)	(17)	(2,216)	2,199	17	2,216	-
Adjustments to usable reserves		(2,163)		(2,163)	2,163		2,163	-
Total reserve movements 2020/21	**(12)**	**1,834**	**(17)**	**1,817**	**2,647**	**-**	**2,647**	**4,452**
Balance as at 31 March 2021	**-**	**13,746**	**510**	**14,256**	**5,944**	**34**	**5,978**	**20,234**

Usable Reserves - PCC	Capital Grants Unapplied £000	Earmarked Reserves (PCC) £000	Earmarked Reserves (Region) £000	Earmarked Reserves Total £000	General Fund Balance £000	General Fund Balance (Region) £000	General Reserve Total £000	Total Usable Reserves £000
Balance as at 31 March 2020	**12**	**11,912**	**527**	**12,439**	**3,297**	**34**	**3,332**	**15,782**
Movements during the year								
Surplus / (Deficit) on the provision of services					4,546	(17)	4,529	4,529
Adjustments between accounting basis and funding basis under regulations	(12)			-	(65)		(65)	(77)
Income and Expenditure contribution		6,196	-	6,196	(6,196)	-	(6,196)	-
Used in the year		(2,199)	(17)	(2,216)	2,199	17	2,216	-
Adjustments to usable reserves		(2,163)		(2,163)	2,163		2,163	-
Total reserve movements 2020/21	**(12)**	**1,834**	**(17)**	**1,817**	**2,647**	**-**	**2,647**	**4,452**
Balance as at 31 March 2021	**-**	**13,746**	**510**	**14,256**	**5,944**	**34**	**5,979**	**20,234**

~~30.~~27. Unusable Reserves

Unusable Reserves - Group	2019/20 £000	2020/21 £000
Revaluation Reserve	12,522	12,866
Capital Adjustment Account	(6,467)	(4,230)
Pensions Reserve	(1,416,103)	(1,741,362)
Collection Fund Adjustment Account	582	128
Accumulated Absences Account	(2,414)	(3,076)
Total Unusable Reserves	**(1,411,880)**	**(1,735,673)**

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Unusable Reserves - Group	2019/20 £000	2020/21 £000
Revaluation Reserve	12,522	12,987
Capital Adjustment Account	(6,467)	(3,961)
Pensions Reserve	(1,416,103)	(1,744,430)
Collection Fund Adjustment Account	582	128
Accumulated Absences Account	(2,414)	(3,076)
Total Unusable Reserves	**(1,411,880)**	**(1,738,352)**

Unusable Reserves - PCC	2019/20 £000	2020/21 £000
Revaluation Reserve	12,522	12,866
~~Capital Adjustment Account~~	(6,467)	(4,230)
Pensions Reserve	(13,629)	(21,707)
Collection Fund Adjustment Account	582	128
Accumulated Absences Account	(2,414)	(3,076)
Total Unusable Reserves	**(9,406)**	**(16,019)**

Unusable Reserves - PCC	2019/20 £000	2020/21 £000
Revaluation Reserve	12,522	12,987
Capital Adjustment Account	(6,467)	(3,961)
Pensions Reserve	(13,629)	(22,643)
Collection Fund Adjustment Account	582	128
Accumulated Absences Account	(2,414)	(3,076)
Total Unusable Reserves	**(9,406)**	**(16,565)**

~~32.~~28. Revaluation Reserve

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

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

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

2019/20 £000	Group / PCC	2020/21 £000
5,017	**Balance at 1 April**	**12,522**
11,031	Upward revaluation of Property, Plant and Equipment	1,699
(3,165)	Downward revaluation of Property Plant and Equipment, and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(758)
(25)	Downward revaluation of Assets Held for Sale and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(39)
7,841	**Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**902**
(336)	Difference between fair value depreciation and historical cost depreciation and adjustment on revaluation reserve	(558)
(336)	**Amount written off to the Capital Adjustment Account**	**(558)**
12,522	**Balance at 31 March**	**12,866**

2019/20 £000	Group / PCC	2020/21 £000
5,017	**Balance at 1 April**	**12,522**
11,031	Upward revaluation of Property, Plant and Equipment	1,727
(3,165)	Downward revaluation of Property Plant and Equipment, and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(665)
(25)	Downward revaluation of Assets Held for Sale and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(39)
7,841	**Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**1,023**
(336)	Difference between fair value depreciation and historical cost depreciation and adjustment on revaluation reserve	(558)
(336)	**Amount written off to the Capital Adjustment Account**	**(558)**
12,522	**Balance at 31 March**	**12,987**

~~33.~~29. Capital Adjustment Account

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

2019/20 £000	Group / PCC	2020/21 £000
(2,609)	**Balance at 1 April**	**(6,467)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,410)	Charges for depreciation and impairment on non-current assets	(4,045)
(3,727)	Revaluation losses on Property, Plant and Equipment	(1,019)
(765)	Amortisation of intangible assets	(781)
(2,228)	Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(923)
(10,130)		**(6,768)**
335	Amounts written out of the Revaluation Reserve	558
(9,795)	**Net written out amount of the cost of non-current assets consumed in the year**	**(6,210)**
	Capital financing applied in the year:	
56	Use of Capital Receipts Reserve to finance new capital expenditure	313
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
205	Capital expenditure charged against the general fund	1,400
779	Application of capital grants and contributions to capital financing transferred to the CAA	1,145
1,040		**2,858**
	Items not debited or credited to the Comprehensive Income and Expenditure Statement:	
4,897	Revenue provision for the repayment of debt	5,589
4,897		**5,589**
(6,467)	**Balance at 31 March**	**(4,230)**

2019/20 £000	Group / PCC	2020/21 £000
(2,609)	**Balance at 1 April**	**(6,467)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,410)	Charges for depreciation and impairment on non-current assets	(4,045)
(3,727)	Revaluation losses on Property, Plant and Equipment	(1,019)
(765)	Amortisation of intangible assets	(781)
(2,228)	Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(923)
(10,130)		**(6,768)**
335	Amounts written out of the Revaluation Reserve	558
(9,795)	**Net written out amount of the cost of non-current assets consumed in the year**	**(6,210)**
	Capital financing applied in the year:	
56	Use of Capital Receipts Reserve to finance new capital expenditure	313
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
205	Capital expenditure charged against the general fund	1,400
779	Application of capital grants and contributions to capital financing transferred to the CAA	1,145
1,040		**2,858**
	Items not debited or credited to the Comprehensive Income and Expenditure Statement:	
4,897	Revenue provision for the repayment of debt	5,858
4,897		**5,858**
(6,467)	**Balance at 31 March**	**(3,961)**

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note ~~6~~ 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

~~34.~~30. Pensions Reserve

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

2019/20 PCC £000	2019/20 Group £000		2020/21 PCC £000	2020/21 Group £000
(20,912)	**(1,545,497)**	**Balance at 1 April**	**(13,629)**	**(1,416,103)**
8,814	156,099	Actuarial gains or losses on pensions assets and liabilities	(7,323)	(307,711)
(2,815)	(67,029)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,037)	(59,578)
1,276	34,659	Employers contributions payable to scheme	1,280	35,569
8	27	Contributions in respect of unfunded benefits	-	-
	5,623	Employers contributions payable to schemes - Cash Top-up		6,428
	15	Other unfunded termination benefits		33
(13,629)	**(1,416,103)**	**Balance at 31 March**	**(21,707)**	**(1,741,362)**

2019/20 PCC £000	2019/20 Group £000		2020/21 PCC £000	2020/21 Group £000
(20,912)	**(1,545,497)**	**Balance at 1 April**	**(13,629)**	**(1,416,103)**
8,814	156,099	Actuarial gains or losses on pensions assets and liabilities	(8,259)	(310,779)
(2,815)	(67,029)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,037)	(59,578)
1,276	34,659	Employers contributions payable to scheme	1,280	35,569
8	27	Contributions in respect of unfunded benefits	-	-
	5,623	Employers contributions payable to schemes - Cash Top-up		6,428
	15	Other unfunded termination benefits		33
(13,629)	**(1,416,103)**	**Balance at 31 March**	**(22,643)**	**(1,744,430)**

~~35.~~31. Collection Fund

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

The Code also requires the PCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset withing the Balance Sheet by an associated balance that reflects the difference between the net attributable share of cash received by the billing authorities from the council tax debtors/creditors and the amounts paid to the PCC. The amounts owed to/from billing authorities in respect of council tax at the year-end were as follows:

2019/20				Group/PCC	2020/21			
Collection Fund Asset/(Liability)	Net Arrears	Prepayments	Balance 31 March		Collection Fund Asset/(Liability)	Net Arrears	Prepayments	Balance 31 March
£000	£000	£000	£000		£000	£000	£000	£000
(52)	610	(258)	**300**	Lincoln City Council	69	894	(194)	**769**
(11)	254	(184)	**59**	Boston Borough Council	(37)	335	(160)	**138**
(116)	366	(227)	**23**	East Lindsey District Council	(43)	383	(242)	**98**
(184)	533	(199)	**150**	West Lindsey District Council	(146)	614	(234)	**234**
-	188	(200)	**(12)**	North Kesteven District Council	(20)	208	(204)	**(16)**
(152)	258	(153)	**(47)**	South Kesteven District Council	63	292	(155)	**200**
(66)	104	(122)	(84)	South Holland District Council	(14)	192	(121)	**57**
(581)	**2,313**	**(1,343)**	**389**		**(128)**	**2,918**	**(1,310)**	**1,480**

2019/20 £000	~~Group / PCC~~	2020/21 £000
472	**Balance at 1 April**	**582**
109	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(454)
582	**Balance at 31 March**	**128**
	Represented by:	
3,624	Council tax arrears	4,484
(1,310)	Impairment for doubtful debts	(1,566)
(1,343)	Council tax overpayments and prepayments	(1,309)
(389)	Creditors, billing authorities	(1,481)
582	**Collection fund surplus / (deficit)**	**128**

~~36.~~32. Accumulated Absences

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

2019/20 £000	Group / PCC	2020/21 £000
(2,108)	**Balance at 1 April**	**(2,414)**
2,108	Settlement or cancellation of accrual made at the end of the preceding year	2,414
(2,414)	Amounts accrued at the end of the current year	**(3,076)**
(306)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(662)**
(2,414)	**Balance at 31 March**	**(3,076)**

~~37.~~33. Cash Flow – Adjustments on Provision of Services for Non-Cash Movements

2019/20 £000 PCC	2019/20 £000 Group	Cash Flow - Non Cash Movements	2020/21 £000 PCC	2020/21 £000 Group
(3,371)	(3,371)	Depreciation of Non-Current Assets	(4,044)	(4,044)
(3,765)	(3,765)	Impairment and Downward Valuations of Non-Current Assets	(1,019)	(1,019)
(765)	(765)	Amortisation of Intangible Assets	(781)	(781)
-	-	Amortisation of Government Grant and Other Contributions	-	-
(202)	(202)	(Increase)/Decrease in Impairment Provisions for Bad Debts	(10)	(10)
1,106	1,412	(Increase)/Decrease in Creditors	(1,735)	(2,397)
(379)	(685)	Increase/(Decrease) in Debtors	125	787
(15)	(15)	Increase/(Decrease) in Inventories	(65)	(65)
(1,531)	(26,720)	Pension Liability	(757)	(17,581)
(2,227)	(2,227)	Carrying Amount of Non-Current Assets Sold and Assets Held for Sale	(1,315)	(1,315)
220	238	Contributions to Provisions	-	31
(10,929)	**(36,100)**	**Non Cash Movements**	**(9,601)**	**(26,394)**

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2019/20 £000 PCC	2019/20 £000 Group	Cash Flow - Non Cash Movements	2020/21 £000 PCC	2020/21 £000 Group
(3,371)	(3,371)	Depreciation of Non-Current Assets	(4,044)	(4,044)
(3,765)	(3,765)	Impairment and Dow nw ard Valuations of Non-Current Assets	(1,019)	(1,019)
(765)	(765)	Amortisation of Intangible Assets	(781)	(781)
(202)	(202)	(Increase)/Decrease in Impairment Provisions for Bad Debts	(10)	(10)
1,412	1,412	(Increase)/Decrease in Creditors	(1,858)	(1,858)
(685)	(685)	Increase/(Decrease) in Debtors	787	787
(15)	(15)	Increase/(Decrease) in Inventories	(65)	(65)
(1,531)	(26,720)	Pension Liability	(757)	(17,581)
(2,227)	(2,227)	Carrying Amount of Non-Current Assets Sold and Assets Held for Sale	(922)	(922)
220	238	Contributions to Provisions	-	31
(10,929)	**(36,100)**	**Non Cash Movements**	**(8,669)**	**(25,462)**

~~39.~~34. Cash Flow – Adjustments on Provision of Services for Investing and Financing Activities

2019/20 £000	Group / PCC	2020/21 £000
62	Proceeds from the Sale of Property, Plant and Equipment and Intangible Assets	321
62		**321**

40.35. Cash Flow Statement – Operating Activities

2019/20 £000	Group / PCC	2020/21 £000
(164)	Interest received	(38)
1,890	Interest paid	1,870

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2019/20 £000	Group / PCC	2020/21 £000
(164)	Interest received	(38)
1,890	Interest paid	1,843

42.36. Cash Flow Statement – Investing Activities

2019/20 £000	Group / PCC	2020/21 £000
6,702	Purchase of Property, Plant and Equipment and Intangible Assets	6,962
(62)	Proceeds from the Sale of Property, Plant and Equipment and Intangible Assets	(321)
6,640	**Net Cash Flows from Investing Activities**	**6,641**

43.

2019/20 £000	Group / PCC	2020/21 £000
6,702	Purchase of Property, Plant and Equipment and Intangible Assets	6,423
(62)	Proceeds from the Sale of Property, Plant and Equipment and Intangible Assets	(321)
6,640	**Net Cash Flows from Investing Activities**	**6,102**

44.37. Cash Flow Statement – Financing Activities

2019/20 £000	Group / PCC	2020/21 £000
(2,249)	Cash Receipts of Short and Long-Term Borrowing	(245)
1,600	Revenue Grant Receipts in Advance	(5)
3,026	Cash Payments for the Reduction of the Outstanding Liability Relating to a Finance Lease	3,514
937	Repayments of Short and Long-Term Borrowing	882
3,314	**Net Cash Flow from Financing Activities**	**4,146**

45.

2019/20 £000	Group / PCC	2020/21 £000
(2,249)	Cash Receipts of Short and Long-Term Borrowing	(245)
1,600	Revenue Grant Receipts in Advance	(5)
3,026	Cash Payments for the Reduction of the Outstanding Liability Relating to a Finance Lease	3,390
937	Repayments of Short and Long-Term Borrowing	882
3,314	**Net Cash Flow from Financing Activities**	**4,022**

46.38. Joint Operations

46.1.38.1. Sexual Assault Referral Centre

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The SARC is a one stop location where victims of sexual assault can receive medical care and counselling whilst at the same time having the opportunity to assist the police investigation into alleged offences. It is a joint operation between Lincolnshire Police and Lincolnshire Partnership NHS Foundation Trust, with Lincolnshire Police acting as the lead body. The financial statements include the PCC Group's share of non-current assets, primarily the purchase and refurbishment costs associated with Spring Lodge (the PCC for Lincolnshire's share is 65%). The financial statements also include the PCC's share of income £10k and revenue expenditure £98k compared to income of £10k and revenue expenditure of £92k in 2019/20 (the PCC for Lincolnshire's share is 50%).

~~46.2.~~38.2. Regional Collaboration

The East Midland Regional Collaboration consists of:

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

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

Lincolnshire's Share of Regional Balance Sheet as at 31 March 2021:

2019/20 £000	Group / PCC	2020/21 £000
1,325	Property, Plant and Equipment	1,395
30	Intangible Assets	8
1,355	**Long Term Assets**	**1,403**
4	Payments In Advance	15
468	Cash and Cash Equivalents	779
394	Short-Term Debtors	256
866	**Current Assets**	**1,050**
(306)	Short-Term Creditors	(503)
-	Receipts In Advance	(5)
(77)	Employee Benefits	(92)
(383)	**Current Liabilities**	**(600)**
1,838	**Net Assets**	**1,853**
34	General Fund Balance	34
527	Earmarked Reserves	510
561	**Usable Reserves**	**544**
1,354	Capital Adjustment Account	1,401
(77)	Accumulated Absences Account	(92)
1,277	**Unusable Reserves**	**1,309**
1,838	**Total Reserves**	**1,853**

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

2019/20 £000		2020/21 £000
773	Police Pay and Allowances	1,594
2,542	Police Staff Pay and Allowances	2,794
51	Other Employee Expenses	71
101	Premises	76
104	Transport	70
452	Supplies and Services	552
608	Agency and Contracted Services	563
155	Depreciation	167
21	Amortisation	22
4,807	**Gross Operating Expenditure**	**5,909**
(231)	Other Income	(233)
4	(Gains) or Losses on Disposal of Non Current Assets	-
4,580	**Amount to be met from Partners**	**5,676**
	Financed by:	
(4,122)	Contributions from Partners	(5,060)
(477)	External Grants	(575)
-	Capital Grants and Contributions	(56)
(19)	**(Surplus) or Deficit on the Provision of Services**	**(15)**
(19)	**Total Comprehensive Income and Expenditure**	**(15)**

~~47.~~39. Funded Partnerships Outside Scope of Collaborative Arrangements

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

Income received in the year was £2,361k which far exceed the previous year figure of £1,340k due to increase in traffic cameras caused by the roadworks on the A1. The expenditure in year was £2,021k compared with £1,041k in 2019/20, the vast majority of expenditure was increasing the reserve held by Lincolnshire County Council.

~~48.~~40. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £8,000 for the year compared to £8,685 in 2019/20. £2,083 of the amount paid to members is charged to the PCC based on the percentage split used for allocating finance joint services costs (26%).

~~49.~~41. Senior Officers

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

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

2019/20 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits received in role £	Car benefits receivable in the role £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2019/20 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2019/20 £**
Police and Crime Commissioner		66,300	-	-	-	**66,300**	10,807	**77,107**
Office of the Police and Crime Commissioner								
Chief Executive		103,549	-	1,239	-	**104,788**	16,878	**121,666**
Chief Finance Officer		76,282	-	1,239	-	**77,521**	12,434	**89,955**
Police Officers								
Chief Constable Bill Skelly		160,555	-	-	15	**160,570**	48,232	**208,802**
Deputy Chief Constable	Finished Jun 19	37,790	-	1,431	75	**39,296**	8,141	**47,437**
Deputy Chief Constable	Started Jul 19	97,090	8,391	4,929	-	**110,410**	28,569	**138,979**
Assistant Chief Constable		109,885	10,200	5,605	-	**125,690**	33,170	**158,860**
Police Staff of the Chief Constable								
Chief Finance Officer		79,437	-	-	-	**79,437**	12,948	**92,385**
Assistant Chief Officer (Resources)		115,131	-	5,605	-	**120,736**	18,766	**139,502**

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

2020/21 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits received in role £	Car benefits receivable in the role £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2020/21 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2020/21 £**
Police and Crime Commissioner		66,300	-	-	-	**66,300**	10,807	**77,107**
Office of the Police and Crime Commissioner								
Chief Executive		106,139	-	1,239	-	**107,378**	17,301	**124,679**
Chief Finance Officer		78,191	-	1,239	-	**79,430**	9,749	**89,179**
Police Officers								
Bill Skelly (Chief Constable)	Finished Dec 20	122,744	-	-	-	**122,744**	-	**122,744**
Chris Haward (Chief Constable)	Started Dec 20	46,871		2,027	-	**48,898**	14,232	**63,130**
Deputy Chief Constable		123,785	-	6,360	-	**130,145**	37,628	**167,773**
Assistant Chief Constable		118,481	-	5,605	-	**124,086**	35,984	**160,070**
Police Staff of the Chief Constable								
Chief Finance Officer		85,709	-	-	-	**85,709**	13,970	**99,679**
Assistant Chief Officer (Resources)		118,043	7,133	5,605	-	**130,781**	19,235	**150,016**

49.1.41.1. Remuneration Banding

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

Remuneration Range	2019/20 Number of employees	2020/21 Number of employees
£50,000 to £54,999	1	1
£55,000 to £59,999	2	-
£60,000 to £64,999	-	3
£65,000 to £69,999	-	1
£70,000 to £74,999	3	1
£75,000 to £79,999	1	-
£80,000 to £84,999	1	1
£85,000 to £89,999	-	3
£90,000 to £94,999	3	2
£95,000 to £99,999	1	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

Remuneration Range	2019/20 Number of employees	2020/21 Number of employees
£50,000 to £54,999	1	1
£55,000 to £59,999	2	1
£60,000 to £64,999	1	2
£65,000 to £69,999	1	1
£70,000 to £74,999	2	1
£75,000 to £79,999	1	1
£80,000 to £84,999	1	-
£85,000 to £89,999	4	3
£90,000 to £94,999	-	2
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

50.42. Termination Benefits

Group Cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number by cost band		Total cost in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0,000 to £20,000	5	-	1	-	6	-	30	-
£20,001 to £40,000	-	-	-	-	-	-	-	-
£40,001 to £60,000	2	-	-	-	2	-	95	-
£60,001 to £80,000	2	-	-	-	2	-	130	-
£80,001 to £100,000	-	-	-	-	-	-	-	-
£100,000 to £150,000	1	-	-	-	1	-	101	-
Total	**10**	**-**	**1**	**-**	**11**	**-**	**356**	**-**

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In 2020/21 there were no compulsory redundancies or employment contract terminations.

51.43. Audit Fees

Group	2019/20 £000	2020/21 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	35	34
Total	**35**	**34**

PCC	2019/20 £000	2020/21 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	23	23
Total	**23**	**23**

52.44. Related Party Transactions

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

52.1.44.1. UK Central Government

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

Further details of the grants received by the PCC Group are set out in Note 10 1 Taxation and Non-Specific Income and Note 11 2 Grant Income.

52.2.44.2. Chief Constable for Lincolnshire

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

52.3.44.3. Officers

The total remuneration to senior staff in 2020/21 is shown in Note 41 0. All senior officers employed by the PCC Group at the 31 March 2021 have completed a Related Party Transaction Declaration for the financial year in respect to themselves and close family members to identify any business dealings with the Group that fall into this category. No further disclosures are required.

52.4.44.4. Other Public Bodies

Joint Operations and Funded Partnerships are disclosed in Notes 37 8 and 38 9.

~~53.~~45. Retirement Benefits

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

The Group participates in two pensions schemes:

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

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

  G4S joined Lincolnshire Police pension fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. The IAS 19 results as at 31 March 2021 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

- The Police Pension Scheme for police officers is an unfunded defined benefit scheme. This means that there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet actual pensions' payments as they eventually fall due. From the 1 April 2015 The Police Pension Scheme 2015 (CARE) scheme was introduced (under the Public Pension Services Act 2013), and members who are not covered by protection or the transitional arrangements in the previous schemes now accrue pension entitlements based on their career-average rather than their final salary. Three schemes were in operation during 2020/21 as well as injury awards:

  - The 1987 scheme (Final Salary) which is based on a maximum pensionable service of 30 years (closed to new entrants on 31 March 2006);

  - The 2006 scheme (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31 March 2015);

  - The 2015 (CARE) scheme which was available to new entrants from the 1 April 2015 and is a Career Average Revalued Earnings (CARE) scheme there is no maximum period of service.

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

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

53.1.45.1. Discretionary Post-Retirement Benefits

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

53.2.45.2. Transactions Relating to Retirement Benefits

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

~~53.3.~~45.3. Transactions Relating to Retirement Benefits

	Local Government Pension Scheme				Police Pension Scheme (Group Only)		Comprehensive Income and Expenditure Account			
	2019/20		2020/21		2019/20	2020/21	2019/20		2020/21	
	PCC	Group	PCC	Group	Group	Group	PCC	Group	PCC	Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement										
Cost of Services:										
Current service cost	(2,273)	(7,451)	(1,706)	(5,595)	(27,600)	(21,500)	(2,273)	(35,051)	(1,706)	(27,095)
Past service costs	(27)	(88)	-	-	5,100	(100)	(27)	5,012	-	(100)
Effect of settlements	-	-	-	-	-	-	-	-	-	-
	(2,299)	(7,539)	(1,706)	(5,595)	(22,500)	(21,600)	(2,299)	(30,039)	(1,706)	(27,195)
Other Operating Expenditure:										
Home Office Grant					(23,826)	(25,264)	-	(23,826)	-	(25,264)
Financing and Investment Income and Expenditure:									-	
Net interest expense	(515)	(1,690)	(299)	(979)	(35,300)	(31,300)	(515)	(36,990)	(299)	(32,279)
Administrative Expenses	-	-	(32)	(104)	-	-	-	-	(32)	(104)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(2,815)**	**(9,229)**	**(2,037)**	**(6,678)**	**(81,626)**	**(78,164)**	**(2,815)**	**(90,855)**	**(2,037)**	**(84,842)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement										
Return on scheme assets (excluding the amount included in the net interest expense)	(5,127)	(16,811)	8,337	27,336	-	-	(5,127)	(16,811)	8,337	27,336
Actuarial gains and losses arising on changes in demographic assumptions	2,141	7,019	594	1,949	10,800	(16,800)	2,141	17,819	594	(14,851)
Actuarial gains and losses arising on changes in financial assumptions	7,075	23,197	(17,218)	(56,454)	130,700	(344,200)	7,075	153,897	(17,218)	(400,654)
Other experience	4,726	15,494	570	1,868	(14,300)	77,300	4,726	1,194	570	79,168
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**8,814**	**28,899**	**(7,717)**	**(25,301)**	**127,200**	**(283,700)**	**8,814**	**156,099**	**(7,717)**	**(309,001)**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**5,999**	**19,670**	**(9,754)**	**(31,979)**	**45,574**	**(361,864)**	**5,999**	**65,244**	**(9,754)**	**(393,843)**
Movement in Reserves Statement							-			
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	2,815	9,229	2,037	6,678	57,800	52,900	2,815	67,029	2,037	59,578
Actual Amount charged against the General Fund Balance for pensions in the year:	-	-	-	-	-	-	-	-	-	-
Employers contributions payable to scheme	(1,276)	(4,182)	(1,280)	(4,197)	(30,477)	(31,372)	(1,276)	(34,659)	(1,280)	(35,569)
Contributions in respect of unfunded benefits	(8)	(27)	-	-	-	-	(8)	(27)	-	-
Employers contributions payable to schemes - Cash Top-up	-	-	-	-	(5,623)	(6,428)	-	(5,623)	-	(6,428)
Retirement benefits payable to pensioners	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Movement from Comprehensive Income and Expenditure Statement to the General Fund	**1,531**	**5,020**	**757**	**2,481**	**21,700**	**15,100**	**1,531**	**26,720**	**757**	**17,581**

	Local Government Pension Scheme				Police Pension Scheme (Group Only)		Comprehensive Income and Expenditure Account			
	2019/20		2020/21		2019/20	2020/21	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000	Group £000	Group £000	PCC £000	Group £000	PCC £000	Group £000
Comprehensive Income and Expenditure Statement										
Cost of Services:										
Current service cost	(2,273)	(7,451)	(1,706)	(5,595)	(27,600)	(21,500)	(2,273)	(35,051)	(1,706)	(27,095)
Past service costs	(27)	(88)	-	-	5,100	(100)	(27)	5,012	-	(100)
Effect of settlements	-	-	-	-	-	-	-	-	-	-
	(2,299)	(7,539)	(1,706)	(5,595)	(22,500)	(21,600)	(2,299)	(30,039)	(1,706)	(27,195)
Other Operating Expenditure:										
Home Office Grant					(23,826)	(25,264)	-	(23,826)	-	(25,264)
Financing and Investment Income and Expenditure:									-	
Net interest expense	(515)	(1,690)	(299)	(979)	(35,300)	(31,300)	(515)	(36,990)	(299)	(32,279)
Administrative Expenses	-	-	(32)	(104)			-	-	(32)	(104)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(2,815)**	**(9,229)**	**(2,037)**	**(6,678)**	**(81,626)**	**(78,164)**	**(2,815)**	**(90,855)**	**(2,037)**	**(84,842)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement										
Return on scheme assets (excluding the amount included in the net interest expense)	(5,127)	(16,811)	8,731	28,626			(5,127)	(16,811)	8,731	28,626
Actuarial gains and losses arising on changes in demographic assumptions	2,141	7,019	594	1,949	10,800	(16,800)	2,141	17,819	594	(14,851)
Actuarial gains and losses arising on changes in financial assumptions	7,075	23,197	(17,218)	(56,454)	130,700	(344,200)	7,075	153,897	(17,218)	(400,654)
Other experience	4,726	15,494	570	1,868	(14,300)	77,300	4,726	1,194	570	79,168
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**8,814**	**28,899**	**(7,323)**	**(24,011)**	**127,200**	**(283,700)**	**8,814**	**156,099**	**(7,323)**	**(307,711)**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**5,999**	**19,670**	**(9,360)**	**(30,689)**	**45,574**	**(361,864)**	**5,999**	**65,244**	**(9,360)**	**(392,553)**
Movement in Reserves Statement							-			
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	2,815	9,229	2,037	6,678	57,800	52,900	2,815	67,029	2,037	59,578
Actual Amount charged against the General Fund Balance for pensions in the year:										
Employers contributions payable to scheme	(1,276)	(4,182)	(1,280)	(4,197)	(41,723)	(44,228)	(1,276)	(45,905)	(1,280)	(48,425)
Contributions in respect of unfunded benefits	(8)	(27)	-	-			(8)	(27)	-	-
Employers contributions payable to schemes - Cash Top-up					5,623	6,428	-	5,623	-	6,428
Retirement benefits payable to pensioners										
Movement from Comprehensive Income and Expenditure Statement to the General Fund	**1,531**	**5,020**	**757**	**2,481**	**21,700**	**15,100**	**1,531**	**26,720**	**757**	**17,581**

~~53.4.~~45.4. Pensions Assets and Liabilities in Relation to Retirement Benefits

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

LGPS	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Present value of the defined benefit obligation	51,909	170,192	69,883	229,123
Fair value of scheme assets	(38,367)	(125,793)	(48,262)	(158,237)
Sub-total	**13,542**	**44,399**	**21,620**	**70,886**
Other movements in the liability (asset)	85	280	87	285
Net liability arising from the defined benefit obligation	**13,627**	**44,679**	**21,707**	**71,171**

LGPS	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Present value of the defined benefit obligation	51,909	170,192	69,883	229,123
Fair value of scheme assets	(38,367)	(125,793)	(47,327)	(155,169)
Sub-total	**13,542**	**44,399**	**22,556**	**73,954**
Other movements in the liability (asset)	85	280	87	285
Net liability arising from the defined benefit obligation	**13,627**	**44,679**	**22,643**	**74,239**

Discretionary Benefits Police Pension Scheme	**2019/20 Group £000**	**2020/21 Group £000**
Present value of the defined benefit obligation	1,314,300	1,602,300
Fair value of scheme assets	-	-
Sub-total	**1,314,300**	**1,602,300**
Other movements in the liability (asset)	57,000	67,800
Net liability arising from the defined benefit obligation	**1,371,300**	**1,670,100**

Discretionary Benefits Police Pension Scheme	**2019/20 Group £000**	**2020/21 Group £000**
Present value of the defined benefit obligation	1,314,300	1,602,300
Fair value of scheme assets	-	-
Sub-total	**1,314,300**	**1,602,300**
Other movements in the liability (asset)	57,000	67,800
Net liability arising from the defined benefit obligation	**1,371,300**	**1,670,100**

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

LGPS	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Opening fair value of scheme assets	42,039	137,833	38,367	125,793
Interest income	1,016	3,332	886	2,905
Adminitrative Expenses	-	-	(32)	(104)
Remeasurement gain / (loss):			-	
The return on scheme assets, excluding the amount included in the net interest expense	(5,127)	(16,811)	8,731	28,626
Other	-		-	
Effect of changes in foreign exchange rates	-		-	
Contributions from employer	1,284	4,209	1,280	4,197
Contributions in respect of unfunded benefits	-	-	-	-
Contributions from employees in the scheme	328	1,076	337	1,106
Benefits paid	(1,173)	(3,846)	(1,307)	(4,286)
Other	-		-	
31 March	**38,367**	**125,793**	**48,262**	**158,237**

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LGPS	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Opening fair value of scheme assets	42,039	137,833	38,367	125,793
Interest income	1,016	3,332	886	2,905
Adminitrative Expenses	-	-	(32)	(104)
Remeasurement gain / (loss):				
The return on scheme assets, excluding the amount included in the net interest expense	(5,127)	(16,811)	7,795	25,558
Other	-	-	-	-
Effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,284	4,209	1,280	4,197
Contributions in respect of unfunded benefits	-	-	-	-
Contributions from employees in the scheme	328	1,076	337	1,106
Benefits paid	(1,173)	(3,846)	(1,307)	(4,286)
Other	-	-	-	-
31 March	**38,367**	**125,793**	**47,327**	**155,169**

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

LGPS Liabilities	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Opening balance at 1 April	62,949	206,391	51,994	170,472
Current service cost	2,273	7,451	1,706	5,595
Interest cost	1,532	5,022	1,185	3,884
Contributions from scheme participants	328	1,076	337	1,106
Re-measurement (gain) / loss:			-	
Actuarial gains / losses arising from changes in demographic assumptions	(2,141)	(7,019)	(594)	(1,949)
Actuarial gains / losses arising from changes in financial assumptions	(7,075)	(23,197)	17,218	56,454
Other	(4,726)	(15,494)	(570)	(1,868)
Past service cost	27	88	-	-
Losses / (gains) on curtailment	-		-	
Liabilities assumed on entity combinations	-		-	
Benefits paid	(1,173)	(3,846)	(1,307)	(4,286)
Liabilities extinguished on settlements (where relevant)	-		-	
31 March	**51,994**	**170,472**	**69,969**	**229,408**

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~~53.6. Reconciliation of the Movements in the Fair Value of the Scheme Assets~~

LGPS	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Opening fair value of scheme assets	42,039	137,833	38,367	125,793
Interest income	1,016	3,332	886	2,905
Adminitrative Expenses	-	-	(32)	(104)
Remeasurement gain / (loss):				
The return on scheme assets, excluding the amount included in the net interest expense	(5,127)	(16,811)	7,795	25,558
Other	-	-	-	-
Effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,284	4,209	1,280	4,197
Contributions in respect of unfunded benefits	-	-	-	-
Contributions from employees in the scheme	328	1,076	337	1,106
Benefits paid	(1,173)	(3,846)	(1,307)	(4,286)
Other	-	-	-	-
31 March	**38,367**	**125,793**	**47,327**	**155,169**

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~~53.8. Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)~~

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LGPS Liabilities	2019/20		2020/21	
	PCC £000	Group £000	PCC £000	Group £000
Opening balance at 1 April	62,949	206,391	51,994	170,472
Current service cost	2,273	7,451	1,706	5,595
Interest cost	1,532	5,022	1,185	3,884
Contributions from scheme participants	328	1,076	337	1,106
Re-measurement (gain) / loss:			-	-
Actuarial gains / losses arising from changes in demographic assumptions	(2,141)	(7,019)	(594)	(1,949)
Actuarial gains / losses arising from changes in financial assumptions	(7,075)	(23,197)	17,218	56,454
Other	(4,726)	(15,494)	(570)	(1,868)
Past service cost	27	88	-	-
Losses / (gains) on curtailment	-	-	-	-
Liabilities assumed on entity combinations	-	-	-	-
Benefits paid	(1,173)	(3,846)	(1,307)	(4,286)
Liabilities extinguished on settlements (where relevant)	-	-	-	-
31 March	**51,994**	**170,472**	**69,969**	**229,408**

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Unfunded liabilities	2019/20	2020/21
Police Pension Scheme	**Group £000**	**Group £000**
Opening balance at 1 April	1,476,800	1,371,300
Current service cost	27,600	21,500
Interest cost	35,300	31,300
Contributions from scheme participants	5,600	5,600
Re-measurement (gain) / loss:		
Actuarial gains / losses arising from changes in demographic assumptions	(10,800)	16,800
Actuarial gains / losses arising from changes in financial assumptions	(130,700)	344,200
Other	14,300	(77,300)
Past service cost	(5,100)	100
Losses / (gains) on curtailment		
Liabilities assumed on entity combinations		
Benefits paid	(41,700)	(43,400)
Liabilities extinguished on settlements (w here relevant)		
31 March	**1,371,300**	**1,670,100**

Unfunded liabilities	2019/20	2020/21
Police Pension Scheme	**Group £000**	**Group £000**
Opening balance at 1 April	1,476,800	1,371,300
Current service cost	27,600	21,500
Interest cost	35,300	31,300
Contributions from scheme participants	5,600	5,600
Re-measurement (gain) / loss:		
Actuarial gains / losses arising from changes in demographic assumptions	(10,800)	16,800
Actuarial gains / losses arising from changes in financial assumptions	(130,700)	344,200
Other	14,300	(77,300)
Past service cost	(5,100)	100
Losses / (gains) on curtailment	-	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(41,700)	(43,400)
Liabilities extinguished on settlements (w here relevant)	-	-
31 March	**1,371,300**	**1,670,100**

53.10.45.7. Pension Scheme Assets

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

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

	2019/20		2020/21	
	Bid Value % Quoted in active market	Bid Value % Not quoted in active market	Bid Value % Quoted in active market	Bid Value % Not quoted in active market
Fixed Interest Government Securities				
UK	1.3	-	1.1	-
Overseas	-	-	-	-
Index Linked Government Securities				
UK	2.0	-	1.7	-
Overseas	-	-	-	-
Corporate Bonds				
UK	11.5	-	9.8	-
Overseas	-	-	-	-
Equities				
UK	15.8	-	16.0	-
Overseas	38.4	-	40.5	-
Property				
All	8.5	0.1	7.0	0.2
Others				
Hedge fund	-	3.5	-	2.9
Private Equity	-	6.4	0.3	6.6
Infrastructure	0.1	3.0	0.5	2.7
Commodities	0.3	0.2	0.5	-
Bonds	3.9	-	3.2	-
Private Debt	-	1.2	-	1.2
Other Diversified Alteratives	1.4	0.5	1.6	0.3
Forward Currency Contracts	-	0.4	-	(0.1)
Cash/Temporary Investments	1.3	-	4.4	-
Net Current Assets				
Debtors	0.2	-	0.1	-
Creditors	-	-	-	(0.4)
Net Assets	**84.7**	**15.3**	**86.6**	**13.4**

	2019/20		2020/21	
	Bid Value % Quoted in active market	Bid Value % Not quoted in active market	Bid Value % Quoted in active market	Bid Value % Not quoted in active market
Fixed Interest Government Securities				
UK	1.3	-	1.1	-
Overseas	-	-		-
Index Linked Government Securities				
UK	2.0	-	1.7	-
Overseas	-	-		-
Corporate Bonds				
UK	11.5	-	9.9	-
Overseas	-	-		-
Equities				
UK	15.8	-	16.2	-
Overseas	38.4	-	41.1	-
Property				
All	8.5	0.1	7.0	0.3
Others				
Hedge fund	-	3.5	-	3.0
Private Equity	-	6.4	0.3	5.6
Infrastructure	0.1	3.0	0.6	2.6
Commodities	0.3	0.2	0.5	-
Bonds	3.9	-	3.3	-
Private Debt	-	1.2	-	1.0
Other Diversified Alteratives	1.4	0.5	1.6	0.3
Forward Currency Contracts	-	0.4	-	(0.1)
Cash/Temporary Investments	1.3	-	4.5	-
Net Current Assets				
Debtors	0.2	-	0.1	-
Creditors	-	-	-	(0.4)
Net Assets	**84.7**	**15.3**	**87.8**	**12.2**

53.11.45.8. Basis for Estimating Assets and Liabilities

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

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

For the Police Pension Scheme liabilities have been assessed on an actuarial basis using the projected unit method. The last formal valuation of the schemes was carried out as at 31 March 2021.

Mortality assumptions	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Longevity for current pensioners:				
Men	21.4	21.1	27.2	27.4
Women	23.7	23.6	29.2	29.7
Longevity for future pensioners:				
Men	22.4	22.0	28.3	28.7
Women	25.2	25.0	30.4	31.0
Financial assumptions	%	%	%	%
Market derived RPI	2.8	3.5	2.8	3.5
Rate of increase in salaries	2.1	3.2	2.8	3.3
Rate of increase in pensions	1.8	2.9	1.9	2.9
Rate for discounting scheme liabilities	2.3	2.0	2.3	2.0

Mortality assumptions	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Longevity for current pensioners:				
Men	21.4	21.1	27.2	27.4
Women	23.7	23.6	29.2	29.7
Longevity for future pensioners:				
Men	22.4	22.0	28.3	28.7
Women	25.2	25.0	30.4	31.0
Financial assumptions	%	%	%	%
Market derived RPI	2.8	3.3	2.8	3.3
Rate of increase in salaries	2.1	3.2	2.8	3.3
Rate of increase in pensions	1.8	2.9	1.9	2.9
Rate for discounting scheme liabilities	2.3	2.0	2.3	2.0

The Local Government Pension Scheme longevity assumptions are as per the latest full valuation as at 31 March 2021, the Police Pension Scheme longevity assumptions are remodelled annually in the actuarial review.

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

45.9. Present Value of Liabilities

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	
Present value of liabilities						
Local government pension scheme	(145,804)	(173,150)	(178,307)	(206,391)	(170,472)	(229,408)
Police pension scheme	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)
Fair value of assets in the local government pension scheme	102,976	121,312	125,670	137,833	125,792	158,237
Surplus / (deficit) in the scheme	**(1,143,628)**	**(1,332,138)**	**(1,384,237)**	**(1,545,358)**	**(1,415,980)**	**(1,741,271)**
Local government pension scheme	(42,828)	(51,838)	(52,637)	(68,558)	(44,680)	(71,171)
Police pension scheme	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)
Total surplus / (deficit) in the scheme	**(1,143,628)**	**(1,332,138)**	**(1,384,237)**	**(1,545,358)**	**(1,415,980)**	**(1,741,271)**

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	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Present value of liabilities						
Local government pension scheme	(145,804)	(173,150)	(178,307)	(206,391)	(170,472)	(229,408)
Police pension scheme	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)
Fair value of assets in the local government pension scheme	102,976	121,312	125,670	137,833	125,792	155,169
Surplus / (deficit) in the scheme	**(1,143,628)**	**(1,332,138)**	**(1,384,237)**	**(1,545,358)**	**(1,415,980)**	**(1,744,339)**
Local government pension scheme	(42,828)	(51,838)	(52,637)	(68,558)	(44,680)	(74,239)
Police pension scheme	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)	(1,371,300)	(1,670,100)
Total surplus / (deficit) in the scheme	**(1,143,628)**	**(1,332,138)**	**(1,384,237)**	**(1,545,358)**	**(1,415,980)**	**(1,744,339)**

53.13.45.10. Impact on the PCC Group's Cash Flows

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

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

The minimum employer contributions payable over the next year for the PCC Group is 16.3% plus a £1,657k lump sum payment. Estimated employer's contribution for 2021/22 amount to £4.33m on the Local Government Pension Scheme.

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

For police pensions, the rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2014/152019/20 resulted in an increase reduction in the employers' contribution rate from 24.2% to 21.21.3% to 31%3% from 1 April 20159. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the exchequer by means of a reduction in the Police Pensions Payments grant from the Home Office, therefore the actual cost to the PCC Group of the employer's contribution is still 24.2%.

Estimated employer contributions for 2021/22 at 22.931% of pensionable pay amount to £12.216.5m.

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

Maturity profile of the defined benefit obligation:

	LGPS			Police Pension Scheme		
	Liability Split as at 31 March 2021 £000	Liability Split as at 31 March 2021 %	Weighted Average Duration at Previous Formal Valuation	Liability Split as at 31 March 2021 £000	Liability Split as at 31 March 2021 %	Weighted Average Duration at Previous Formal Valuation
Active Members	101,606	49.3%	25.0	538,200	40.9%	26
Deferred Members	53,260	25.8%	26.9	48,200	3.7%	27
Pensioner Members	51,205	24.8%	12.2	727,900	55.4%	12
Total	**206,071**	**100.0%**	**20.6**	**1,314,300**	**100.0%**	**18.1**
Contingent Injuries				26,500	46.5%	26
Injury pension liabilities				30,500	53.5%	16
Total	**-**	**-**	**-**	**57,000**	**100.0%**	**20.6**

	~~LGPS~~			Police Pension Scheme		
	Liability Split as at 31 March 2021 £000	Liability Split as at 31 March 2021 %	Weighted Average Duration at Previous Formal Valuation	Liability Split as at 31 March 2021 £000	Liability Split as at 31 March 2021 %	Weighted Average Duration at Previous Formal Valuation
Active Members	101,606	49.3%	25.0	538,200	40.9%	26
Deferred Members	53,260	25.8%	26.9	48,200	3.7%	27
Pensioner Members	51,205	24.8%	12.2	727,900	55.4%	12
Total	**206,071**	**100.0%**	**20.6**	**1,314,300**	**100.0%**	**18.1**
Contingent Injuries	-	-	-	26,500	46.5%	26
Injury pension liabilities	-	-	-	30,500	53.5%	16
Total	**-**	**-**	**-**	**57,000**	**100.0%**	**20.6**

~~54.~~46. Contingent Liabilities

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

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

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

- A national inquiry into Undercover Policing commenced in 2015 to ascertain the truth about Undercover Policing operations across England and Wales since 1968 and provide recommendations for the future. The review is wide ranging and could lead to individual legal claims submitted from officers for additional payments whilst working on undercover operations. The inquiry continues and at present is undertaking evidence hearings on undercover work. The timescales for concluding the work and any potential monetary values to be paid to officers are at present still unknown.

- The McCloud judgement relating to the Court of Appeal's ruling that Government's 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon the members age on 1st April 2012. Currently 93 officers have sought redress against Lincolnshire Police for the unlawful treatment through a national coordinated legal claim. The Government has accepted the validity of the claims and a number of test cases have been selected for Employment Tribunal in December. A further larger claim from the Staff Associations is currently progressing through the Employment Tribunal system. To date, the Force have no data to identify how many officers from Lincolnshire have joined the action, but it is estimate that potentially two-thirds of scheme members impacted by the discriminatory arrangement are now seeking compensation. At present both the timescales and value of settlements remain unclear.

- The PCC took the decision in October 2020 not to take up the option to extend the G4S Strategic contract for a further five years. The contract, which was worth in the region of £23m per year was to provide a wide range of operational and support functions to the Chief Constable. Upon making the decision the Force set up the Future Service Programme to examine and implement the options for the future provision of the services once the contract concludes at the end of financial year 2021/22. Despite the work undertaken to make the transition as smooth as possible there is potential risk for unknown costs to be incurred as services move back under Force control.

~~55.~~47. Financial Instruments

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

	Non-Current				Current					
	Investments		Debtors		Investments		Debtors		Total	
Group / PCC	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Financial Assets										
Amortised Cost	-	-	-	-	5,725	8,279	3,440	3,050	9,165	11,329
Total Financial Assets	**-**	**-**	**-**	**-**	**5,725**	**8,279**	**3,440**	**3,050**	**9,165**	**11,329**

*Note that financial assets classified as loans and receivables in 2017/18 under IAS39

	Non-Current				Current					
	Borrowings		Creditors		Borrowings		Creditors		Total	
~~Group / PCC~~	~~2019/20~~	~~2020/21~~	~~2019/20~~	~~2020/21~~	~~2019/20~~	~~2020/21~~	**2019/20**	**2020/21**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Financial Liabilities										
Amortised Cost	(28,869)	(28,201)	-	-	(1,073)	(1,104)	(8,141)	(9,226)	(38,083)	(38,531)
Total Financial Liabilities	**(28,869)**	**(28,201)**	**-**	**-**	**(1,073)**	**(1,104)**	**(8,141)**	**(9,226)**	**(38,083)**	**(38,531)**

	Non-Current				Current					
	Borrowings		Creditors		Borrowings		Creditors		Total	
Group / PCC	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**	**2019/20**	**2020/21**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Financial Liabilities										
Amortised Cost	(28,869)	(28,201)	-	-	(1,073)	(1,104)	(8,141)	(8,692)	(38,083)	(37,997)
Total Financial Liabilities	**(28,869)**	**(28,201)**	**-**	**-**	**(1,073)**	**(1,104)**	**(8,141)**	**(8,692)**	**(38,083)**	**(37,997)**

The Police and Crime Commissioner is exposed to minimum risk. Any short-term deposits are included in the cash and cash equivalents Note 2~~2~~3.

Financial Liabilities consists of borrowing with the Public Works Loan Board (PWLB) and two SALIX interest free loans. The total PWLB amount outstanding at 31 March 2021 is £28.9m. The total SALIX amount outstanding at 31 March 2021 is £419k.

No additional borrowing from PWLB took place in 2020/21. Repayments of the principal were made totalling £822k and there was a decrease in loan interest accrual of £10k. Additional borrowing of £245k from SALIX took place and repayments of £50k resulting in a decrease in the PCC's borrowing from £29.9m to £29.3m in the year.

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

Group / PCC	**Range of interest rates payable %**	**As at March 31 2020 £000**	**As at March 31 2021 £000**
PWLB	2.14 - 8.25	(29,718)	(28,886)
Salix Interest Free Loan	Interest Free	(224)	(419)
		(29,942)	**(29,305)**

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

A full analysis of loans by maturity is shown in Note 4~~7~~8 under 'liquidity risk exposure.

~~55.1.~~47.1. Income, Expense, Gains and Losses

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

Income, Expense, Gains and Losses Group / PCC	31 March 2020		31 March 2021	
	Surplus or Deficit on the Provision of Services	Other Compreshensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Compreshensive Income and Expenditure
	£000	£000	£000	£000
Financial assets measured at amortised cost	164		38	
Total interest revenue	**164**	**-**	**38**	**-**
Interest expense	**(956)**	**-**	**(873)**	**-**

~~55.2.~~47.2. Fair Values of Financial Assets

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

~~55.3.~~47.3. The Fair Values of Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

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

Financial liabilities - Group / PCC	Fair Value Hierarcy Measurement	31 March 2020		31 March 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
		£000	£000	£000	£000
PWLB	Level 2	29,718	49,003	28,886	40,617
Salix Interest Free Loan	Level 2	224	224	419	419

The fair value of PWLB loans is higher than the carrying amount because the PCC's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

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

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

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

The fair value hierarchy is as follows:

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

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

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

- For loans from the PWLB, equivalent borrowing rates available from the PWLB at 31 March 2021 have been applied to provide the fair value under the PWLB debt redemption procedures;
- No early repayment or impairment is recogni~~z~~sed;
- The SALIX loans have been accounted for on the basis of outstanding principal amounts as defined by statutory arrangements and will be repaid by 31 March 2026.

~~56.~~48. Nature and Extent of Risks Arising from Financial Instruments

~~56.1.~~48.1. Credit Risk Exposure

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

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

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

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

Sales Ledger - Aged Debt Analysis	2019/20 £000	2020/21 £000
Current	1,294	867
Up to one month	115	185
Up to six months	19	83
Up to one year	16	8
More than one year	-	8
Total:	**1,444**	**1,151**
Other debtors	1,996	1,899
Total:	**3,440**	**3,050**

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

~~56.2.~~48.2. Liquidity Risk Exposure

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

2019/20 Borrowing	**PWLB** **£000**	**Deferred Liabilities** **£000**	**Total** **£000**
Less than 1 year	1,023	50	1,073
Between one and two years	814	50	864
Between two and five years	2,366	125	2,490
More than five years	25,515	-	25,515
Total	**29,718**	**224**	**29,942**

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

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

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

~~56.3.~~48.3. Market Risk Exposure

Market risk is the risk that the value of an instrument will fluctuate because of changes in interest rates, market prices and foreign currency exchange rates. The PCC has limited risk. PWLB interest rates are fixed, and no short-term investments were held at the end of 2020/21. The PCC does not invest in equity shares and has no financial assets or liabilities in foreign currencies.

The following sensitivity analysis shows the financial effect on the fair value of a one percent point movement in average interest rates as at 31 March 2020 and 31 March 2021:

2019/20 Sensitivity Analysis	Fair Value 2019/20 £000	Fair Value at 1% Higher £000	Fair Value at 1% Lower £000
PWLB Long Term Fixed Borrowing	49,003	48,993	49,013

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

~~57.~~49. Accounting Standards Issued but Not Yet Adopted

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

- Definition of a business: Amendments to IFRS Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7;
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

If these had been adopted for the financial year 2020/21 there would be no known material changes. If further information becomes available that requires changes to 2020/21 these will be restated in the 2021/22 financial statements.

The new leasing standard, IFRS 16 Leases, had been due to be implemented from 2020/21. However, due to the widespread impact of the COVID-19 global pandemic, the CIPFA/LASAAC Local Authority Accounting Code Board agreed to defer the implementation of this standard in line with the government's Financial Reporting Advisory Board's proposals for central government departments. This will mean the effective date for implementation is now 1 April 2022.

50. Non-adjustment event after reporting period

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

There is one event which is indicative of conditions that arose after the reporting period where the Statements of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect. Disclosure is made in the notes of the nature of the events and their estimated financial effect or a statement that a reasonable estimate of the effect cannot be made:-

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

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Police Officer Pensions – Home Office Memorandum Account 2020/21

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

2019/20 £000	Fund account	2020/21 £000
	Contributions Receivable	
	From Employer:	
12,212	Normal	12,621
831	Early Retirements	499
	From Members:	
5282	Contributions	5,420
466	Individual Transfers in from Other Schemes	201
18,790		**18,741**
	Benefits Payable	
33,900	Pensions	35,129
8,267	Commutations	8,219
-	Lump Sum Death Benefits	287
	Payments To and On Account of Leavers	
12	Refunds of Contributions	9
60	Individual Transfers Out	-
195	Scheme Pays	235
184	Lifetime Allowance (25%)	126
-	Equivalent Premium	-
42,617		**44,005**
23,827	**Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit**	**25,264**
(23,827)	**Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year**	**(25,264)**
-	**Net Amount payable/(receivable) by the PCC Group for Lincolnshire**	-

Disclosure Notes

1. The operation of the Pension Fund for Police and Crime Commissioners in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI 2007 No 1932). It covers both old, new and Career Average Revalued Earnings (CARE) Police Officer occupational pension schemes but has no impact on the benefit structure of either scheme. The CARE scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. Injury and ill health awards continue to be paid from the PCC's operating account. The employer contribution rate is ~~24.2~~31% of pensionable pay. Employees' contributions in the 1987 old scheme are either 14.25% or 15.05% of pensionable pay. In the 2006 new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. In the 2015 CARE scheme employees contribute either 12.44%, 13.44% or 13.78% of pensionable pay.

2. The fund is administered by XPS on behalf of Lincolnshire Police. Salary deductions are made from members of the scheme, and payments are made to retiring officers and pensioners in accordance with Police Pension Fund Regulations 2007. Returns are made to the Home Office for the projected and actual costs in each year, and funds are transferred accordingly.

3. There are no investment assets; the fund is balanced to nil each year by receipt of a Police Pensions Payments grant from the Home Office (via PCC for Lincolnshire). Payments are made monthly to pensioners, with the pension fund entries being kept separate, outside of the PCC's general ledger accounts. Details of the PCC's long-term pension obligations can be found in the main statements at Note 4~~5~~4.

4. The accounting policies followed are in accordance with Note 1.

5. The Police Officer Pensions – Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.

6. The net amount receivable of £6,428,058 is shown in PCC for Lincolnshire accounts as due from the Home Office.

7. McCloud Judgement Legal Cases **–** The Chief Constable of Lincolnshire along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

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

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

8. McCloud Judgement Impact on Pension Liability – Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Police and Crime Commissioner for Lincolnshire, this effects around 1,000 members. The actuary originally estimated the increase in scheme liabilities for the Police and Crime Commissioner for Lincolnshire to be 4.0% or £56m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2019/20, the estimated increase was a further £8m reflecting an additional years benefits from the remedy and a reduction resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, a further, more detailed, estimate of 1.3% of pensions scheme liabilities or £21m was calculated using actual membership data and reflected in the accounts (again reflecting an additional years benefits from the remedy).

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

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

Glossary of Terms

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

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

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

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