

Chief Constable of Durham Constabulary

Statement of Accounts

for the year ended 31st March 2023



The status of the statement of accounts for the years ended 31 March 2022 & 31 March 2023 are unaudited and the statements of accounts as published may be subject to change;

G Ridley

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2022/23 Narrative Report

Message from Gary Ridley, Assistant Chief Officer

Organisational Overview

Following the Police Reform and Social Responsibility Act 2011, Durham Police Authority was abolished on 21 November 2012 and replaced with two corporation sole bodies, The Office of the Police and Crime Commissioner for Durham (Durham Police and Crime Commissioner, PCC) and the Chief Constable of Durham Constabulary (Chief Constable, CC). This set of accounts shows the financial position of the Chief Constable of Durham Constabulary. The financial position of the PCC and the consolidated Group of the PCC and CC are set out in the PCC and Group accounts which is a separate document.

The Constabulary vision is to protect neighbourhoods, tackle criminals and solve problems. It manages its resources, information and, works with partners in order to ensure that the vision is met. It's core values of honesty, fairness, integrity, courage and inclusivity run through the decision making processes across the Force.

Governance

The annual governance statements (AGS) for the PCC and CC were produced in line with CIPFA guidance. Both the AGS's were agreed at the Executive Board on 25 May 2023. The main governance issues to note are as follows:

Finance

The latest medium term financial plan will require a larger level of efficiency and cash backed savings than have been delivered in the past. A plan has been agreed to deliver savings as part of future budget setting.

Key financial information for 2022/23 is as follows:

	Original Budget	Actual	Variance
	£'000	£'000	£'000
Employees	123,593	124,349	(756)
Premises	5,395	5,799	(404)
Transport	2,447	2,638	(191)
Agency Services	2,654	4,895	(2,241)
Supplies and Services	13,274	15,185	(1,911)
Gross Expenditure	147,363	152,866	(5,503)
Special Grants and Other Income	(6,843)	(16,234)	9,391
Net Expenditure	140,520	136,632	3,888

The main variations to budget include:

- **Agency Services and Supplies and Services**
These were overspent during the year due to expenditure on the national Police Uplift Programme (the associated reimbursement from the Home Office is shown under income).
- **Employees**
The overspend is due to additional overtime worked by officers during the year. This is being monitored closely.
- **Special Grants and Other Income**
Additional income was received for reimbursement of expenditure incurred by the Constabulary for the nationwide Police Uplift Programme and other grants. Additional income was received for extra training carried out and more officers than expected being on secondment.

The operation of the Force is funded by the PCC. The financial position of the PCC and the consolidated position of the Group is shown in the Group accounts which is a separate document.

Funding Formula

Previous work from central government has indicated that any revised funding formula could adversely impact the Constabulary. The earliest a new funding formula can be introduced is 2025/26. If the new formula results in a loss of grant, further savings will be required.

Collaboration

Whilst the Constabulary does not have a formal collaboration policy, it keeps under review initiatives where they either increase resilience, capacity or provide value for money. A number of initiatives continue to exist, including the Red Sigma joint ICT development with Cumbria Constabulary, joint fingerprint unit with Cleveland Police and also Evolve Legal Services with Cleveland and North Yorkshire Police Forces. Work is also expanding in respect of income generation with other Forces and central government.

Dual Chief Finance Officer Role

The PCC Chief Finance Officer role is provided by the Constabulary Chief Finance Officer. This is acknowledged as a governance risk with concerns having previously been expressed by the Joint Audit Committee. Safeguards are in place and the annual review is carried out to ensure that the joint arrangement is working satisfactorily and that no issues have arisen.

Strategic Policing Requirement (SPR)

The Strategic Policing Requirement (SPR) may require the Force to respond to a major incident which could impact on normal governance arrangements/decision making due to its scale and timing. Additional resources have been included in the 2022/23 budget.

Commissioning of Services

Commissioning of services is anticipated to be an area of growth and will continue to be progressed to ensure the achievement of the PCC's objectives whilst delivering value for money.

Increase in officer numbers in line with National Officer Uplift Programme

The PCC has received additional grant funding to increase officer numbers in line with the National Officer Uplift Programme. Detailed recruitment timelines have been agreed and Northumbria University has been appointed as the police degree apprentice provider and the Force works closely with the College of Policing to ensure the local uplift programme is a success. At the end of 2022/23 the Force slightly exceeded its Uplift target.

Business Model

The Constabulary employed 1,387 officers as at 31st March 2023, 1,033 staff and 114 PCSOs. This was across the following main areas of policing:

<u>Command Area</u>	<u>Officers</u>	<u>Staff</u>	<u>PCSOs</u>
Crime Command	319	222	0
Digital Data and Technology	6	108	0
Executive	5	7	0
Governance and Insights	89	231	4
Local Policing	643	7	110
NE Regional Special Operations	32	4	0
Operations Command	169	211	0
People Services Command	107	95	0
Support Services Command	0	142	0
Secondments and Career Break	17	6	0
Total Group	1387	1033	114

The Constabulary provided a full range of policing services during the year as well as supporting a number of other Forces as requested. The Force produces an annual Force Management Statement which has considerable detail of all aspects of service delivery in terms of their current demand profile, strengths and weaknesses and areas for improved efficiency. This forms part of the HMICFRS inspection process and also acts as a plan for improvement.

Strategy & Resource Allocation

The Constabulary has a medium term financial plan which includes future deficits and is based on the following key assumptions:

- Increased grant, plus assumed uplift grant,
- A pay rise per annum in 2023/24 of 3%, 2.5% in 2024/25 and 2% in 2025/26 onwards,
- £15 band D precept increase for both 2023/24 and 2024/25, then £10 thereafter. The £15 assumes that additional precept flexibility will be given to PCC's. It is assumed that the current Council Tax capping criteria will continue into the future,
- No unspecified financial savings, and
- Officer numbers maintained in line with uplift funding, and a loss of a further 50 staff post in 2024/25 and 20 in 2025/26.

The PCC is aware that there are potential changes to the Police Funding Formula. This will require a savings plan which will result in lower staff numbers , increased income generation and reduced third party spend.

The challenge with delivering the above would be to ensure that there is minimal impact on service delivery. This will require careful management and clear leadership.

Performance

Comparing reporting year 2022/23 with 2021/22:

- Anti-social behaviour decrease of 30% (this reflects a change in how 'what were interpreted as incidents of ASB' are now logged as Public Order/Harassment incidents and subsequently recorded under these crime categories)
- Alcohol-related anti-social behaviour decrease of 37.1% (see comment for all ASB)
- Youth-related anti-social behaviour decrease of 25.5% (see comment for all ASB)
- Domestic abuse incidents decrease of 2.2%
- Missing person increase of 10.1%
- Hate crime incidents decrease of 9.9%
- Recorded crime increase of 8.9% (this is for 'all crime', whereas victim-based recorded crime increased by 6.4%)
- Solved rate during 2021/22 was 17.7%, increasing to 18.8% during 2022/23.

Other achievements include:

- Introduction of a new response shift pattern to better align resources to demand and increase officer wellbeing
- Improving the talent management and leadership approach by increasing numbers of officers and staff given access to training courses (both internal and external) and formal qualifications via the apprenticeship levy.
- A continued focus on ensuring that outcome rates remain in the top quartile compared to all other forces, where possible.

Independent Auditor's Report to the Chief Constable of Durham Constabulary

To follow

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

The Assistant Chief Officer's Responsibilities

The Assistant Chief Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. In preparing this Statement of Accounts, the Assistant Chief Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Assistant Chief Officer's Certificate

I certify that the accounts present a true and fair view of the financial position of the Chief Constable of Durham Constabulary as at 31 March 2023 and of his income and expenditure for the year ended 31 March 2023.

Gary Ridley

31 May 2023

G Ridley OBE MBA CPFA
Assistant Chief Officer

Date

Chief Constable's Certificate

I confirm I have approved these accounts

J Farrell BSc (Hons)

Date

Comprehensive Income and Expenditure Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2023

2021/22 Gross Expenditure £'000	2021/22 Income £'000	2021/22 Net Expenditure £'000		2022/23 Gross Expenditure £'000	2022/23 Income £'000	2022/23 Net Expenditure £'000
145,833	-	145,833	Employee costs	144,219	-	144,219
24,587	-	24,587	Non employee costs	27,074	-	27,074
-	(14,843)	(14,843)	Income	-	(14,704)	(14,704)
	-	-			-	-
170,420	(14,843)	155,577	Net Cost of Services before Funding	171,293	(14,704)	156,589
3,894	-	3,894	Charge for use of assets	4,381		4,381
-	(132,106)	(132,106)	PCC funding for resources consumed		(141,307)	(141,307)
174,314	(146,949)	27,365	Net Cost of Services	175,674	(156,011)	19,663
			Other Operating Expenditure			
26,016	(26,016)	-	Police Pension Top Up Grant	25,710	(25,710)	-
		1,174	Levies			1,195
			Financing and Investment Income and Expenditure			
		34,590	Net interest on defined benefit liability (Note 23)			47,530
		-	Interest receivable and similar income (Note 10)			-
		63,129	Chief Constable deficit on Provision of Services			68,388
		(531,622)	Re-measurements of the defined benefit liability (Note 23)			(619,169)
		(531,622)	Other Comprehensive Income and Expenditure			(619,169)
		(468,493)	Total Comprehensive Income and Expenditure			(550,781)

This statement shows the accounting cost in the year for the Chief Constable of providing services at the request of the PCC in accordance with generally accepted accounting practices. The Chief Constable deploys assets, police officers and police staff to deliver the Police and Crime Plan.

Movement in Reserves Statement for the Chief Constable of Durham Constabulary

Current year	Police Fund Balances £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2021	-	-	(1,806,748)	(1,806,748)
Movement in reserves during 2020/21				
Total Comprehensive Income and Expenditure	(68,388)	(68,388)	619,169	550,781
Adjustments between accounting basis & funding basis under regulations (note 9)	68,388	68,388	(68,388)	-
Increase/(Decrease) in year	-	-	550,781	550,781
Balance at 31 March 2022 carried forward	-	-	(1,255,967)	(1,255,967)
Comparative year				
Balance at 31 March 2021	-	-	(1,735,420)	(1,735,420)
Movement in reserves during 2021/22				
Total Comprehensive Income and Expenditure	(63,129)	(63,129)	(8,199)	(71,328)
Adjustments between accounting basis & funding basis under regulations (note 9)	63,129	63,129	(63,129)	-
Increase/(Decrease) in year	-	-	(71,328)	(71,328)
Balance at 31 March 2022 carried forward	-	-	(1,806,748)	(1,806,748)

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet for the Chief Constable of Durham Constabulary at 31 March 2023

31 March 2022		Notes	31 March 2023	
£'000	£'000		£'000	£'000
-	-	Property, Plant and Equipment	-	-
-		Intangible Assets	-	
		Total Long Term Assets		
1,016	10,703	Inventories	1,149	9,919
9,687		Short Term Debtors	8,770	
-		Cash and Cash Equivalents	-	
		Total Current Assets		
(14,288)	(14,288)	Short term Creditors	(13,944)	(13,944)
		Total Current Liabilities		
(1,943)		Provisions	(1,762)	(1,251,942)
-	(1,329,493)	Other Long Term Liabilities	-	
(1,327,550)		Pensions Liability	(1,250,180)	
		Total Long Term Liabilities		
	(1,333,078)	Net Assets		(1,255,967)
	-	Useable Reserves		-
	(1,806,748)	Unusable Reserves		(1,255,967)
	(1,806,748)	Total Reserves		(1,255,967)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets are matched by the reserves held by the Chief Constable.

Cashflow Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2023

2021/22		OPERATING ACTIVITIES	2022/23	
£'000	£'000		£'000	£'000
7,584		Cash Inflow	7,584	
6,579		Specific Grants	8,968	
-		Cash received for goods and services	-	
172,455		Interest received	168,975	
	186,618	Adjustments to net deficit on the provision of services		185,527
		Cash Inflows generated from operating activities		
(154,058)		Cash Outflow	(156,457)	
(32,560)		Cash paid to employees	(29,070)	
	(186,618)	Cash paid to suppliers of goods and services		(185,527)
		Cash outflows generated from operating activities		
	-	Net cash flows from operating activities		-
		INVESTING ACTIVITIES		
	-	Net cash flows from investing activities		-
		FINANCING ACTIVITIES		
	-	Net cash flows from financing activities		-
	-	Net increase or decrease in cash and cash equivalent		-
	-	Cash and cash equivalents at the beginning of the reporting period		-
	-	Less		
	-	Cash and cash equivalents at the end of the reporting period		-
	-			-

The Cashflow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period.

All payments were made and income received into the Bank Account which is held by the PCC.

Notes to the Financial Statements for the Chief Constable of Durham for the year to 31 March 2023

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Chief Constable of Durham's transactions for the 2022/23 financial year and the position at the year-end of 31 March 2023. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require accounts to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2014 act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on the basis of going concern as the management believe the organisation is financially viable and will continue to operate for the foreseeable future.

On 22 November 2012, Durham Police Authority was replaced by two corporation sole bodies: the Office of the Durham Police and Crime Commissioner and the Chief Constable for Durham Constabulary. Both bodies are required to prepare separate Statements of Accounts.

The financial statements cover the 12 months to 31 March 2023.

1.2 Revenue and Expenditure Recognition

Since 1 April 2014, the majority of staff and all officers are employed by the CC however all the major revenue streams are received by the PCC. The PCC funds the operations of the CC.

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. In particular:

- 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 of the Chief Constable; and
- 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.

1.4 Cash and Cash Equivalents

All cash is held by the PCC.

1.5 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled 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 Group. An accrual is made by the CC for the cost of holiday entitlements (or any form of leave, eg 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 charged to the CC's Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the CC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Net Cost of Services in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the CC are members of two separate pension schemes:

- The Police Pension Scheme for Police Officers, which is unfunded; and
- The Local Government Pension Scheme, administered by Durham County Council.

The Police Pension Scheme for Police Officers

This is an unfunded defined benefit final salary scheme meaning 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. If the amounts receivable by the pension fund for the year are less than amounts payable, the Durham Police and Crime Commissioner must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Durham Police and Crime Commissioner who then must repay the amount to central government.

Injury Awards

IAS 19 requires that any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when service is rendered. As injury awards under the Police Officer schemes are dependent on service, the liability expected to arise due to injury awards in

respect of service prior to the valuation date requires valuation. The gratuity lump sum paid on injury is not dependent on service and so is not recognised as service is rendered.

The Local Government Pension Scheme

The Local Government Pension Scheme for support staff, administered by Durham County Council is a funded defined benefit final salary scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Aspects of the schemes

The main aspects of both these pension schemes are:

- i. The liabilities of each scheme attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method - ie 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 projected earnings for current employees;
- ii. Liabilities are discounted to their value at current prices at a rate that is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.
- iii. The attributable assets of each scheme are included in the Balance Sheet at fair value;
- iv. The change in the net pension liability for each scheme is analysed into the following components:
 - Current service cost - the increase in liabilities as a result of years of service earned this year. The current service cost is stated net of employees' contributions, so as to reflect the part of the total pensions liabilities that are to be funded by the Group - allocated in the Comprehensive Income and Expenditure Statement to employee costs;
 - Past service costs - 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; and
 - Net interest on the net defined benefit liability, ie net interest expense for the Group - the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income 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 - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- v. Remeasurements comprising:
 - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the funds - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension funds or directly to pensioners in the year, not the amount calculated in accordance with 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 funds and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes. The Police Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to the CC at 31 March 2021, and of the basis for assessing those liabilities, are included in Note 22 to the Statement of Accounts.

1.6 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 – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – 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.

1.7 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Chief Constable becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The Chief Constable has not given any financial guarantees.

Financial Assets

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

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVOCI).

The Chief Constable grants low value loans to employees to allow them to take advantage of annual travel savings and other purchases. These are valued at amortised cost.

1.8 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 CC when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet 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 (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

1.9 Inventories

Inventories are held at the lower of cost and net realisable value and include uniforms, forensics dry goods, stationery, oil, diesel, personal protective equipment and ammunition.

1.10 Overheads and Support Services

The costs of overheads and support services are charged to either Employee or Non Employee costs depending on their nature.

1.11 VAT

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

1.12 Provisions

Provisions are made when an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group has an 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.

2 ACCOUNTING STANDARDS ISSUED NOT ADOPTED

In accordance with the Code, the PCC and Group shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing after 31 March 2023.

The following standards have been issued but have not yet been adopted at 31 March 2023:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 years);
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts;
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is not anticipated that any of the above will have a material impact on the Financial Statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Statutory Accounts. Both the PCC and the CC are separate bodies listed under the Local Audit and Accountability Act 2014 and so must produce statutory accounts. Both bodies comply with chapter 9 of the code and so group accounts must be produced also. The Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013 (SI 2013/2319) recognises that S21 and S22 of the LG Act 2003 apply to relevant transactions of the Chief Constable as if it were a local authority from 1 April 2013.

On 1 April 2014, the stage 2 transfer occurred between the PCC and the CC where all the officers and the majority of police staff transferred their employment from the PCC to the CC. The PCC retained all property, plant and equipment, the major revenue streams and usable reserves. The CC delivers the day to day operations funded by the PCC and holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Staff Costs. The staff costs have been split according to which organisation employs the individual. All the officer costs and liabilities rest with the CC.

Asset and Liability Recognition. Long term control and long term access to the economic benefits associated with assets such as buildings rests with the PCC. The CC deploys assets to deliver the Police and Crime Plan of the PCC and is funded by the PCC. The PCC retains all long term assets, the

major revenue streams and usable reserves. The CC holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Pension Fund Accounts. The CC is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. Therefore the Pension Fund Accounts have been included in financial statements of the CC and the Group.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the CC's Balance Sheets at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4.1 Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Commissioner with expert advice about the assumptions to be applied. The effects of changes in individual assumptions on the total pension liability can be measured. Examples of how changes in assumptions would impact upon the Police Officer pension liability are shown in note 23.

The Chief Constable, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them arising from the Transitional Provisions in the Police Regulations 2015. This is disclosed in more detail in Note 23.

4.2 Stage 2 Transfer on 1 April 2014

The allocation of some minor streams of income along with some associated debtors and creditors have been allocated to the CC in accordance with the governance framework. If all the income was allocated to the PCC, the income would decrease by £16.2m.

5 MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and expense which are not already disclosed on the face of the Comprehensive Income and Expenditure Statement or in the associated notes.

6 EVENTS AFTER THE REPORTING PERIOD

The Chief Constable's Statement of Accounts was authorised for issue by the Assistant Chief Officer on 31 May 2023. Events taking place after this date are not reflected in the financial statements or

notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

7 EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE OF DURHAM CONSTABULARY FOR THE YEAR ENDED 31 MARCH 2023

2021/22	2021/22	2021/22		2022/23	2022/23	2022/23
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
117,294	28,539	145,833	Employee costs	123,361	20,858	144,219
24,587	-	24,587	Non employee costs	27,074	-	27,074
(14,843)		(14,843)	Income	(14,704)		(14,704)
3,894	-	3,894	Charge for use of assets	4,381	-	4,381
(132,106)	-	(132,106)	PCC funding for resources consumed	(141,307)	-	(141,307)
(1,174)	28,539	27,365	Net Cost of Services	(1,195)	20,858	19,663
-	34,590	34,590	Pension liability costs		47,530	47,530
1,174	-	1,174	Other Income and Expenditure	1,195	-	1,195
-	63,129	63,129	Deficit on Provision of Services	-	68,388	68,388
-			Opening General fund and Earmarked Reserves Balance	-		
-			Less deficit on General Fund and Earmarked Reserves Balance	-		
-			Closing General fund and Earmarked Reserves Balance	-		

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the CC for the year has been used in providing services in comparison with those resources consumed or earned by the CC in accordance with generally accepted accounting

practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the PCC and the CC. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

7A NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Year ended 31 March 2023				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employee costs	-	(20,599)	(259)	(20,858)
Non employee costs	-	-	-	-
Net Cost of Services	-	(20,599)	(259)	(20,858)
Pension liability costs	-	(47,530)	-	(47,530)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	-	(68,129)	(259)	(68,388)
Year ended 31 March 2022				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employee costs	-	(28,301)	(238)	(28,539)
Non employee costs	-	-	-	-
Net Cost of Services	-	(28,301)	(238)	(28,539)
Pension liability costs	-	(34,590)	-	(34,590)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	-	(62,891)	(238)	(63,129)

7B SEGMENTAL INCOME

There is a requirement within the Code to present financial information for reportable segments in a manner consistent with an authority's internal management reporting. The CC considers that it has only one operating segment, being the delivery of policing services, and the reporting of financial information within the Comprehensive Income and Expenditure Statement (CIES) and Expenditure and Funding Analysis (EFA) is consistent with internal management reports. Accordingly, the analysis in the CIES and within the EFA are deemed to fulfil the segmental reporting requirements set out in the Code.

8 CHIEF CONSTABLE OF DURHAM CONSTABULARY EXPENDITURE AND INCOME ANALYSED BY NATURE

	2021/22 £'000	2022/23 £'000
Expenditure		
Employee benefits expenses	145,833	144,219
Other services expenses	28,481	31,455
Interest payments (including defined benefit liability)	34,590	47,530
Levies	1,174	1,195
Total Expenditure	210,078	224,399
Income		
Fees, charges and other service income	(14,843)	(14,704)
Interest	-	-
PCC funding for resources consumed	(132,106)	(141,307)
Total Income	(146,949)	(156,011)
Deficit on the Provision of Services	63,129	68,388

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

Year ended 31 March 2023	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'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:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(90,740)	-	-	-	(90,740)	90,740
- Employer's pensions contributions and direct payments to pensioners payable in the year	22,611	-	-	-	22,611	(22,611)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(259)	-	-	-	(259)	259
TOTAL ADJUSTMENTS	(68,388)	-	-	-	(68,388)	68,388
(Movement in Reserves Statement)						

Year ended 31 March 2022	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'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:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(84,640)	-	-	-	(84,640)	84,640
- Employer's pensions contributions and direct payments to pensioners payable in the year	21,749	-	-	-	21,749	(21,749)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(238)	-	-	-	(238)	238
TOTAL ADJUSTMENTS	(63,129)	-	-	-	(63,129)	63,129
(Movement in Reserves Statement)						

10 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance Sheet

Financial Assets

	Current Debtors	
	31 March 2022	31 March 2023
	£'000	£'000
Amortised Cost	6,411	4,621
Total financial assets	6,411	4,621
Non-financial assets	3,276	4,149
Total	9,687	8,770

Financial Liabilities

	Current Creditors	
	31 March 2022	31 March 2023
	£'000	£'000
Amortised Cost	11,438	10,918
Total financial liabilities	11,438	10,918
Non-financial liabilities	2,850	3,026
Total	14,288	13,944

The Fair Values of Financial Assets and Financial Liabilities that Are Not Measured at Fair Value (but for which Fair Value Disclosures are Required)

All the CC's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The risk is that the financial assets are not received. The extent of the risk is their carrying value.

Financial Liabilities

	2021/22		2022/23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors held at amortised cost	(11,438)	(11,438)	(10,918)	(10,918)
Total Financial Liabilities	(11,438)	(11,438)	(10,918)	(10,918)

Financial Assets

	2021/22		2022/23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Receivables held at amortised cost	6,411	6,411	4,621	4,621
Total Financial Assets	6,411	6,411	4,621	4,621

11 DEBTORS

	31 March 2022	31 March 2023
	£'000	£'000
Trade receivables	5,431	3,692
Prepayments	2,631	3,050
Other receivable amounts	1,757	2,155
Less: Impairment Allowance		
Trade receivables	(132)	(127)
Total debtors	9,687	8,770

12 CREDITORS

	31 March 2022	31 March 2023
	£'000	£'000
Trade payables	4,307	3,745
Other payables	9,981	10,199
Total creditors	14,288	13,944

13 PROVISIONS

	Insurance	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2022	848	1,095	1,943
Increase/ (decrease) during the year	(106)	(75)	(181)
Balance at 31 March 2023	742	1,020	1,762

An insurance provision has been established to meet the identified potential cost to the Group of claims of negligence from employees for personal injury sustained during the course of their employment, and from third parties for personal injury or damage to their property. The provision is based on the insurer's estimates of outstanding claims and settlement of the claims is likely to be spread over a number of years. The amount relating to the PCC is insignificant so this provision is all held by the Chief Constable. All other provisions are individually insignificant.

14 PENSIONS LIABILITY

	31 March 2022	31 March 2023
	£'000	£'000
Police Pension Scheme liability	1,707,490	1,233,820
Local Government Pension Scheme liability	93,730	16,360
Total Liability	1,801,220	1,250,180

15 RESERVES

The Chief Constable has a number of reserves in the Balance Sheet. These are needed to comply with proper accounting practice. Details of the reserves of the Chief Constable are as follows:

Reserve	1 April 2022	Net Movement in year	31 March 2023	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,801,220)	551,040	(1,250,180)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 22
Accumulated Absences Account	(5,528)	(259)	(5,787)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	(1,806,748)	550,781	(1,255,967)		

Reserve	1 April 2021	Net Movement in year	31 March 2022	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,730,130)	(71,090)	(1,801,220)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 22
Accumulated Absences Account	(5,290)	(238)	(5,528)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	(1,735,420)	(71,328)	(1,806,748)		

16 OFFICERS' REMUNERATION

The remuneration paid to the senior staff of the Chief Constable as follows:

31 March 2023	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - J Farrell	166,127	13,020	2,403	-	181,550
Deputy Chief Constable	124,758	6,384	2,403	38,675	172,220
Deputy Chief Constable (to 30 April 2022)	10,304	1,127	-	3,194	14,625
Assistant Chief Constable	106,710	9,581	0	33,080	149,371
Assistant Chief Constable (to 28 April 2022)	9,141	-	187	2,834	12,162
Assistant Chief Officer	123,500	-	-	20,995	144,495

The role of the Treasurer to the PCC is carried out part time by the Assistant Chief Officer

31 March 2022	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - J Farrell	170,008	10,892	2,403	22,863	206,166
Deputy Chief Constable	126,917	9,429	-	38,331	174,677
Deputy Chief Constable (from 1 Nov 2021)	54,307	-	1,001	15,971	71,279
Assistant Chief Constable	124,286	-	2,403	36,553	163,242
Assistant Chief Constable (from 28 Feb 2022)	10,045	-	-	2,818	12,863
Assistant Chief Officer	122,795	-	-	20,540	143,335

The role of the Treasurer to the PCC is carried out part time by the Assistant Chief Officer

The Chief Constable's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts

Remuneration Band	Number of Employees	
	2021/22	2022/23
£50,000 - £54,999	133	139
£55,000 - £59,999	92	107
£60,000 - £64,999	40	45
£65,000 - £69,999	12	9
£70,000 - £74,999	7	6
£75,000 - £79,999	8	11
£80,000 - £84,999	1	1
£85,000 - £89,998	5	4
£90,000 - £94,999	1	2
£95,000 - £99,999	3	-
£100,000 - £104,999	1	-

The numbers of exit packages for the Chief Constable with the total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£	£
£0-£20,000	-	-	1	4	1	4	7,705	22,353
£20,001-£40,000	-	-	10	-	10	-	230,024	-
£40,001-£60,000	-	-	1	-	1	-	60,000	-
	-	-	12	4	12	4	297,729	22,353

17 EXTERNAL AUDIT COSTS

	31 March 2022 £'000	31 March 2023 £'000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	14	14

18 GRANT INCOME

The Chief Constable credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23.

	2021/22	2022/23
Credited to Services	£'000	£'000
Other	6,472	5,737
	6,472	5,737

19 RELATED PARTIES

The Chief Constable is required to disclose material transactions with related parties ie bodies or individuals that have the potential to control or influence or be controlled/influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable may have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

Central Government

Central government has effective control over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants which are paid to the PCC and prescribes the terms of many of the transactions that the Group has with other parties. Grants received by the Group from government departments are included within the Comprehensive Income and Expenditure Statement of the PCC and the Group.

All transactions with other public bodies were made with the PCC and are disclosed in the PCC's financial statements.

Officers

There were no related party transactions involving the Chief Constable, or chief officers of the Constabulary.

20 DEPRECIATION AND AMORTISATION

The PCC makes charges to the CC for the use of long term assets equivalent to the charges made in the accounts of the PCC for depreciation, impairment and amortisation. For 2022/23 this amounted to £4.381M (2021/22 £3.894M).

21 REGIONAL COLLABORATION

The Commissioner has collaborative arrangements with other local Forces as follows:

- Cleveland and Durham Fingerprint Bureau (CDFB)**
 Contribution for 2022/23 was £391,022 (£358,968 in 2021/22). Durham's proportionate share is 50% as set out in the collaborative agreement.
- Forensic Collision Investigation (FCI)**
 Contribution for 2022/23 was £355,518 (£353,885 in 2021/22). Durham's proportionate share is 50% as set out in the collaborative agreement.
- Tactical Training Centre (TTC)**
 Contribution for 2022/23 was £593,101 at 50% (£612,058 in 2021/22). Durham's proportionate share is 50% as set out in the collaborative agreement.
- North East Regional Special Operations Unit (NERSOU)**
 The North East Regional Special Operations Unit (NERSOU) is a collaboration between the Police and Crime Commissioners of Durham, Northumbria and Cleveland to tackle serious and organised crime across the region. NERSOU is financed through a combination of Home Office Grants and contributions from each of the participating Forces. The contribution proportion during 2022/23 was 22.86%

	31 March 2022	31 March 2023
	£'000	£'000
Employees	11,191	11,769
Premises	416	470
Transport	332	381
Supplies and Services	738	1,836
Gross Expenditure	12,677	14,456
Funded by :-		
Income	(3,755)	(4,850)
The Office of the Police and Crime Commissioner for Durham	(2,035)	(2,164)
The Police and Crime Commissioner for Cleveland	(2,159)	(2,296)
The Police and Crime Commissioner for Northumbria	(4,659)	(5,011)
Contribution to/(from) Reserves	(69)	(135)
	-	-

The three forces jointly own a building for NERSOU which houses regional policing assets and enables further joint working with other partners. The premises are held under a Trust Agreement signed by each of the three Police and Crime Commissioners. The relative share of ownership of the asset is determined by the proportion of agreed capital contributions made by each Force. The proportional share forms the basis of the asset held on the PCC's balance sheet. The relative share of ownership is 37.5%

- Cleveland and Durham Special Operations Unit (CDSOU)**
 The Special Operations Unit was set up during 2011/12 and is a collaboration between the Durham Police and Crime Commissioner and the Police and Crime Commissioner for Cleveland to deliver roads policing and firearms response. Contribution rate is 50%. This collaboration was paused on 13 May 2022. The contribution for 2022/23 was £666,262. The 2021/22 contribution is shown below.

	31 March 2022
	£'000
Employees	10,006
Transport	505
Supplies and Services	419
Gross Expenditure	10,930
Funded by :-	
Income	(294)
The Office of the Durham Police and Crime Commissioner	(5,318)
The Police and Crime Commissioner for Cleveland	(5,318)
Balance	-

22 LEASES

Operating Leases

The PCC and Group has acquired a number of buildings and ICT equipment by entering into operating leases with typical lives ranging from 1 to 25 years. The future minimum lease payments due under non-cancellable leases in future years are:

	2021/22			2022/23		
	Buildings	Equipment	Total	Buildings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than 1 year	95	-	95	87	-	87
Later than 1, not later 5 years	234	-	234	215	-	215
Later than 5 years	202	-	202	148	-	148
Total	531	-	531	450	-	450

23 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Chief Constable participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Durham County Council; this is a funded defined benefit final salary scheme, meaning that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Pension Scheme for police officers – this is an unfunded defined benefit final salary scheme meaning 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. If the amounts receivable by the pensions fund for the year is less than

amounts payable, the Commissioner must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner which then must repay the amount to central government.

Transactions Relating to Retirement Benefits

The Chief Constable recognises the costs of retirement benefits in the Net Cost of Services as part of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year as follows:

	Local Government Pension Scheme		Police Pension Scheme	
	2021/22	2022/23	2021/22	2022/23
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)				
Net Cost of Service				
Current service cost	14,210	13,000	34,930	29,420
Past service cost	-	-	910	790
Finance and Investment Income and Expenditure				
Net Interest Expense	2,400	2,460	32,190	45,070
Total post employment benefit charged to provision of services	16,610	15,460	68,030	75,280
Other post employment benefit charged to the CIES				
Remeasurement of net defined benefit comprising of:				
Return on plan assets	(2,804)	12,053	(26,717)	(26,912)
Actuarial gain/loss from changes in demographic	(2,780)	510	-	(23,640)
Actuarial gain/loss from changes in financial assumptions	(29,500)	(119,280)	(21,820)	(579,160)
Other:	730	19,170	91,090	98,090
Net Charge to the CIES	(17,744)	(72,087)	110,583	(456,342)
Movement in the Reserves Statement				
Reversal of net charges made for retirement benefits accordance with IAS19	(16,610)	(15,460)	(68,030)	(75,280)
Actual amount charged against the General Fund Balance				
Employer's contributions payable to scheme	5,089	5,255	15,461	15,976
Retirement benefits payable to pensioners	27	28	1,172	1,352

Police Pension Scheme

Reconciliation of the present value of the liabilities in the scheme

2021-22						2022-23				
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(1,414,610)	(33,010)	(38,300)	(127,620)	(1,613,540)	Opening present value of liabilities	(1,466,500)	(32,500)	(39,580)	(168,910)	(1,707,490)
(2,080)	(800)	(50)	(32,000)	(34,930)	Current service cost	(100)	(700)	-	(28,620)	(29,420)
(27,840)	(660)	(760)	(2,930)	(32,190)	Interest cost	(38,470)	(850)	(1,060)	(4,690)	(45,070)
(500)	-	(10)	(5,780)	(6,290)	Contributions by participants	-	-	-	(6,140)	(6,140)
-	-	-	-	-	Remeasurement gains and losses:	-	-	-	-	-
-	-	-	-	-	Actuarial gain / (loss) arising from changes to demographic assumptions	11,840	(50)	1,520	10,330	23,640
17,660	350	810	3,000	21,820	Actuarial gain / (loss) arising from changes to financial assumptions	459,810	9,150	18,810	91,390	579,160
(87,050)	440	(1,450)	(3,030)	(91,090)	Actuarial gain / (loss) arising from changes to other assumptions	(91,570)	(360)	(510)	(5,650)	(98,090)
(30)	-	(100)	(780)	(910)	Past service cost	(18,350)	-	(810)	18,370	(790)
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
47,950	1,180	280	230	49,640	Net benefits paid out	48,490	1,350	210	330	50,380
(1,466,500)	(32,500)	(39,580)	(168,910)	(1,707,490)	Closing present value of liabilities	(1,094,850)	(23,960)	(21,420)	(93,590)	(1,233,820)

Reconciliation of the present value of the assets in the scheme

2021-22						2022-23				
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
-	-	-	-	-	Opening fair value of asset	-	-	-	-	-
-	-	-	-	-	Interest Income	-	-	-	-	-
					Remeasurement gains and losses:					
45,885	8	93	(19,269)	26,717	The return on plan assets, excluding the amount included in the net interest expense	48,348	(2)	111	(21,545)	26,912
1,565	1,172	177	13,719	16,633	Contributions by employer	142	1,352	99	15,735	17,328
500	-	10	5,780	6,290	Contributions by participants	-	-	-	6,140	6,140
(47,950)	(1,180)	(280)	(230)	(49,640)	Net benefits paid out	(48,490)	(1,350)	(210)	(330)	(50,380)
-	-	-	-	-	Closing fair value of assets	-	-	-	-	-

Reconciliation of opening and closing surplus/(deficit) in the scheme

2021-22						2022-23				
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(1,414,610)	(33,010)	(38,300)	(127,620)	(1,613,540)	Opening surplus(deficit)	(1,466,500)	(32,500)	(39,580)	(168,910)	(1,707,490)
(2,080)	(800)	(50)	(32,000)	(34,930)	Current service cost	(100)	(700)	-	(28,620)	(29,420)
1,565	1,172	177	13,719	16,633	Contributions by employer	142	1,352	99	15,735	17,328
-	-	-	-	-	Contributions by participants	-	-	-	-	-
(30)	-	(100)	(780)	(910)	Past service cost	(18,350)	-	(810)	18,370	(790)
(27,840)	(660)	(760)	(2,930)	(32,190)	Interest cost	(38,470)	(850)	(1,060)	(4,690)	(45,070)
-	-	-	-	-	Expected return on assets	-	-	-	-	-
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
					Remeasurement of net defined benefit liability comprising:					
45,885	8	93	(19,269)	26,717	Return on plan assets	48,348	(2)	111	(21,545)	26,912
-	-	-	-	-	Actuarial gain / (loss) arising from changes to demographic assumptions	11,840	(50)	1,520	10,330	23,640
17,660	350	810	3,000	21,820	Actuarial gain / (loss) arising from changes to financial assumptions	459,810	9,150	18,810	91,390	579,160
(87,050)	440	(1,450)	(3,030)	(91,090)	Actuarial gain / (loss) arising from changes to other assumptions	(91,570)	(360)	(510)	(5,650)	(98,090)
(1,466,500)	(32,500)	(39,580)	(168,910)	(1,707,490)	Closing surplus(deficit)	(1,094,850)	(23,960)	(21,420)	(93,590)	(1,233,820)

Durham County Council Pension Fund

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
Opening present value	(288,880)	(274,880)
Current service cost	(14,210)	(13,000)
Interest cost	(6,040)	(7,390)
Contributions by scheme participants	(1,940)	(1,960)
Remeasurement gains and losses:		
Actuarial gains / losses from changes in demographic assumptions	2,780	(510)
Actuarial gains / losses from changes in financial assumptions	29,500	119,280
Other:	(730)	(19,170)
Past service costs	-	-
Liability assumed on entity combinations	-	-
Benefit paid	4,640	4,770
Closing present value	(274,880)	(192,860)

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
Opening fair value	172,290	181,150
Interest Income	3,640	4,930
Remeasurement gain / loss - Return on plan assets	2,804	(12,053)
Employer contributions	5,116	5,283
Contributions by scheme participants	1,940	1,960
Assets assumed on entity combinations	-	-
Benefit paid	(4,640)	(4,770)
Closing fair value	181,150	176,500

Reconciliation of opening and closing surplus / (deficit) of the scheme:

	Local Government Pension Scheme	
	2021/22	2022/23
	£'000	£'000
Opening surplus (deficit)	(116,590)	(93,730)
Current Service Cost	(14,210)	(13,000)
Contributions by employer	5,116	5,283
Contributions by participants	-	-
	-	-
Interest cost	(6,040)	(7,390)
Expected return on assets	3,640	4,930
Remeasurement gains and losses:		
Return on plan assets	2,804	(12,053)
Actuarial gains / losses from changes in demographic assumptions	2,780	(510)
Actuarial gains / losses from changes in financial assumptions		
	29,500	119,280
Other: Liability Experience	(730)	(19,170)
Net Assets / liabilities assumed on entity combinations	-	-
Closing fair value	(93,730)	(16,360)

Pension assets and liabilities recognised in the balance sheet

The amounts included in the balance sheet arising from the CC's obligation in respect of the defined benefit plans are as follows:

	2021/22	2022/23
	£'000	£'000
Present value of liabilities		
Local Government Pension Scheme	(274,880)	(192,860)
Police Pension Scheme	(1,707,490)	(1,233,820)
Fair value of assets in the Local Government Pension Scheme	181,150	176,500
Surplus / (deficit) in the scheme		
Local Government Pension Scheme	(93,730)	(16,360)
Police Pension Scheme	(1,707,490)	(1,233,820)
Total	(1,801,220)	(1,250,180)

Local Government Pension Scheme assets comprised:

	2021/22	2022/23
	£'000	£'000
Cash and Cash equivalents	4,529	3,177
Equity instruments	100,175	94,780
Bonds by sector:		
Corporate	10,688	7,766
Government	27,173	22,416
Sub-total bonds	37,861	30,182
Multi Asset Credit Fund	-	26,651
Property	12,318	13,767
Other	26,267	7,943
Total assets	181,150	176,500

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Scheme and the Local Government Fund liabilities have been assessed by independent actuaries, estimates for the Local Government Fund being based on the latest full valuation of the scheme at 31st March 2022.

The significant assumptions used by the actuaries are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	2021/22	2022/23	2021/22	2022/23
Mortality assumptions				
Longevity at 65 for current pensioners				
Men (years)	22.1	22.2	22.1	21.9
Women (years)	24.2	24.4	23.8	23.5
Longevity at 45 for future pensioners				
Men (years)	23.2	23.5	23.8	23.5
Women (years)	25.7	25.5	25.4	25.0
Rate of Inflation (CPI)	2.9%	2.6%	3.0%	2.6%
Rate of increase of salaries	3.9%	3.6%	4.8%	3.9%
Rate of increase to pensions in payment	2.9%	2.6%	3.0%	2.6%
Rate of increase to deferred pensions	2.9%	2.6%	3.0%	2.6%
Rate for discounting scheme liabilities	2.7%	4.6%	2.7%	4.7%

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

Impact on the Defined Benefit Obligation in the Local Government Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	187,310	197,710
Rate of increase in salaries (increase or decrease by 0.1%)	193,090	191,930
Rate of increase in pensions (increase or decrease by 0.1%)	195,780	189,240
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	188,660	196,360

Impact on the Defined Benefit Obligation in the Police Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	1,263,820	1,203,820
Rate of increase in salaries (increase or decrease by 0.5%)	1,243,820	1,223,820
Rate of increase in pensions (increase or decrease by 0.5%)	1,325,820	1,141,820
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	1,141,820	1,325,820

Assets and Liability Matching (ALM) Strategy

The pensions committee of Durham County Council has agreed an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pension's obligation by investing in long-term fixed-interest securities and index-linked gilt-edged investment with maturities that match the benefits payments as they fall due. This is balanced with the need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (54% of scheme assets) and bonds (17%). The scheme also invests in properties as a part of the diversification of the schemes investment. The ALM strategy is monitored annually or more frequently if necessary.

Impact on Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The CC is expecting to pay £5.6M contributions to the scheme in 2023/24.

McCloud / Sargeant judgement

Background

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

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

On 19 July 2021 the [Public Service Pensions and Judicial Offices Act 2022](#) was taken to the House of Lords. This got royal assent on 10 March 2022 and the [Act](#) came into force from 1 April 2022. HMT directions to accompany the act were published on 14th December 2022.

The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023.

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

Technical consideration

The impact of McCloud has been factored into IAS19 liability estimate since 2018/19. The introduction of the [PSOJOA 2022](#) following the consultation confirms the remedy methodology to be on the deferred choice basis, which was the basis of assumption following the consultation for the 2020/21 accounts.

As a result, there is no underlying change in method/approach to the IAS19 liability estimate. The IAS 19 liability estimate will therefore roll-forward the McCloud impact with a further 1 year of benefits recognised.

Compensation Claims

In addition to the remedy, claimants have lodged claims for compensation for injury to feelings. Claims are separated into two litigation cases;

1. Aarons and Ors claims bought by Leigh Day representing individual officers in a group claim.
2. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

Update on Aarons cases

Injury for feelings claims for Aarons were due to be heard by the Employment Tribunal in December 2021, and on 25 November 2021 the Home Secretary sought agreement from Chief Officers to settle on behalf of forces. This authority was given and the Government Legal Department (GLD) have since settled on behalf of forces.

This was welcomed by forces as a major step forward for the Chief Officers, NPCCs position has been consistently that Government should agree to meet the cost of compensating the claimants for the discrimination, settling the Aarons case sets a helpful precedent that Government should pay.

A preliminary hearing for the pecuniary loss in the Aarons cases which was set for 20 December 2022 was stayed pending introduction of the remedy from 1 October 2023. It is felt that the settlement of the injury to feelings on the Aarons cases has set a very helpful precedent to also settling pecuniary loss.

Update on Roderick and Slade cases

As the Roderick and Slade cases were lodged after the finding of discrimination by the government, NPCC will look to defend these cases on the basis that they were 'out of time'. It is not possible to estimate the extent of this claim being successful, however if the time point were not to succeed, then NPCC would look towards the government to indemnify chiefs. This has been their position throughout this litigation, and it is felt the settlement of the Aarons cases has set a very helpful precedent.

No date at present has been set to hear the Roderick and Slade cases.

Contingent liability

In accordance with the Code (8.2.2.2) a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The claims would meet this definition, and therefore should be considered for disclosure. The Code (8.2.4.2) permits authorities not to provide specific disclosure if information is not material. Given the existence of the claims is adequately disclosed in the accounts, and it is not considered material, no contingent liability will be disclosed.

Valuation 2020 – Employer Contributions

In HMT written statement [HCWS757](#), it was confirmed that changes to employer contribution rates resulting from the 2020 valuations will be delayed from April 2023 to April 2024. The 2020 valuation remains unpublished. The employer contributions will depend on a set of variables which will include but not limited to:

- The outcome of the [discount rate consultation](#), which continues the current methodology and the [WMS HCWS697](#) which confirms the new SCAPE discount rate is 1.7%
- The cost of remedy
- 4.9% employer contributions already made from April 2019 to include the cost cap correction costs that were paused

The WMS confirms that the effect of the discount rate will be to increase employer contribution rate and commits to funding increases as a consequence of changes to the discount rate. It does not confirm whether funding from the increase to employer contributions under the 2016 valuation will continue to be funded.

“The Government is aware that the updated SCAPE discount rate will generally lead to higher employer contribution rates for most unfunded public service pension schemes resulting from the 2020 valuations. In recognition of the cost pressure that an increase to the employer contribution rate would bring to existing departmental budgets, the Government has committed to providing funding for increases in employer contribution rates resulting from the 2020 valuations as a consequence of changes to the SCAPE discount rate; this commitment is for employers whose employment costs are centrally funded through departmental expenditure. These funds will be used to pay for employer contributions and therefore will contribute to meeting the costs of public service pensions provision which means this will be cost neutral for the Exchequer.”

Disclosure

The disclosure regarding McCloud will require updating to reflect the events since last year – principally the enactment of the [PSOJA 2022](#). Suggested disclosure would therefore read:

Legal Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent.

Therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

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

The main elements of the Act are:

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Durham Constabulary this affects 1170 members.

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.

PENSION FUND ACCOUNTS

The funding arrangements for the Police Pension Scheme in England and Wales changed from 1 April 2006. Before 1 April 2006 each Police Authority was responsible for paying the pensions of its former officers on a pay as you go basis rather than a percentage of pensionable earnings as an employer's contributions. Under the current funding arrangements the Scheme remains unfunded but no longer on a pay-as-you-go basis as far as an individual Chief Constable is concerned. The Chief Constable no longer meets the pension outgoings directly, instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each individual Chief Constable is required to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulations.

Under the new arrangements the Pension Fund is balanced to nil at the end of the year by transferring from the Chief Constable's Income and Expenditure Account an amount equivalent to the deficit on the Fund. There are no investment assets relating to the Police Pension Fund.

The transactions of the Police Pension Fund are as follows. Net assets are included within the Chief Constable's Balance Sheet.

Police Officer Pension Fund Account 2022/23

2021/22	2021/22		2022/23	2022/23
£'000	£'000		£'000	£'000
(15,310)		Contributions receivable		
		From local policing body	(15,837)	
-		Additional funding payable by local policing body to meet the deficit for the year.	-	
(6,280)		Reimbursement of unabated pensions (30+ police officers) From Officers	(6,703)	
	(21,590)			(22,540)
	(848)	Transfers in		
		Transfers in from other schemes		(820)
	(49)	Recharges to other local Authorities		
		Net recharges		(46)
40,015		Benefits payable		
8,480		Pensions	41,546	
-		Commutations and lump sum retirement benefits	7,570	
		Lump Sum Death Benefit	-	
	48,495			49,116
8		Payments to and on account of leavers		
-		Transfers out to other schemes	-	
		Refund of Contributions	-	
	8			-
	26,016	Net amount payable for the year		25,710
	(26,016)	Contribution from policing body in respect of the deficit		(25,710)
	-	Year end balance		-

Police Officer Pension Fund Net Asset Statement

As at 31 March 2022		As at 31 March 2023
£'000		£'000
	Current Assets	
-	Funding to meet deficit due from the local policing body	-
-	Cash Held	-
	Current Liabilities	
48	Unpaid Pension Benefits	13
-	Recharges to other Authorities	-
	Surplus for the year owing to the local policing body	-
48	Net Current Assets/Liabilities	13

Net Current Assets

The carrying amounts of current assets is shown below:-

	As at 31 March 2022	As at 31 March 2023
	£'000	£'000
Debtors		
Government Departments	-	-
Local Authorities	-	-
	-	-

Net Current Liabilities

	As at 31 March 2022	As at 31 March 2023
	£'000	£'000
Payables		
Government Departments	-	-
		-
Others	48	13
	48	13

The balance reflects the cash overdrawn

1 Basis of Preparation

The pension fund accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

2 Accounting Policies

The principal accounting policies are as follows:

Contributions

Contributions represent the total amount receivable from the Chief Constable and pensionable employees. The contributions are made at rates determined by the Government Actuary's Department. The Employer's contributions are set at a nationally applied rate of 31% of pensionable pay. For 2021/22 the employee's contributions are dependent on salary: 12.25% or 12.5% for the Police Officers Pension Scheme 1987; 10.1%, 10.5% or 10.75% for the Police Officers' Pension Scheme 2006 and 12.44%, 13.44% and 13.78% for the Police Officers' Pension Scheme 2015.

The Chief Constable is also required to make payments into the Pension Fund in respect of ill-health retirements when they are granted.

Benefits

In accordance with the accruals concept benefits are accounted for in the year in which they become due for payment.

Transfer Values

Transfer values are those sums payable by or receivable from, other pension schemes for individuals only and relate to periods of previous pensionable employment. Transfers are accounted for on a receipts and payments basis.

GLOSSARY

Accruals

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

Budget

The CC's plans and policies expressed in financial terms.

Cash

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

Cash equivalents are investments that mature within 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.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local authority finance.

Collection Funds

Funds administered by Durham County Council and Darlington Borough Council in which individuals' Council Tax payments are paid. The Commissioner raises precepts on the funds to finance part of net revenue expenditure.

Collection Fund Adjustment Account

The account through which to implement the accruals basis for recording the precept without affecting the bottom line for taxpayers.

Contingency

The sum of money set aside to meet unforeseen expenditure or liability.

Council Tax

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

Current Assets

Items that can be readily converted into cash.

Current Liabilities

Items that are due immediately or in the short-term.

Debtors

Persons or bodies who owe sums to the CC.

Earmarked Reserves

These represent monies set aside that can only be used for a specific purpose.

Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salary, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which the employee renders service to the CC. An accrual is made for the cost of the benefit earned by an employee but not taken before the year end. The accrual is charged to the surplus or deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement.

Interest Income

The money earned from the investment of surplus cash.

International Financial Reporting Standards (IFRS)

The CC's financial statements have been prepared in accordance with the following statutory accounting standards adopted by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)
- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of the Standing Interpretations Committee (SIC)

National Non-Domestic Rates (NNDR)

The business rate is set annually by the government. Income from business rates goes into a central government pool that is then distributed to authorities according to resident population.

Outturn

The actual amount spent in the financial year.

Payables

Persons or bodies to whom sums are owed by the CC.

Payments in Advance

These represent payments up to 31st March for supplies and services received after 31 March.

Receipts in Advance

These represent income received prior to 31st March for supplies and services provided after 1st April.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure and Income

Expenditure and income arising from the day to day operation of the CC's service.

Running Expenses

All expenses other than those relating to employees and the financing costs of capital expenditure (capital financing costs and revenue contributions). Running expenses include expenditure on maintenance of buildings, consumable supplies, transport etc.

Termination Benefits

Amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.



CHIEF CONSTABLE OF DURHAM

ANNUAL GOVERNANCE STATEMENT 2022/23

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

Durham Constabulary is responsible for ensuring that its business is conducted in accordance with the financial governance arrangements outlined in the Financial Management Code of Practice for the Police Service of England and Wales (2013) as revised in July 2018. The police service also has a statutory duty to secure value for money in the use of public funds.

In discharging this overall responsibility, Durham Constabulary is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes the management of risk.

Durham Constabulary established a Corporate Governance Framework through which the Chief Constable can be assured that the Force's systems, policies and people are operating in a way that is driving the delivery of agreed corporate objectives, are focused on the key risks to the delivery of those objectives and are economic, efficient and effective.

This statement meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement (AGS).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Force is directed and controlled and the activities through which it accounts to and engages with and leads its community. It enables the Force to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable 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 Force's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has continued to be in place at Durham Constabulary for the year ended 31 March 2023 and up to the date of the approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Although 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 the Force and the Police and Crime Commissioner (PCC) is required under the Police Reform and Social Responsibility Act 2011 to hold her to account for the exercise of those functions and those of the persons under her direction and control.

The Annual Governance Statement (AGS) provides a summary of the extent to which the Force meets the seven principles of good governance as identified in the Delivering Good Governance in Local Government: Guidance Note for Police (2016).

Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

To achieve this, the Chief Constable:-

- has a detailed organisational structure, with clearly defined responsibilities and terms of reference, which are monitored and updated when required;
- has established clear roles and responsibilities for each of her senior officers. There is a formal Constabulary accountability/performance management framework and each officer and staff member is subject to the Constabulary Personal Development Review;
- has included inclusion as a Force value to reflect the importance of both external and internal inclusion;
- has developed standards of conduct and personal behaviour which are defined and communicated through appropriate codes of conduct and protocols;
- has implemented the recommendations contained within the HMIC public interest report – Without Fear or Favour that examined police relationships with media and other parties, information disclosure, hospitality and gratuities, business interests procurement and contracts, and those of the follow up reports - Revisiting police relationships and Integrity Matters;
- has delivered Leading through Standards of Professionalism training via its Professional Standards Department to Officers and staff;
- has a policy on counter fraud and corruption which clearly sets out the procedures to be operated and which is designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent and/or corrupt practices or behaviour;
- has appropriate and long established whistle-blowing arrangements and processes in place within the Constabulary;
- has established procedures for dealing with and investigating complaints which are in line with national guidelines;
- promotes the values for the PCC and Force demonstrating the values of good governance through upholding standards of conduct and behaviour;
- oversees mechanisms and processes such as business interests, gifts and hospitality and media relationships;
- embraces the concept of an ethics committee responsible for enhancing trust and confidence in the ethical governance and actions of Durham Constabulary;
- completed training to all staff on the code of ethics developed by the College of Policing and awareness raising in respect of abuse of authority for sexual gain.

- ensures that the Constabulary website in relation to integrity and transparency details actions taken to prevent, increase intelligence, enforce and provide reassurance to members of the public of strategies and outcomes of our current transparency agenda;
- oversees a restorative approach to complaint resolution and allows officers and staff to mediate with the members of the public in a controlled fashion;
- oversees relevant officers and staff being provided as personal issue a body camera which maximises evidence yield and assists with the integrity and transparency agenda; and
- ensures that appropriate legal, financial and other professional advice is considered as part of the decision-making process and observes the specific requirements of legislation and its general responsibility by Law.
- **Has reviewed force performance against the 2022 HMIC report ‘an inspection of vetting, misconduct and misogyny in the police service.**

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Principle B Ensuring openness and comprehensive stakeholder engagement

To achieve this, the Chief Constable:-

- holds regular sessions with local communities through the Police and Communities Together (PACT) initiative which offers the community a chance to be heard, to discuss issues that affect communities, to agree local action to tackle these issues and agree priorities;
- works with partner organisations through the Durham and Darlington Community Safety Partnerships to tackle crime, disorder, anti-social behaviour, substance misuse, other behaviour adversely affecting the local environment and to reduce re-offending as required by the Crime and Disorder Act 1998 and amended by the Police and Justice Act 2006;
- The Safe Durham Partnership has developed a Partnership Plan as part of its statutory responsibility to develop a three year plan to tackle priorities identified from the County Durham Joint Strategic Assessment and public consultation;
- regularly publishes information on the Constabulary’s work and achievements;
- undertakes a local Public Confidence Survey highlighting public confidence levels and concerns at a local level about policing in their neighbourhood;
- ensures, as part of the investigative update process, that responsible officers in charge engage directly with the victims of crime and keep them informed;
- undertakes a victim satisfaction survey which provides the Force with information about the quality of service they have received from the Police service;
- holds regular meetings through Neighbourhood Policing teams with the public to discuss local policing priorities and activities to focus work upon. Feedback from these meetings are also included as part of the Force’s priority setting process; and
- ensures that Durham Constabulary works in partnership with the Independent Office for Police Conduct. The Home Office and key strategic partners ie HM Coroner to enhance service delivery.

Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits

To achieve this, the Chief Constable:-

- sets out Durham Constabulary's vision and purpose in accordance with the Police and Crime Plan which sets out policing priorities to be delivered and which is reviewed annually;
- utilises Plan on a Page as the operational delivery mechanism for the Police and Crime Plan and for executing the Chief Constable's own operational independence and 'corporation sole';
- decides how the quality of service for users is to be measured and ensures that the information needed to review service quality effectively and regularly is available;
- provides a commitment to the public to deliver excellent policing to inspire confidence and deliver high satisfaction to victims and local communities in accordance with the Force's Aiming for Excellence philosophy and through 3 key themes of protecting neighbourhoods, tackling criminals and solving problems around the clock; underpinned by the corporate values of 'Positive', 'Fair', 'Courageous', 'Integrity' and 'Inclusivity';
- worked in partnership with stakeholders (for example) Durham University to better understand the specific drivers of victim satisfaction and public confidence in relation to crime and Anti Social Behaviour, engages with the public to better understand and address issues that have a negative impact on communities;
- has a robust performance framework that ensures the Chief Constable is informed of progress against key performance objectives;
- has effective arrangements in place to ensure the Constabulary performs to high standards and to identify and deal with failure in service delivery;
- established a Medium Term Financial Plan supported by robust, sustainable multi-year budgets, supported by a Workforce Plan.
- continuously improves processes to ensure that the information needed to review performance in achieving value for money effectively and regularly is available;
- keeps under review the Force's key functions and departments to ensure the delivery of effective policing with reduced numbers of staff. Frontline policing services are prioritised to ensure changes made will provide a maintained or improved service to the communities of County Durham and Darlington in future years;
- compares performance against peer data as provided within HMICFRS VFM profiles and seeks improvement where best practice is identified;
- has a robust complaints process in place; and
- continues to work with Independent Advisory Groups and minority consultative groups to ensure fairness of delivery.

Principle D Determining the interventions necessary to optimize the achievement of the intended outcomes

To achieve this, the Chief Constable:-

- has a detailed medium term financial plan which includes actions to ensure financial sustainability;
- has a performance management framework, to ensure plans are met and remedial action taken;
- has processes in place to ensure data quality is high, so as to enable objective and rigorous decision making;
- reviews victim and community feedback to identify areas for improvement;
- holds monthly Executive Board meetings where issues are raised and actions agreed upon;
- has a risk management process (plan on a page) to identify where interventions may be required; and
- has a sound, research evidenced, understanding of demand (current and future) which informs resource allocation decisions.
- Produces a Force Management Statement which outlines current and future demands, resources and required actions to close any gaps
- Introduced a telephone resolution team within the Force control room to support crime investigation and victim support.

Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it

To achieve this, the Chief Constable:-

- has established clear roles and responsibilities for each of the Constabulary's senior officers. There is a formal Constabulary accountability/performance management framework and each officer is subject to the Constabulary Personal Development procedures;
- has robust performance management arrangements within the Constabulary which enables each officer's needs, training and development requirements to be identified. The framework enables officers to work with their line managers to agree the appropriate actions to address their needs and regular reviews of progress are held;
- ensures that all police staff are issued with contracts of employment, each role is covered by a job description, all of which are processed through the Constabulary job evaluation scheme to determine the appropriate remuneration for the role. All changes to terms and conditions of contracts or to job descriptions are negotiated through the police staff group;
- Police Officers are servants of the Crown, their terms and conditions are provided for under national police regulations. The Constabulary has a range of policies to support the implementation of the national regulations, and any changes to these policies are negotiated/subject to consultation through the Personnel User Group;
- takes into account previous training and experience when considering officer postings;
- considers succession planning of key roles within departments;
- ensures that PDRs are carried out;

- ensures that key training is provided to Officers and staff including First Aid Training, Personal Safety Training and Driver Training, taser, public order training;
- is working with Durham University Business School in understanding staff behaviours and how staff can best be supported an activity now recognised as national best practice; and
- Provides leadership and talent management development to staff and managers.
- has appointed Northumbria University to deliver the Police Education Qualification Framework, following a competitive process, to identify opportunities for new and existing employees to support workforce development and planning. The Force also continues to work with Derwentside College to deliver apprenticeship courses and degrees with Northumbria university
- Established processes to gain a better understanding of current / future demand.
- monitors the efficient and effective management of human, financial and environmental resources. Clear examples of this have been the Estates Programme which has a clear focus on reducing the impact upon the environment, adopting modern working methods whilst saving money and renewing key IT systems e.g. Red Sigma, Case & Custody, bodyworn devices and mobile devices. Work has been carried out to produce an updated Asset Strategy which includes Estates, Fleet and Environment;
- promotes an ethos of continuous improvement across the force in order to reduce organisational costs and improve performance. In practice this is driven through the Commissioning Board which commissions activities and oversees outcomes from the Strategic Programme Boards chaired by a Force Executive Officer;
- Individual programmes contain business cases to ensure value for money, programme and project plans to ensure effective resource management, quality measures; and projected benefits for communities;
- Utilises “Plan on a Page” a well established strategic planning approach which combines the vision, business plan, performance and risk all within one document. Strategic business risks are discussed and debated at the monthly Strategic Leadership Group where a determination is made as to their level and the plan updated. As a minimum this is done across all business areas every three months, but may be done more dynamically as a new risk reemerges. The plan utilises a balanced scorecard approach and links all the business areas within force, and the requirement to achieve value for money. Operational risks are overseen at the monthly Operational Threat and Risk and Force Threat and Risk meetings which is the highest level operational meeting under the National Intelligence Model in Force;
- actively pursues joint working opportunities at a local, regional and national level, which has resulted in a number of policing services being delivered in collaboration with other forces or organizations;
- ensures when working in partnership that the arrangements for governance and accountability for performance and financial administration are clearly articulated and disseminated; and

Principle F Managing risks and performance through robust internal control and strong public financial management

To achieve this, the Chief Constable:-

- develops and maintains effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations;
- develops and maintains effective arrangements to challenge and scrutinise the Constabulary’s own performance and compliance with other requirements;
- provides objective and timely information which is necessary to take balanced and informed decisions;

- ensures that risk management is embedded and is used effectively to inform and focus decision making;
- ensures the Constabulary has effective, transparent and accessible arrangements in place for dealing with complaints;
- ensures the Constabulary reviews and revises as appropriate its key governance documents, i.e. financial regulations and contract procedure rules;
- provides the PCC and External Audit with Revenue and Capital Monitoring reports on a regular basis;
- maintains with the PCC a Joint Audit Committee; and
- ensures that the Joint Audit Committee receives assurance with regards to arrangements in place for investigating complaints and misconduct related matters.
- Undertook a value for money self-assessment against the HMICFRS's Value for Money profile

Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

To achieve this, the Chief Constable:-

- has, with the PCC, an established Corporate Governance Framework that clarifies the way in which their two corporations sole, will govern both jointly and separately, to do business in the right way, for the right reason at the right time
- publishes relevant information relating to salaries, business interests and performance data on its website;
- has a Procurement Department with clear guidelines for procuring goods and services;
- has a well-established community engagement process (PACT);
- has a Joint Audit Committee that operates in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Home Office's Financial Management Code of Practice;
- publishes information to the PCC and Police and Crime Panel as part of established accountability mechanisms;
- acts upon the findings / recommendations of HMICFRS Inspections and Internal Audit / External Audit Reports; and
- prepares an Annual Governance Statement for scrutiny.

4. REVIEW OF EFFECTIVENESS

Durham Constabulary has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Force who have responsibility for the development and maintenance of the governance environment, the Annual Report of the Head of Internal Audit, and also by comments made by the external auditors and other review agencies and inspectorates.

Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a moderate overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control operating across the Constabulary in 2022/23.

The moderate opinion provides assurance that there is a sound system of control in place however there are some weaknesses and evidence of ineffective controls.

During the year the Joint Audit Committee has considered a wide range of reports that related to the Force's governance arrangements and which included:

Chief Constable Annual Governance Statement 2021/22

Annual Internal Audit Report 2021/22

External Audit – Annual Audit Letter Year Ending 31 March 2022

Internal Audit Plan 2022/23

Fraud and Corruption Annual Report

Annual Review of the System of Internal Audit

Internal Audit Progress Reports

External Audit Progress Reports

Review of the Joint Chief Finance Officer Role and Safeguards Protocol

Annual Governance Statement (AGS) Action Plan Report Updates

Force Risk Register Update

Budget Monitoring Reports

Professional Standards Update Reports

Annual Review of Gifts and Hospitality

Draft Chief Constable Annual Governance Statement 2022/21

Collaboration updates

COVID19 service impact

Evaluation of complaints resolution team

HMICFRS Inspection Plans

Rape Scrutiny

Treasury Management Report

5. SIGNIFICANT GOVERNANCE ISSUES

The Chief Constable is fully committed to the principles of corporate governance, and has worked closely with the Police and Crime Commissioner to develop / enhance arrangements in place.

Following the production of the Annual Governance Statement for 2020/21, an action plan was produced that contained seven recommendations relating to the Force. Progress made in implementing each of these has been tracked during the year and formed the starting point of the work to produce the 2020/21 Annual Governance Statement.

A summary of how the significant issues identified in the 2020/21 Annual Governance Statement, which, in the main, are of a recurrent nature, have been progressed is provided below.

Issue Raised in 2022/23	Current Position
Further Funding Reductions	<p>Ongoing: The PCC and Force agreed its Medium Term Financial Plan with the Executive Board. The Force monitors progress made to deliver efficiency savings via its Strategic Resourcing Group. The majority of “easy” spending reductions have now been implemented and there is less scope to reduce expenditure without more significant change being undertaken. Whilst the Medium Term Financial Plan is in balance, there remains uncertainty moving forward in relation to grant levels, pay awards, pension costs etc. The realisation of benefits has been assessed and shared with HMICFRS.</p> <p>Any changes to the funding formula and not expected until 2025/26 at the earliest and this issue remains one of significance. Further work to identify options to reduce expenditure will be presented internally.</p> <p>The medium term financial plan shows deficits for 2023/4 and 2024/5. The Force has commenced a process to identify efficiencies. The comprehensive spending review gives PCC’s precept flexibility of up to £15 in 2023/24 and £10 in future years at Band D and has also increase government grant to PCC’s. Funding Formula work is still ongoing nationally. The impact in Durham is currently unknown</p>
Continued Collaboration with Other Forces and Organisations	<p>Ongoing: The Force has already delivered a number of joint initiatives with neighbouring Forces in Cleveland and Northumbria as well as with the County Durham and Darlington Fire & Rescue Service.</p> <p>Work is ongoing to explore increase partner working in respect of tri-service responders</p>
The Strategic Policing Requirement (SPR)	<p>Ongoing: The Force has carried out an internal assessment and business continuity plans are in place as required by the Strategic Policing Requirement (SPR).</p>

	<p>Whilst there is a sound understanding of the requirements of the SPR and additional resource is to be introduced from 2021/22 including cyber post, contingency planning, there will be an ongoing need to ensure that its key elements are adequately resourced, where necessary, and as such this issue remains one of significance. The ongoing development of the Force Management Statement will assist in managing this issue.</p> <p>Business continuity plans are likely to be revised further in light of the coronavirus pandemic.</p>
Commissioning of Services	<p>Ongoing: A review of Commissioning of Services has been carried out with grants allocated accordingly and a new commissioning framework established. Process and outcomes are subject to regular review.</p> <p>A revised structure has recently been introduced to give more focus on commissioning activities to ensure the achievement of the PCC's objectives whilst delivering Value for Money and this issue remains one of significance.</p>
The PCC Chief Financial Officer Role	<p>Ongoing: A review of the Joint CFO role has been carried out in year and with appropriate safeguards in place, is considered a highly effective way of managing the finances of the PCC and the Constabulary and enabling efficient decision-making. This has been reported to the Joint Audit Committee and Executive Board.</p> <p>This arrangement is seen to constitute an ongoing governance risk and with the election of the new PCC in May 2021, this arrangement needs to be formally evaluated again and therefore this issue remains one of significance.</p> <p>The PCC is content with the current joint CFO arrangement.</p>
Increase officer numbers in line with National Officer Uplift Programme	<p>Year 2 uplift has been achieved and there are clear plans in place to deliver year 3 of the uplift, which has been presented to Executive Board.</p>

Further to the work undertaken as outlined above the following matters, identified in preparing the Statement and relevant at the time of its adoption, are considered to be significant.

Further Funding Reductions

The 2023/24 grant settlement includes the following:

- additional grant for Uplift , pay and inflation
- £15 precept increase per annum for 2024/25
- No capital grant
- The above has been used to construct a medium-term financial plan which includes pay awards of 3.0%, 2.5% and 2% for officers and staff

- Fully funded capital programme
- The MTFP includes future deficits which will require a savings plan

A document about the robustness of the assumptions has been published alongside the Medium Term Financial Plan. If those assumptions turn out to be incorrect, then budget pressures for which we have not planned could arise.

A further risk relates to the potential imposition of a new Police Funding Formula which could adversely affect overall levels of funding in future years. It is expected a new funding formula will not be introduced until 2025/26 at the earliest. This will prove increasingly challenging to the Force in terms of sustaining ongoing service delivery and will require a continuous review of officer and staffing structures and ongoing scrutiny of all non-staffing budgets. The Force will need to work closely with the PCC to ensure that savings are achieved, and funding streams maximised to ensure that the budget remains in balance. A key challenge for the Force would be to demonstrate increased productivity levels which is required for all Forces in order to justify further freedoms in relation to precept levels and grant levels.

Collaboration

Collaboration will continue to be addressed pro-actively through local accountability frameworks in respect of monitoring the effectiveness of the collaboration and delivery of anticipated outcomes. In terms of joint accountability mechanisms with other forces, and other organisations, a proactive approach continues to be taken. The government have placed an increased emphasis on collaboration with Blue Light Services, and this is reflected in the PCC's governance structure in relation to collaboration. Whilst the Force continually looks to undertake collaborative initiatives which will save money and increase capacity / resilience for the Force, it is recognised that this may not always be the case. Our systems to determine areas for collaboration require robust business cases to be developed, and proposals will only be proceeded with if benefits are predicted.

Strategic Policing Requirement (SPR)

The Strategic Policing Requirement (SPR) may require the Force to respond to a major incident which could impact on normal governance arrangements/decision making due to its scale and timing. Additional resources have been included in the 2022/23 budget.

Commissioning of Services

Commissioning of services is anticipated to be an area of growth and will continue to be progressed to ensure the achievement of the PCC’s objectives whilst delivering Value for Money. The OPCC Commissioning Strategy will have regard to the current budget envelope, current and emerging need trends in respect of supporting victims, reducing reoffending, and enhancing community safety initiatives, and interventions that are evidence based and produce meaningful outcomes.

PCC Chief Financial Officer (CFO) Role

The PCC Chief Financial Officer (CFO) role provided by the CC CFO is acknowledged to contribute a governance risk and concerns have been expressed previously by the JAC. A review of the arrangement has been undertaken annually, adequate safeguards have been identified, presented to the JAC for comment and review, implemented and embedded as the standard protocol. This protocol has been included as best practice in a report by the Committee on Standards in Public Life into Police Governance.

Increase officer numbers in line with National Officer Uplift Programme

The PCC has received additional grant funding to increase officer numbers in line with the National Officer Uplift Programme. Detailed recruitment timelines have been agreed and Northumbria University has been appointed as the police degree apprentice provider and the Force works closely with the College of Policing to ensure the local uplift programme is a success. The largest issue relates to the quantity and quality of candidates, and there is also a need to increase workforce diversity.

I propose to address the above matters to further enhance my governance arrangements and will monitor the implementation and operation of these improvements over the course of the year.

Signed:

Jo Farrell
Chief Constable of Durham

Date:
