



Chief Constable of Lincolnshire

Financial Statements

2022/23

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Chief Constable of Lincolnshire
Statements of Accounts 2022/23

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Introduction to the Financial Statements

Chief Constable Chris Haward



Since November 2012, policing services have been provided by two separate entities under the respective leadership of the Police and Crime Commissioner (PCC) and the Chief Constable.

I was appointed as Chief Constable of Lincolnshire Police in December 2020.

My strategy “Making Lincolnshire Safe” continued during the financial year 2022/23 and is shaping the operational direction of the force going forward.

Progress and achievements in 2022/23 include the following:

Supporting our people in their wellbeing; physically, emotionally, mentally and feeling engaged continues to be high priority for the force. I am proud to see that the wellbeing support provided to staff was of the highest standard. Moving forward my vision is to have a healthy, happy, valued and engaged workforce.

The Force’s new Equality, Diversity and Inclusion team is now embedded within the organisation. A huge amount of work has been undertaken and more is still to be done. This year the Force has been recognised as one of the top 50 most inclusive companies within the UK. Never has it been more important to do all that we can to maintain and build upon the confidence of the public in policing. We continue to work to break down barriers that make our services difficult to access and to continue to engage with communities to further build trust and confidence.

A major IT project which commenced in 2018/19 for a replacement of the force’s Command and Control system with the UK’s first cloud-based control room system went live in year. The project which experienced significant delays through the pandemic years is now fully operational. The system is expected to deliver significant efficiency savings and enhance our service to the public.

A revised model of Neighbourhood Policing will enhance the work of existing teams that are focussed on helping to tackle community issues. The announcement in January of the reduction of our PCSO establishment due to budgetary pressures has resulted in a new design model which maintains the Force’s commitment to neighbourhood policing. Every area of the county will be covered by its own dedicated Neighbourhood Policing Team which will include some PCSO presence. Areas of greater vulnerability and need will retain a dedicated PCSO embedded into their neighbourhood team. The Force is confident that the new model will look after people who are living in areas of most vulnerability, threat and harm.

The aim for 2022/23 was to spend the CC's delegated budget in order to deliver effective policing to the public of Lincolnshire.

In July 2019 the Government announced a funded national uplift in police officer numbers, of 20,000 over three years. Lincolnshire's uplift allocations were 50 officers in the first tranche which were achieved by March 2021, another 49 officers in the second tranche which were achieved by March 2022, and 67 officers in the third and final tranche during 2022/23. This brings the number of police officers in Lincolnshire Police to 1,186 officers.

All the financial transactions for 2022/23, relating to the activities of the Chief Constable in accordance with the delegated arrangements agreed by the PCC, are recognised and recorded in these financial statements. In order to comply with accounting requirements, all the main accounting statements are presented even where there are few transactions to report. The Statement of Accounts sets out the financial performance and financial position of the Chief Constable as at 31 March 2023.

Roles and Responsibilities

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

The Chief Constable has direction and control over the force's police officers and staff. Under the Integrated Scheme of Governance, the Chief Constable has certain specific delegated powers which are set out in the Scheme of Consent and Scheme of Delegation.

During 2022/23 the organisation consisted of three distinct areas of operational command led by Chief Superintendents:

- East - Local Policing and Investigation;
- West - Local Policing and Investigation;
- Crime & Operations - responsible for specialised services such as Public Protection, Roads Policing and Criminal Justice.

A 10-year strategic partnership contract was in place with G4S until 31 March 2022 which provided a wide range of operational policing and support functions to the Chief Constable. The contract ended on 31 March 2022 with exit and transition to new arrangements on 1 April 2022 being managed by the Future Services Programme (FSP) Board. The majority of services previously provided by G4S were transferred to Lincolnshire Police, with only the Custody and Cleaning services remaining outsourced. The FSP continued into the 2022/23 year to ensure a smooth transition and to embed the new organisational structure.

In addition, the Force undertakes the provision of specialised policing services through regional collaboration with neighbouring forces in the East Midlands. This includes the East Midlands Special Operations Unit (EMSOU), East Midlands Criminal Justice Services (EMCJS) and East Midlands Police Legal Services (EMPLS).

The Chief Officers of Lincolnshire Police on 31 March 2023 were:

| | |
|--------------------------|---|
| Chris Haward | Chief Constable (Retired 20 February 2024) |
| <i>Paul Gibson</i> | <i>Chief Constable (Appointed 1 April 2024)</i> |
| Julie Debenham | Deputy Chief Constable |
| Chris Davison | Assistant Chief Constable (Temp) |
| Diane Coulson | Assistant Chief Constable (Temp) |
| Sharon Clark | Director of Finance & Corporate Services (S151) |
| Charley Rimmer | Director of People Services |
| Nicola Haywood-Alexander | Chief Digital & Data Officer |

The Statement of Accounts

The 2022/23 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2018;
- The Scheme of Delegation including Financial and Contract Regulations.

Further Information

The Statement of Accounts 2022/23 is published as an internet document at www.lincs.police.uk

Further information about the financial statements is available from:

Director of Finance & Corporate Services (S151),
Police Headquarters,
Deepdale Lane,
Nettleham,
Lincoln,
LN2 2LT

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

Paul Gibson

Chief Constable of Lincolnshire

(Appointed April 2024)

Annual Governance Statement (AGS) 2022/23

Below are details of the Chief Constable for Lincolnshire's governance arrangements in operation during 2022/23 including plans for the financial year 2023/24.

1. Introduction

- 1.1 Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.
- 1.2 All Police and Crime Commissioners and Chief Constables are required by regulation to produce an Annual Governance Statement (AGS).
- 1.3 This is a document which accompanies the statement of accounts and describes how effective our governance arrangements have been over the last 12 months and sets out areas for development. The Chief Constable's Statement is intended to support the Police and Crime Commissioner Group governance arrangements which are detailed in that separate set of accounts.
- 1.4 This Chief Constable's AGS sets out how Lincolnshire Police complied with the corporate governance framework during the year and it also details areas of improvement to enhance governance arrangements that the force plans to progress during 2023/24.
- 1.5 It is designed to complement the annual governance statement of the Lincolnshire Police and Crime Commissioner (PCC), to give the full picture of governance within Lincolnshire Police and the Office of the PCC for Lincolnshire.
- 1.6 The deadline for publication of the draft unaudited accounts and AGS is 31 May 2023. The deadline for publication of the final audited accounts and original AGS deadline was 30 September 2023.
- 1.7 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). This term 'authority' includes the Chief Constable and the Police and Crime Commissioner legal entities. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 published by the Chartered Institute of Public Finance & Accountancy (CIPFA).
- 1.8 The Accounts and Audit (Amendment) Regulations 2024 Statutory Instrument 2024 No.907 was laid before Parliament on 9 September 2024 and came into force on 30 September 2024. This instrument gives a requirement for category 1 bodies, including police bodies, to publish outstanding audited accounts for financial years up to and including 2022/23 by a statutory backstop date of 13 December 2024 and sets a series of further backstop dates for financial years 2023/24 to 2024/28.

2. Scope of Responsibilities

- 2.1 Under the Policing Protocol 2011 the PCC has responsibility for the delivery of efficient and effective policing, management of resources and expenditure by the police force. The PCC has a statutory responsibility to obtain the views of the community and victims of crime about the policing of the Force area and must take into account the views of responsible authorities. These views inform the PCC's Police and Crime Plan which sets the strategic direction and priorities for the Force.
- 2.2 The Chief Constable has responsibility where the Police and Crime Commissioner (the "Commissioner") delegates functions in respect of securing an efficient and effective police force.
- 2.3 The Chief Constable is responsible for ensuring business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, being used economically, efficiently and effectively.
- 2.4 The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services provided by Lincolnshire Police (the Force), having regard to the strategic direction and priorities set by the PCC in the Local Policing Plan.
- 2.5 In discharging their responsibilities, the Chief Constable is required to put in place proper arrangements for the governance of their affairs and which facilitate the exercise of their functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.
- 2.6 The Chief Constable has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government and the guidance notes for policing bodies (revised 2016). A copy of the Lincolnshire Police Code of Corporate Governance is available on the Lincolnshire Police website at:

<https://www.lincs.police.uk/SysSiteAssets/media/downloads/force-content/lincolnshire/about-us/code-of-corporate-governance-for-the-chief-constable-of-lincolnshire.pdf> or can be obtained from:

The Chief Constable's Office,
Police Headquarters,
Deepdale Lane,
Nettleham, Lincoln,
LN2 2LT.

- 2.7 This statement explains how the Chief Constable has complied with the Code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.
- 2.8 Section 3.7.4 of the Code of Practice on Local Authority Accounting for 2022/23 requires the Chief Constable's financial management arrangements to conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Commissioner and the CFO of the Chief Constable. The Chief

Constable's financial management arrangements are fully compliant with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Chief Constable.

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Force is directed, controlled, and engages with the community to discharge the Chief Constable's statutory functions.
- 3.2 It enables the Chief Constable to monitor the achievement of strategic objectives for the force, in line with the PCC's Local Policing Plan and the Strategic Policing Requirement. This also considers whether force objectives and plans have led to the delivery of appropriate, cost-effective services, including achieving value for money.
- 3.3 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them effectively, efficiently and economically.
- 3.4 The fundamental function of good governance in the public sector is to ensure that intended outcomes are achieved whilst acting in the public interest at all times.
- 3.5 The governance framework was in place for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

4. The Governance Framework

- 4.1 By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Lincolnshire Police. The PCC is required to hold him to account for the exercise of those functions and those of the persons under their direction and control. The PCC therefore must be assured that the Force has appropriate mechanisms in place to maintain good governance and that they operate well in practice. This is done in a manner that recognises the commitment of the PCC and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.
- 4.2 A Governance framework, collectively known as the Integrated Scheme of Governance gives guidance to make sure business is carried out efficiently and that decisions are not unnecessarily delayed. This was reviewed in 2022-23 and includes;
 - The Scheme of Consent – which details the key roles of the PCC and those functions and powers which he consents to the Chief Constable.
 - The Chief Constable's scheme of delegation – covers the powers given to the Deputy Chief Constable and the Director of Finance & Corporate Services (S151 Officer).

- The PCC and Chief Constable’s financial and contract regulations – to provide clarity about the financial accountabilities of individuals acting on behalf of the PCC or Force.
- 4.3 The Force system of internal control, based on a framework of policies and procedures, is a significant part of the Force governance framework and is designed to manage risk to a reasonable and foreseeable level. The Force cannot eliminate all risk of failure to achieve policies, aims and objectives; it can provide reasonable but not absolute assurance of effectiveness.
- 4.4 The key elements of the systems and processes that comprise the governance arrangements in place for the Chief Constable are:
- Identifying and communicating the Operational Policing Plan, purpose and intended outcomes; the Plan is built from four elements:
 - The Police and Crime Commissioner’s Police and Crime Plan;
 - The Chief Constable’s Strategic Plan – “Making Lincolnshire Safe”;
 - The national Strategic Policing Requirement;
 - The Community Safety Partnership Control Strategy.
 - Measuring the quality of services for users, for ensuring they are delivered in accordance with the Chief Constable’s objectives and for ensuring that they represent the best use of resources;
 - Defining and documenting the roles and responsibilities of the Chief Constable and the Senior Officers, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinising Force activity;
 - Developing, communicating and embedding codes of conduct, defining the standards of behaviour for officers and staff;
 - Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks and resources;
 - Undertaking the core functions of an audit committee, as identified in CIPFA’s Audit Committee – Practical Guidance for Local Authorities; - Delivering good governance in local government: Guidance note for Police;
 - Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
 - A Whistle blowing policy and procedures for receiving, investigating, and reporting upon complaints from the public, and other stakeholders;

- Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks;
- Identifying the development needs of officers and staff supported by appropriate training and linked to the priorities of the Force;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the overall governance arrangements;
- Preparedness for dealing with emergency situations.

4.5 This section describes the key elements of the systems and processes of the governance arrangements that have been put in place by the Force. In doing so, it reflects the overarching structures that have been developed to deliver objectives and manage risk:

- Processes for setting objectives and targets that support the policing priorities outlined in the Police and Crime Plan, including reporting to the Commissioner. This is done in a manner that recognises the commitment of the Chief Constable to abide by the working principles of the Policing Protocol;
- An annual operational policing plan 'Making Lincolnshire Safe' is produced in response to the Commissioner's plan;
- The tactical tasking and coordinating process is conducted in line with the National Intelligence Model including Daily Management Meetings with operational managers, Area Tasking, Force Tasking and Regional Tasking meetings which address both the Force objectives and emerging operational risk issues;
- Operational Commanders conference where operational matters can be discussed, risks identified and solutions found;
- The force engages with the National Police Chiefs Council to ensure that standards defined in the Strategic Policing requirement are met and the operational response from Lincolnshire Police is capable of adding to the national effort to meet the extremis needs of the country;
- The Community Safety Partnership Control Strategy.

4.6 Decision making structures for establishing priorities and considering strategic issues facing the Force:

- Internal departmental management teams establishing business plans;
- Chief Officer Team (COT) and the Force Executive Board;
- Chief Officers share and discuss key issues with senior staff;

- Reporting to the Police and Crime Strategic Board (PCSB); monthly monitoring of the financial plans to COT and PCSB and an annual governance report is provided to the PCC, detailing the years' activity with regard to the financial and contract regulations, procurement, insurance, debtors and treasury management, and providing an overview of decisions made and their justification. The Procurement, ICT, HR and Asset Strategies are also examined by this Board;
- Feedback from the public and other local stakeholders.

In line with the Chief Constable's strategic plan "Making Lincolnshire Safe", the governance structure of the force includes an Executive Board which oversees the delivery of the strategy as a whole and five boards which operate as sub-committees of the Executive Board as follows:-

- Performance Board
- Capability Board
- People Board
- Culture Board
- Communities & Partnerships Board

These five Boards each manage performance against the relevant delivery plans for their respective responsibilities and report by exception to the Executive Board.

- 4.7 The Strategic Partnership contract with G4S ended on 31st March 2022. The exit and transition to the new arrangements on 1st April 2022 was managed by the Future Services Programme (FSP) Board. The majority of the services provided by G4S transferred to Lincolnshire Police, with only Custody and Cleaning services outsourced. The FSP continued into 2022/23 to ensure a smooth transition and to embed the new organisational structure.
- 4.8 There is a high level of external scrutiny of organisational affairs by a variety of bodies including:
- Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS);
 - External Audit;
 - HM Revenue and Customs;
 - Internal Audit;
 - local communities; and
 - the media.
- 4.9 A National Code of Ethics for the Police Service, developed by the College of Policing, and embedded and enshrined by Parliament; applies to all forces that are required to embed the Code. The Code applies to every individual who works in policing in England and Wales, whether a warranted officer, police staff, volunteer or someone contracted to work in a police force. It is the written guide to the principles that every member of the policing profession is expected to uphold and the standards of

behaviour they are expected to meet and is seen as the foundation document for promoting, reinforcing and supporting the highest personal standards from everyone who works in the policing profession. All employees have been issued with a copy of this code; the Code of Ethics sits alongside the values established in the Force culture (Courageous, Open, Fair and Inclusive), in providing the Force with an ethical framework to make decisions.



- 4.10 The Code of Ethics is based on nine policing principles and ten standards of professional behaviour that will help everyone in policing to do the right thing in the right way. It spells out what the profession expects of all officers, staff and others working in policing, and has practical examples for everyone to use daily.

5. Risk Management

- 5.1 Lincolnshire Police has a risk management strategy and process in place that effectively manages risk against its business in order to ensure it operates under the sound principles of Corporate Governance.
- 5.2 Effective management of risk is critical to ensure the organisation maintains its services and continues to progress effectively towards achieving its strategic aims by reducing adverse impacts arising from uncertainty. Lincolnshire Police is committed to proactively identifying and dealing with the risks it faces including business risks, operational and strategic risks and threats.
- 5.3 Risk registers are a key tool in providing assurance to the Force and to the Police and Crime Commissioner (PCC) demonstrating that risks are being managed effectively through the regular and continued review of the Force Risk Register at the Risk Management Board, Senior Leadership Team meetings and the Joint Independent Audit Committee.

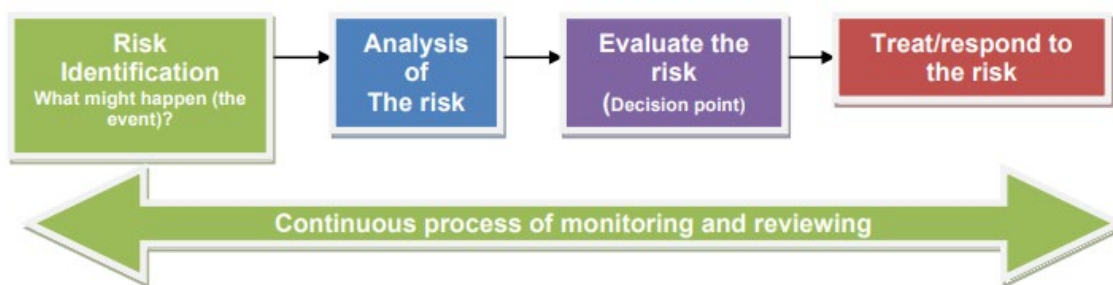
- 5.4 In addition to these internal assurances, there are external organisations such as internal and external auditors as well as Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) that work with the Force and the Office of Police and Crime Commissioner (OPCC) to ensure the risk management process is effective and robust.
- 5.5 Any negative outcome of internal or external audit is reviewed by the Force and plans are put in place to address the issues and ensure improvements are made.
- 5.6 The Force risk register and process is owned by the Deputy Chief Constable of Lincolnshire Police with delegated responsibility to the Head of Strategic Development to manage the policy and processes on behalf of the Deputy Chief Constable.
- 5.7 The Risk Policy and Review Officer is responsible for managing the risk management process on behalf of the Head of Strategic Development and will maintain the policy and processes on their behalf.
- 5.8 It is the responsibility of all heads of departments and business areas to ensure they manage risks within their own areas of authority.
- 5.9 They are responsible for identifying risks in their individual business areas and for assessing them in terms of their impact and probability of occurring. Each department and business area, as well as all force projects, will maintain a risk register.
- 5.10 The Force risk management process focuses on five levels of risk which can pass through a process of escalation depending on the scale of risk and effect it may have at either project, programme, department or force level.

| Risk Level | Description |
|--------------------------------------|--|
| Force | <ul style="list-style-type: none"> • Risks at the highest level. • They are so significant that they threaten or enhance the long-term achievement of corporate objectives. • Will be discussed at Risk Management Boards, Senior Leadership Team meetings and the Joint Independent Audit Committee. • Departments/Business Areas will escalate risks from their departmental risk register which have become force risks, through the Risk Management Board, for inclusion on the Force Risk Register. |
| Department/ Business Area | <ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of department or business area objectives. • Will be discussed at Senior Management Team meetings. • Escalated up through the Risk Management Board if they pose a threat to corporate objectives and the Head of Department’s limit of authority to manage the risk has been reached. |

| | |
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| Programme | <ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of a programme. Will be analysed and scored in relation to the programme. • Will be discussed at Programme Board meetings. • Escalated through the Risk Management Board if they pose a threat to corporate objectives, and the Programme Manager’s limit of authority to manage the risk has been reached. |
| Project | <ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of a specific project. • Will be analysed and scored in relation to the project. • If they are serious enough to impact on the Programme and the Project Manager’s limit of authority has been reached, they should be escalated to Programme level. |
| Operational | <ul style="list-style-type: none"> • Risks concerning the day-to-day issues that Lincolnshire Police is confronted with as it strives to deliver its objectives. • Only escalated to the Force Risk Register if they pose a threat to corporate objectives. |

5.11 In implementing risk management the Force has produced a Risk Management Strategy which details the roles and responsibilities of those involved in the undertaking risk management in the Force. It follows a set standard and process for risk management to ensure a consistent approach is adopted across the whole organisation. The Risk Management Strategy is reviewed by JIAC.

There are four key steps to the risk management process which are shown in the following flow chart:



5.12 Consistent risk management will allow the Force to plan effectively in the delivery of its outputs by knowing what circumstances that could prevent it from achieving its aims, and by putting in to place measures to prevent risk form occurring, therefore, saving time and resources.

5.13 The Force Risk Management Board is responsible for the following:

- Determining if risks are critical to the Force;
- Managing and developing the risk management process;

- Review risk assessments of potential force risks;
 - Monitor red and amber risks on a quarterly basis;
 - Assigning Risk Owners to a risk depending on the risk assessment score;
 - Providing visible leadership and commitment to the Force risks and risk management process throughout the organisation;
 - Ensuring programme and project assurance.
- 5.14 Membership and terms of reference of the Force Risk Management Board are set out within the Force Risk Management Policy. Lincolnshire Police has an established post of Force Risk Officer whose duties include maintaining the Force Strategic Risk Register and advising on the total risk to which the Force is exposed. Risk focal points within each division and department have also been nominated.
- 5.15 The PCC and the Force maintain an extensive assurance map in conjunction with the strategic risk registers and process risks. The assurance map is based on the three lines of defence approach and is suitably comprehensive and effective for the purpose of assuring on established mitigations and scoring of strategic risks.

Review of Effectiveness

- 5.16 The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. This annual governance statement (AGS) provides a summary of activities undertaken and areas for continuous improvement identified through the Force review of the governance arrangements; these have been included in the action plan for delivery in 2023-24.
- 5.17 This review aims to confirm whether current arrangements are fit for purpose and is presented to the Joint Assurance Group and Joint Internal Audit Committee. The review also provides updates and confirmation regarding the completion of areas for improvement identified in the annual governance statement.
- 5.18 This review has been informed by the work of the Deputy Chief Constable (DCC) and the Director of Finance and Corporate Services together with managers within the Force who have the responsibility for the development, maintenance and operation of the governance environment.
- 5.19 On an ongoing basis governance is monitored and reviewed via a range of mechanisms. These range from formal meetings (in areas such as Force performance board, project management arrangements and conduct oversight from the Professional Standards Department) to the operation of management teams at corporate, area and service level.

Joint Independent Audit Committee (JIAC)

- 5.20 The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC). The JIAC provides advice on matters relating to the adequacy and

effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable. The JIAC is subject to an annual self-assessment.

- 5.21 The JIAC has received and considered information and reports from both internal and external audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Head of Internal Audit provides an opinion for each of the Police and Crime Commissioner and Chief Constable, based on the work undertaken in the year, on the adequacy and effectiveness of the assurance framework, risk management, internal control and governance. The External Auditor provides an opinion on the financial statements/value for money.
- 5.22 The Committee aims to ensure there is continuous improvement in the process and receives regular updates on progress to address the areas for improvement.
- 5.23 Assessments and recommendations made by the internal and external auditors and other review agencies and inspectorates have informed this review.

Internal Audit Function

- 5.24 Under the Accounts and Audit (England) Regulations 2015, the PCC and Chief Constable are responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital role in advising the PCC and Chief Constable that these arrangements are in place and operating effectively.
- 5.25 The internal audit function is carried out by Mazars LLP for both the PCC and Chief Constable. Audit reviews are undertaken in line with an annual internal audit plan, which is reviewed by the JIAC.
- 5.26 Internal audit reviews throughout the year identified a number of areas for improvement, to further enhance the force governance arrangements. The actions to achieve these improvements are monitored by the Deputy Chief Constable and reported to the JIAC.
- 5.27 Mazars LLP were appointed internal auditors for the 3 years up to 31 March 2022 with a further 12-month extension being agreed by the East Midlands regional CFO's up to 31 March 2023. A full procurement tender exercise was carried out during the year and a new framework agreement made with Mazars LLP for an initial period of 3 years with an option to extend by a further 12 months.
- 5.28 Management have agreed recommendations to address all the findings reported by the internal audit service during the 2022/23 year.
- 5.29 Mazars LLP presented the Internal Audit Annual Report for 2022/23 for the Police & Crime Commissioner for Lincolnshire & Lincolnshire Police at the JIAC in September 2023, which gave the following opinion:

*“On the basis of our internal audit work, our opinion on the framework of governance, risk management, and control is **Moderate** in its overall adequacy and effectiveness.*

This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Certain weaknesses and exceptions were highlighted by the internal audit work, in particular limited assurance opinions were provided during the period in respect of Environmental Sustainability, Procurement Follow Up and IT Resilience.

These matters have been discussed with management, to whom we have made recommendations, some of which are categorised as Priority 1 and Priority 2. All of these have been, or are in the process of being addressed, as detailed in our individual reports, and summarised in Section 04.”

- 5.30 Of the 11 internal audits undertaken during the year where a formal assurance level was provided, two received a significant level of assurance and six audits received a satisfactory level of assurance. Three audits received a limited level of assurance.

Internal Audit Reports with Significant Assurance:

- Risk Management & Assurance Mapping
- Core Financials

Internal Audit Reports with Satisfactory Assurance:

- Archive Management: Follow Up
- Estates Management
- Stock Control
- IT: Cyber Security
- Data Quality
- Equality, Diversity & Inclusion

Internal Audit Reports with Limited Assurance:

- IT: Resilience
- Environmental Sustainability
- Procurement: Follow Up

- 5.31 A total of 43 new recommendations were made during the year at the Force and OPCC, with 3 recommendations categorised as Priority 1, and 21 recommendations categorised as Priority 2.
- 5.32 Management agreed recommendations to address all the findings reported by the internal audit service during 2022-23.
- 5.33 Following the issue of the limited assurance opinion in respect of Procurement during 2021/22, the Chief Constable put in place an action plan to address the 2 recommendations that were agreed following the audit. The review resulted in 2 recommendations, of which 1 was fundamental, both of which have now been addressed. All other internal audit recommendations from previous years were completed by August 2023.
- 5.34 Regular Public Assurance meetings consider police performance and the Police and Crime Strategic Board (PCSB) considers financial and people resources. The PCSB also considers long term strategy development, the assurance map, significant and emerging risk areas and the Chief Constable’s report.

Governance review

5.35 The effectiveness of the governance framework is reviewed annually by the Chief Constable. The review has been informed by:

- Consideration of the Chief Constable's risk management regime;
- The code of corporate governance;
- The Integrated Scheme of Governance (ISG) which includes the Scheme of Consent, Commissioner's and Chief Constable's Scheme of Delegation and the Financial and Contract regulations;
- Consideration of the Commissioner and Chief Constable's joint assurance map (through both developmental and embedded stages);
- HMICFRS reporting and work;
- External and internal auditors and their formal reporting;
- Managing change, developing our policing model to meet threat, risk and harm and new technologies, all of which are discussed at the Strategic Management Board;
- Feedback received from the JIAC.
- The PEEL Inspection programme conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) scrutinises all 43 police forces in England and Wales and examines their Police Efficiency, Effectiveness and Legitimacy providing comparable grades for each of the 43 forces in England and Wales.

External scrutiny

5.36 The latest PEEL inspection grades were received by the force in March 2023 these grades relate to the forces' performance in 2021/22. For that PEEL exercise the HMICFRS moved to a more intelligence-led, continual assessment model, and they also changed their approach to the graded judgements, expanding their previous four-tier system to five tiers as follows:

- Outstanding
- Good
- Adequate
- Requires improvement
- Inadequate

However, these changes mean it not possible to make direct comparisons between the grades awarded for 2021-22 with those from previous PEEL inspections. HMICFRS also stated that a reduction in grade, particularly from good to adequate, does not necessarily mean that there has been a reduction in performance, unless HMICFRS specifically say so in their inspection report.

5.37 Within the 2021-22 PEEL inspection report published in March 2023, HMICFRS made graded judgements about how good Lincolnshire Police is in for 9 out of 10 areas of policing force as follows:

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

HMICFRS also inspected how effective a service Lincolnshire Police gives to victims of crime but they don't make a graded judgement in that overall area.

The HM Inspector of constabulary's observations noted:

"I am satisfied with some aspects of the performance of Lincolnshire Police in keeping people safe and reducing crime, but there are areas where the force needs to improve."

The HM Inspector of constabulary also made the following comments in summary:

"I acknowledge that the force is on a journey, having recently exited a ten-year contract with a private provider. It is also undertaking significant programmes of changes across the organisation, which are designed to improve service for the public. Historically, Lincolnshire Police has been one of the lowest-funded forces in England and Wales, and this is still the case. The report should be read in this context."

"My report sets out the detailed findings of this inspection. While I acknowledge the good work officers and staff have already carried out to keep the public safe, I look forward to monitoring the force's progress towards addressing the areas for improvement I have outlined."

5.38 The findings from the 2021/22 PEEL assessment considered most important by HMICFRS included acknowledgement that the culture of the force had improved since the last inspection and a number of areas were identified to improve upon. These will be addressed in action plans going forward to achieve the following:

- Improvements in crime recording processes
- Improvements to how the force responds to the public and manages capacity of call handling teams
- Improving consistency of the supervision of investigations for the force to be able to give victims a good service

- Improvements in how the force scrutinises officers' use of force
- Improved management of sex offenders

5.39 As part of the PEEL 2021/22 inspections, HMICFRS inspected how well police forces tackle Serious and Organised Crime (SOC). This was a new approach to inspecting this aspect of policing for 2022, HMICFRS inspected ten regions, as well as the nine regional organised crime units (ROCU) throughout England and Wales, and 43 police forces. This included Lincolnshire police and our regional ROCU. Their aim, to establish how well forces and ROCUs work together to tackle SOC.

5.40 Lincolnshire Police achieved an individual grading of Requires Improvement for SOC with four 'areas for improvement' identified. They are:

- The force needs to increase its resource and capability to effectively analyse the threat from serious and organised crime (SOC)
- The force should update the serious and organised crime (SOC) local profile to help it, and its partners, to better understand the SOC threat and the approach needed
- The force should ensure that the lead responsible officer (LRO) role is delegated to a wider group of officers with the time and expertise to do it effectively
- The force should improve how it records serious and organised crime (SOC) threats and disruptions on the national database

The East Midlands Special Operations Unit (EMSOU) received an "Inadequate" grading.

5.41 The force's progress against 'areas for improvement' and recommendations made in inspections continues to be tracked and progress monitored by the force through its HMICFRS tracker. This document is regularly reviewed as part of the Commissioners "holding to account" governance processes and the force provide a summary report on outstanding remedial activity for review by the JIAC. HMICFRS operate a 'register of recommendations', to ensure that all recommendations both thematic and force specific have been addressed and remedial work has been fully completed to their satisfaction.

5.42 Outside of the PEEL regime the force received the following inspections in 2022-23:

- Custody inspection – This is a national series of inspections of police custody across England & Wales and is carried out jointly by HMI Prisons and HMICFRS. The inspections look at strategy, treatment and conditions, individual rights and health care. They contribute to the United Kingdom's response to its international obligation to ensure regular and independent inspection of all places of detention. The fieldwork activity took place in Lincolnshire from the 9th to 20th May 2022 and the inspection report was published on the 3rd August 2022.
- The joint Inspection team made 2 recommendations and highlighted an additional 15 areas for improvement. These findings have been placed into a bespoke action plan and progress will be monitored by the force, HMICFRS and the Commissioner.

Assurance on controls

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

5.44 The Integrated Scheme of Governance (ISG) was introduced in April 2014 to reflect the new governance arrangements arising from the Police Reform and Social Responsibility Act 2011. The JIAC has been consulted on the scheme and its content is reviewed annually.

Review of the mandatory ISG training package is planned for the 2023/24 year and is designed to allow staff positively to confirm their understanding of the policies relating to the scheme and the financial and contract regulations.

5.45 The Chief Constable's risk management arrangements are well developed and well embedded. The JIAC reviews the Chief Constable's risk management strategy on an annual basis and monitors the Chief Constable's strategic Risk Register quarterly. The Chief Constable considers and reviews risk on a monthly basis through management meetings.

5.46 The Chief Constable and the Commissioner have a joint Anti-fraud and Corruption Policy in place which has been reviewed during the year. Quarterly meetings of the Anti-Fraud and Corruption Board ensure that current and emerging risks and issues in relation to anti-fraud and corruption are regularly discussed and reviewed. The JIAC are kept abreast of any issues arising. In addition, a joint fraud risk register has been developed to help in proactively identifying and assessing current and emerging fraud risks and potential actions to mitigate the risks identified. Mandatory training on counter corruption continued to be delivered to all staff and officers across the organisations via the College of Police e-learning system; raising awareness of issues surrounding police corruption and misconduct. The PCSB adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in 2014 and has implemented an effective anti-fraud and corruption strategy. An assessment of the Force capability has been made against the adopted CIPFA code.

5.47 Having considered all the principles, the Professional Standards Department are satisfied that, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

5.48 CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that policing bodies are managing resources effectively, regardless of their current level of financial risk. A self-assessment of the CC's compliance with the code has been undertaken, considered by the JIAC, and an action plan developed to ensure full compliance; a further self-assessment is planned for 2023/24 to assess progress.

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

6. Significant Governance Issues

- 6.1 The Risk Register is a tool that identifies the risks that would prevent or distract the Chief Constable from achieving their objectives.
- 6.2 All significant governance issues occurring during the year, have been addressed through the risk register.
- 6.3 The joint assurance map is recognised by the Chief Constable and the PCC as a vital tool for effective corporate governance. It provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues; it also provides a cohesive and comprehensive view of assurance across the risk environment. The assurance map provides much of the evidence base for this annual governance statement. Independent assurance is also provided by the JIAC.
- 6.4 High level risks on the assurance map are considered on a quarterly basis at a quarterly Risk Management Board which consists of all the key risk owners, to support the continuous assessment of the effectiveness of the management of risk and internal control. The Force's Risk Register is reviewed monthly by the Deputy Chief Constable and the Force Risk, Policy and Review Officer.
- 6.5 The Chief Constable's significant governance issues are detailed below and include an outline of the actions taken or further work that is required to address the issues. Significant governance issues are reported to the JIAC at least 4 times each year.
- 6.5.1 ***Risk of failure to persuade government of Lincolnshire's case for a more equitable share of national funding.***

The central government grant that Lincolnshire receives is well below the national average and this was acknowledged in the Home Office Core Grant Distribution Review, which considered potential changes to the police funding formula. The long-awaited review of the funding formula is yet to be concluded; therefore, it is still unclear what the change will be and when this will be finalised or implemented. This means that Lincolnshire Police will continue to face the challenge of delivering services with a lower level of funding than comparable forces for this and future financial years. Lincolnshire Police will face an increasing budgetary gap which will necessitate the use of reserves and a robust savings plan to deliver a balanced budget position, placing service delivery at risk.

- 6.5.2 ***Risk of failure to achieve and demonstrate efficiencies and value for money.***

The Commissioner and Chief Constable both have a statutory duty to make the best use of resources available to them. The capital programme continues to support this by investing in technology which improves operational efficiency such as vehicle replacement, mobile devices, infrastructure upgrades. and a new Command & Control system. Investment decisions and benefits realisation are

undertaken by the Force Capability Board and monitored by the Police and Crime Strategic Board; independent assurance is gained through HMICFRS via the Efficiency pillar of their PEEL inspection programme. The Financial Strategy includes performance measures relating to both financial health and financial performance, supported by - plans and policies.

Following the cessation of the G4S contract from 1 April 2022, a Priority Based Budgeting exercise was undertaken during 2022/23 in order to ensure that resource allocation within the Force is consistent with current priorities.

6.5.3 Risk of failure to deliver and demonstrate Value for Money in regional collaboration.

The Commissioner and Chief Constable collaborate with the East Midlands region in many operational and back office areas. Regional Collaboration has seen a successful year following the appointment of a new regional DCC and broad agreement on budgets. Given the national funding landscape, challenges remain over the size and composition of regional resources, but an effective and active dialogue is underway; a no nonsense focus on open and evidence based decisions will support effective navigation of any changes.

6.5.4 Risk of failing to effectively transition from the commercial contract arrangements (G4S)

In 2020 following a comprehensive assessment, the Force decided that best value for money would not be achieved by pursuing an extension to the 10 year G4S partnership. This did not reflect on the partnership up to that date which was successful and continued in place until March 2022. The transition from G4S was managed as the 'Future Services Project'. Reflecting the strategic importance of the project the Chief Constable was the SRO and the Board had representation from the Force, OPCC, and external expert advisors. The focus was on a seamless transition of people and services together with a strong emphasis on shaping the whole Force to reflect the significant change and develop an effective organisation fit for the coming years.

Governance arrangements between the Force and OPCC since this point have changed significantly and strategic delivery plans from the Force now form the cornerstone of accountability arrangements. A Memorandum of Understanding (MoU) has been drafted which details the governance arrangements

This was a major change during 2022/23 for the Force as many of the Force's operations and processes were brought in-house. This was an important part of planning within the internal audit reviews taking place during the year to ensure process and related impacts were discussed and appropriately reviewed.

Risks have been actively managed via the Future Services Programme (FSP) Board to support the transition and embedding new processes, roles and governance arrangements throughout 2022/23.

7. Information Risk

7.1 The Force Information Risk Appetite remains set as OPEN;

Willing to consider all options and choose the one that is most likely to result in successful delivery minimising residual risk as far as possible, while also providing an acceptable level of business benefit.

7.2 The Force continues to progress its work on information security and there is an Accreditation Programme in place for IT systems.

7.3 All officers and staff have completed online Data Protection and Managing Information training courses.

7.4 Information strategy and policy is approved and deployed by the Information Management Board, who also oversee information and data quality issues, including information risk. The Board is chaired by the Senior Information Risk Owner (SIRO) and any information risks that are outside of the Force risk appetite are escalated to Chief Officer Team as necessary.

7.5 Information Asset Owners are aware of their responsibilities with regard to risk within their area of responsibility, with a clear escalation path through the Force Information Management Board and Risk Management Board to the SIRO. Additionally, the Information Management Board discusses information risk as an agenda item. All Information Asset Owners have completed detailed risk assessments on all of their systems. They have also undertaken Information Asset Owner specific online information assurance training.

7.6 Regular (bi-weekly) meetings between the Information Assurance and IT staff continue to ensure that risks identified through IT Health Checks or system accreditation are mitigated in an appropriate timeframe.

8 Future Plans

8.1 Over the coming year, where necessary, we will continue our plans to address the above matters and to further enhance our governance arrangements. These steps will address the need for improvements that were identified in the review of effectiveness and their implementation will be monitored as part of our next annual review.

9 Conclusion

This statement has been prepared on the basis of the review of effectiveness of governance arrangements. Advice and recommendations on the annual governance statement have been received from internal and external auditors and the JIAC. It represents a fair and reasonable assessment of current arrangements and plans for improvement within Lincolnshire Police.

These arrangements continue to be regarded as fit for purpose in accordance with the governance framework and provide a reasonable level of assurance that such arrangements are effective.

SIGNED

Paul Gibson

Chief Constable for Lincolnshire

Date 3 December 2024

Chief Finance Officer's Narrative Report

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

Introduction

I am pleased to present the Statement of Accounts for the Chief Constable of Lincolnshire for the financial year 2022/23. This Statement of Accounts sets out the overall financial position of the Chief Constable for Lincolnshire for the year ended 31 March 2023.

The Chief Constable of Lincolnshire is responsible for providing operational policing services to a population in excess of 770,000 dispersed across a large geographical area of 590,000 hectares.

The Police and Crime Commissioner (PCC) for Lincolnshire determines the level of funding allocated to the Chief Constable for the provision of policing services within Lincolnshire.

The police grant for 2022/23 in Lincolnshire increased by £3.7m (5.6%) compared with 2021/22. Pension top-up grant of £1.2m was provided by government to meet the increased costs of employer pension contributions in respect of the police officer pension scheme. In addition, there was potential for Lincolnshire to claim up to a further £1.1m of specific grant funding in respect of the national Police Uplift Programme (PUP) dependent upon delivering the recruitment target for 2022/23 and expenditure being in accordance with grant conditions.

The PCC increased the council tax precept by the maximum amount allowed by government without triggering a local referendum. The precept referendum limit allowed an increase of up to an additional £9.99 per annum for a Band D property (or appropriate proportion for other property bands). This increase in the precept provided an additional £4m in council tax receipts when compared with 2021/22.

The grant settlement was subject to consultation and the Police & Crime Commissioner wrote to the Home Secretary and Minister of State for Policing and Fire Services expressing his views. The Final Police Grant Report 2022/23 was confirmed by the government on 2 February 2022 and subsequently debated by Parliament on 9 February 2022. During the debate, the Policing Minister confirmed that work on the funding formula was underway, a technical oversight group had been appointed and he expected that consultation would be undertaken during summer 2022.

The global economy is set to grow at the slowest pace for over thirty years over the next five years according to the Internal Monetary Fund. The causes of the Covid-19 pandemic, war in Ukraine and the soaring cost of living continue to reverberate across the world. The UK economy is predicted to shrink in 2023 due to high energy prices and interest rates further contributing to the major challenges effecting the government spending plans. The need for clear and robust plans and adequate levels of reserves are now more important than ever.

Governance

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

The Chief Constable holds joint responsibility with the PCC for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To

discharge this accountability, the PCC and Chief Constable must put in place procedures for the governance and stewardship of the resources at their disposal.

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

Organisation

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

All Police Officers, and the majority of police staff (other than a small number relating to the PCC's Office, Victim Lincs staff, and regional support arrangements) are in the Chief Constable's employment.

These Financial Statements reflect the cost of providing operational policing, with the PCC's accounts showing a commensurate transfer of resources to the Chief Constable. A separate set of accounts has been published for the PCC and the PCC Group, which consolidates the Chief Constable's accounts and also recognises all of the transactions incurred during 2022/23 for policing in Lincolnshire.

The PCC took the decision in October 2020 not to take up an option to extend the G4S Strategic contract for a further five years. The contract, which was worth in the region of £23m per year was to provide a wide range of operational and support functions to the Chief Constable. The contract concluded at the end of financial year 2021/22 and following examination of the options the vast majority of the services (with the exception of custody/cleaning) transferred back to the Force for the start of the 2022/23 financial year.

Lincolnshire Police is one of five regional forces in the East Midlands and works closely with the other four across various collaborations to provide an efficient service. More detail and how the regional accounts are accounted for in these Financial Statements is provided in Note 16.

Performance

The effect of the pandemic on damping down most crimes now seems to have come to end and it is important to remember the context for the crime figures for 2022/23.

Not only are we seeing a return to normal life post lockdown – and with it the re-emergence of certain crime types – but the numbers are also being compared with unusually low crime statistics creating unusual spikes. In the 12 months to March 2023 overall crime rose to total of 58,904 – a rise of 7%. Due to a spike in certain violent offences the crime harm index (a measurement of crime rates in which crimes are weighted based on how much “harm” they cause) rose by 12.3% within the year.

Some of the increases are also, in part, due to a focus on improving crime recording-

- The number of burglaries grew with the number of overall burglaries at 3,376 (a rise of 7.2%).
- Theft cases overall (excluding vehicles) were up by 19.7%, with a total number of 11,260. Thefts from person grew to 170 (up by 14.1%) whilst shoplifting grew by 29%, with a total of 5,355.

- Vehicle crime overall grew by 8.5% to 2,586 incidents in year. This included theft of vehicles risen by 9.3% and theft from vehicles increased by 17.3%.
- Arson and criminal damage incident stayed very much static with previous year with 6,642 incidents recorded.
- There were 6 homicides in the county – a reduction of 50% from the previous year. Violence against the person increased by 4.9% to 23,267. Of these cases violence without injury constituted the majority these cases at 9,110 (4% up). Stalking and harassment cases totalled 7,676 – a slight increase of 1.1%. Robbery increased by 12.1% to 388.
- Sexual offences overall increased to 2,521 (a rise of 3.5%) with rape cases reducing very slightly to 925 (a decrease of 0.8%).

Over the 12-month period the force has, on average per month issued the following tickets-speed 138, seatbelts 43, mobile phone 57, dangerous driving 47 and drink/drug driving 122. All the driving enforcement activity areas have seen an increase in volumes over the previous year.

Across the year there were 676 mental health detainees dealt with by the force – and dealing with mental health incidents continues to put significant strain on resources.

During the year the force received 135,671 calls for service – a slight reduction of 2.7% on the previous 12 months. More than 89% of Emergency calls were answered within 10 seconds.

There has been another encouraging increase in the number of crimes reported online with the 10,766 representing an increase of 83.9%.

The Force Urban Response time target for urgent calls is under 15 minutes and over the last 12 months 60.3% of urgent incidents have been attended within this time. The Force Rural Response time target is under 20 minutes and in the last 12 months 65.9% of urgent incidents have been attended within this time.

Lincolnshire Police received 1,013 complaints in the 12 months to March – a slight reduction of 3.2% on the previous year.

Further information about Force performance together with a detailed local breakdown is available through the Chief Constable's website at www.lincs.police.uk and the crime mapper website Police.uk

Gender Pay Gap

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

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

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

Our Pay Gap Information

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

| Published mean and median information | | | | |
|---|---------|--------------|--------------|------------|
| | Male | Female | Gap | Percentage |
| Mean hourly rate | £18.85 | £17.18 | £1.67 | 8.87% |
| Median hourly rate | £19.77 | £16.43 | £3.34 | 16.89% |
| Total employees - salary quartile bands | | | | |
| | Lower | Lower-middle | Upper-middle | Upper |
| Male proportion | 47.37% | 51.50% | 69.00% | 68.67% |
| Female proportion | 52.63% | 48.50% | 31.00% | 31.33% |
| Published bonus information* | | | | |
| | Male | Female | Gap | Percentage |
| Mean bonus | £356.28 | £932.77 | £576.49 | -161.81% |
| Median bonus | £150.00 | £375.00 | £225.00 | -150.00% |
| Proportion receiving a bonus | 4.55% | 3.37% | 1.18% | N/A |

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

Summary

Lincolnshire Police remain committed to ensuring fairness, inclusivity and the equal treatment of all employees regardless of protected characteristics, and therefore we are disappointed to have a gender pay gap which is 1.99% higher than the 2022 national average of 14.9% ([Office of National Statistics](#)).

The Chief Officer team remain determined to tackle the under-representation of women through all grades and ranks and provide every opportunity for women to progress. Throughout this period the organisation has employed 101 females, 56 of those as new constables, and promoted 7 through the ranks. This has resulted in a slight increase in the percentage of our female workforce. The Force remains committed to ensuring fairness and inclusivity within Lincolnshire Police and acknowledge the many benefits this brings to our organisation.

Financial Performance

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

| | 2021/22 | 2022/23 |
|---|------------|--------------|
| Chief Constable for Lincolnshire | £m | £m |
| Original Delegated Budget | 102.0 | 110.2 |
| Revised Budget (2022/23) | | 135.0 |
| Outturn | 103.6 | 133.2 |
| (Underspend)/Overspend | 1.6 | (1.8) |

The original budget was revised in April 2022 to reflect the end of the Strategic Partnership with G4S and the subsequent TUPE transfer of staff to the Chief Constable.

The Chief Constable actual expenditure in 2022/23 was £1.8m underspent against the revised budget. There were a number of significant variances across the whole budget, both favourable and adverse which included the following:

- Police Officer Salaries underspend of £0.78m partly caused by the in-year reversing of the Employers National Insurance 1.25% increase.
- Additional income of £0.5m arising on mutual aid due to recharging for police officers provided at significant events, along with police led prosecution income exceeding target by £0.5m.
- Transitional budget allocation £1m – to address terms and conditions transitional payments. The expenditure incurred was absorbed within the police staff budget resulting in an underspend.

Capital Expenditure

Capital expenditure is undertaken by the PCC as the Chief Constable does not hold any assets. Information relating to assets held and capital expenditure incurred during the year, together with the historical debt position, is included within the PCC accounts. The Chief Constable uses the assets held by the PCC for operational policing.

In order to provide the assets (buildings, vehicles and equipment) required for operational use by the Chief Constable, the PCC spent £5.6m in 2022/23 which included:

- £1.6m Command and Control system,
- £1.1m Window Replacement,
- £1.2m ICT projects (Digital Forensic Server, WIFI/Network upgrade)
- £1.1m Vehicles

The PCC has approved a capital programme of £10.8m for 2023/24, and includes:

- £6m investment for ICT transformation;
- £1.5m investment in the Force estate improvements and maintenance;
- £1.0m replacement programme for vehicles.

Reserves

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

Earmarked reserves as at 31 March 2023 total £28.153m (including regional reserves) and are held for specific expenditure or contingencies. Movements in Earmarked Reserves are detailed in Note 7.

As at 31 March 2023 the PCC held a General Reserve of £5.9m, there are no plans to use this to balance the 2023/24 budget, however it may become necessary to do so beyond 2023/24. It is likely that, for 2024/25, there will be a requirement to revert to a reserves policy based upon the minimum of the risk assessed target range to enable drawdown of risk-based reserves to support the MTFP.

An assessment in February 2023 indicated the range of required risk-based reserves at £6.0m - £12.4m, the mid-point of which is £9.2m. This is set against forecast risk-based reserves as at 31 March 2023 of £9.3m: General Reserve £5.9m, Major Incident Reserve £1.9m, Victim's Major Incident Reserve £0.3m, Insurance Reserve £1m, National Police Air Support £0.2m and Complaints Handling Reserve £0.02m.

In the context of general financial risk and continuing uncertainty post pandemic, the need for sound financial control is further emphasised. The role of the Director of Finance & Corporate Services (S151) in supporting the Chief Constable and his team is key to delivering this.

Principal Risks

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

Outlook for 2023/24 and beyond

There is a balanced budget for 2023/24 this includes the following funding:

- Increased police grant for Lincolnshire of £0.2m (0.3% increase)
- An allocation of pension top-up grant of £1.2m
- A precept increase of £4.3m (5.41%) based on an increase of an additional £14.94 per annum for a Band D property in line with the precept referendum limit imposed by government.
- The budget includes the use of £6.3m of specific earmarked reserves to balance the budget

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

- The Chief Constable's baseline budget is based on strength of 1,186 police officers which is the pre uplift target establishment of 1,020 FTE plus all three tranches of the national uplift programme. The grant settlement included £2.3m contingent on maintaining the uplift target with headcount being assessed at 30th September 2023 and 31st March 2024 meaning that this income would be at risk should the force fail to maintain the Police Uplift Programme (PUP) officer numbers

- The current establishment of PCSOs is 85 FTE. This is under review as part of the PBB exercise and the need to deliver substantial savings. The final outcome of this review will not be known for some months into 2023/24.
- The Police Staff budget has been based on the aggregated G4S and force staffing numbers established in 2022/23, with adjustments for the voluntary transfer to Lincolnshire Police terms & conditions to be implemented on 1st April 2023. The budget has been fully costed with a vacancy factor of 5% included to allow for staff turnover.
- A provision for pay awards arising in 2023/24 has been included at 2.0%.

The Medium-Term Financial Plan includes provisional service budgets proposed for 2024/25 to 2026/27. The government has yet to set grant allocations for these years. Estimates have been based on prudent assumptions. There remains the risk that the grant income will be lower than assumed.

There is clarity on the government's future intentions in relation to the limitation of the council tax increase for 2024/25 only; the assumption contained with the MTFP for the following years is that the precept increases will revert back to the 2% cap without the need for a referendum.

On current assumptions, the budget is balanced for the first two years of the MTFP with use of specific earmarked reserves and a plan for savings included; however budget gaps in excess of £10m emerge beyond 2024/25, once reserves have been depleted such that no further non-recurrent support can be provided. These gaps are based on maintaining the police officer numbers at the PUP target of 1,186; without additional funding, this cannot be maintained. Significant reductions in service levels will be required to bridge a budget gap of this magnitude, including reductions in police officer numbers.

The delivery of savings of a further c. £10m in 2025/26, in addition to savings already planned of £3m for that year, will require measures to be implemented during 2024/25 to ensure that the full year effect is delivered during 2025/26. A detailed delivery plan will be required for incorporation into the budget for 2024/25.

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

Continuing sound financial control will also be key to maintaining financial balance into the medium term as reserves to support the revenue budget will be depleted.

Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (code of practice on local authority accounting in the United Kingdom 2022/23) in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

will continue to operate for the foreseeable future.

The pandemic has not yet had the negative impact on council tax receipts which was expected at the start of 2021/22. There was an increase of 2.05% in the tax base for 2022/23. There was also an aggregate new surplus on the council tax collection funds; the PCC Group share of the net surplus is estimated to be £0.615m.

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

Explanation of Financial Statements

These Financial Statements have been compiled in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting 2022/23.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

These Financial Statements for the Chief Constable set out the income and expenditure for the year and its financial position at 31 March 2023. It comprises core and supplementary statements, together with disclosure notes.

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

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

Core Statements

- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- Movement in Reserves Statement – this shows the movement on the usable and unusable reserves from the start of the financial year to the end of the year. As the Chief Constable does not hold any usable reserves, no movements are shown in respect of usable reserves. Movements are shown in unusable reserves which relate to pension accounting.
- Balance Sheet – this represents the financial position as at the balance sheet date of the assets and liabilities recognised. The net assets are matched by the reserves held. The only reserve balance is the pension reserve.
- Cash Flow Statement – this summarises the movement in cash and cash equivalents arising from transactions during the year. As the Chief Constable does not manage these transactions, the statement shows no movement in overall funds. However, a statement has been prepared in accordance with accounting requirements which shows the movement in the deficit and how this relates to non-cash movements within the PCC Group.

Supplementary Statements

- Annual Governance Statement – the Chief Constable publishes an Annual Governance Statement in accordance with the Delivering Good Governance guidance in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015.
- Statement of Responsibilities – this explains the responsibilities for the financial affairs and how these responsibilities are carried out.
- Notes to the Accounts – the notes show details supporting each of the main accounting statements, together with additional information to explain the financial transactions. Note 1 contains the Accounting Policies. The purpose of these policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.
- Police Officer Pensions, Home Office Memorandum Account – this summarises the transactions relating to retirement benefits paid to police officers and how these costs are financed.
- Expenditure and Funding Analysis – this shows how annual expenditure is used and funded from resources. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.

Relationship between accounting statements

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

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

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

Conclusion

Signed by Sharon Clark

Sharon Clark FCA BA
Director of Finance & Corporate Services (S151) for Chief Constable



Independent Auditor's Report to the Chief Constable for Lincolnshire

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF LINCOLNSHIRE

Disclaimer of opinion

We were engaged to audit the financial statements of the Chief Constable of Lincolnshire ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- Expenditure and Funding Analysis and the related notes 1 to 27 including a summary of significant accounting policies, and
- Chief Constable of Lincolnshire Police Officer Pensions Home Office Memorandum Account 2022/23 and the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

The audit of the 2021/22 financial statements for the Chief Constable of Lincolnshire was not completed for the reasons set out in our opinion on those financial statements dated 3 December 2024.

As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Chief Constable of Lincolnshire.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Director of Finance & Corporate Services

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts*' set out on page 38, the Director of Finance & Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance & Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance & Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Chief Constable of Lincolnshire had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of Lincolnshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable of Lincolnshire had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Lincolnshire in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of the Chief Constable of Lincolnshire, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Lincolnshire, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON

ERNST + YOUNG LLP

Date: 3rd December 2024.

Mark Hodgson (Key Audit Partner)

*Ernst & Young LLP (Local Auditor)
Cambridge*

Footnote:

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Audit Completion Report for Those Charged with Governance dated 21 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

Comprehensive Income and Expenditure Statement 2022/23

The Income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards.

| 2021/22 | | | | 2022/23 | | |
|---------------------------|----------------------|-------------------------|------|---------------------------|----------------------|-------------------------|
| Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | Note | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| 131,202 | (8,721) | 122,481 | | 163,494 | (12,335) | 151,159 |
| 675 | (5) | 670 | | 1,841 | (18) | 1,823 |
| 131,877 | (8,726) | 123,151 | | 165,335 | (12,353) | 152,982 |
| 1,626 | (658) | 968 | 8 | 2,058 | (791) | 1,267 |
| 34,361 | - | 34,361 | 9 | 43,424 | - | 43,424 |
| - | (126,101) | (126,101) | 11 | - | (159,083) | (159,083) |
| 167,864 | (135,485) | 32,379 | | 210,817 | (172,227) | 38,590 |
| - | (136,904) | (136,904) | 15 | - | (568,182) | (568,182) |
| - | (136,904) | (136,904) | | - | (568,182) | (568,182) |
| 167,864 | (272,389) | (104,525) | | 210,817 | (740,409) | (529,592) |

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 requires that the Comprehensive Income and Expenditure Statement reflects the internal management reporting and decision making arrangements of the organisation.

The end of the strategic partnership contract managed by the PCC in March 2022 has resulted in a cost movement in the current year from PCC to Chief Constable.

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

Movement in Reserves Statement 2022/23

The Movement in Reserves Statement shows the movement in the year on the unusable reserves held by the Chief Constable. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, further details are shown in the Comprehensive Income and Expenditure Statement.

| | Capital Receipts Reserve £000 | Earmarked Reserves £000 | General Fund Balance £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Chief Constable Reserves £000 |
|---|--|-------------------------------|------------------------------------|-------------------------------------|------------------------------|--|
| Balance at 31 March 2021 | - | - | - | - | (1,719,654) | (1,719,654) |
| Movement in Reserves during 2021/22 | | | | | | |
| Surplus or (Deficit) on the provision of services | - | - | (32,379) | (32,379) | - | (32,379) |
| Other Comprehensive Income and Expenditure | - | - | - | - | 136,904 | 136,904 |
| Total Comprehensive Income and Expenditure | - | - | (32,379) | (32,379) | 136,904 | 104,525 |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | - | - | 32,379 | 32,379 | (32,379) | - |
| Net Increase /(Decrease) before Transfers to Earmarked Reserves | - | - | - | - | 104,525 | 104,525 |
| Transfers to/from Earmarked Reserves | - | - | - | - | - | - |
| Increase/(Decrease) in 2021/22 | - | - | - | - | 104,525 | 104,525 |
| Balance at 31 March 2022 carried forward | - | - | - | - | (1,615,129) | (1,615,129) |
| Movement in Reserves during 2022/23 | | | | | | |
| Surplus or (Deficit) on the provision of services | - | - | (38,590) | (38,590) | - | (38,590) |
| Other Comprehensive Income and Expenditure | - | - | - | - | 568,182 | 568,182 |
| Total Comprehensive Income and Expenditure | - | - | (38,590) | (38,590) | 568,182 | 529,592 |
| Adjustments between accounting basis and funding basis under regulations (Note 6) | - | - | 38,590 | 38,590 | (38,590) | - |
| Net Increase /(Decrease) before Transfers to Earmarked Reserves | - | - | - | - | 529,592 | 529,592 |
| Transfers to/from Earmarked Reserves | - | - | - | - | - | - |
| Increase/(Decrease) in 2022/23 | - | - | - | - | 529,592 | 529,592 |
| Balance at 31 March 2023 carried forward | - | - | - | - | (1,085,537) | (1,085,537) |

Balance Sheet as at 31 March 2023

The Balance Sheet provides the value of assets and liabilities recognised by the Force for the Chief Constable. The net assets are matched by the reserves held. The only reserve balance for the Chief Constable is the pension reserve.

| 2021/22 £000 | Note | | 2022/23 £000 |
|--------------------|------|---|--------------------|
| - | | Property, Plant and Equipment | - |
| - | | Investment Property | - |
| - | | Intangible Assets | - |
| - | | Assets Held for Sale | - |
| - | | Long-Term Assets | - |
| - | | Short-Term Investments | - |
| - | | Inventories | - |
| 3,051 | 12 | Short-Term Debtors | 2,503 |
| - | | Cash and Cash Equivalents | - |
| - | | Short-Term Investments | - |
| 3,051 | | Current Assets | 2,503 |
| - | | Short-Term Borrowing | - |
| (3,051) | 13 | Short-Term Creditors | (2,503) |
| - | | Other Short Term Liabilities | - |
| (15) | 14 | Short-Term Provisions | (16) |
| - | | Capital Grants Receipts in Advance (< 1 yr) | - |
| (3,066) | | Current Liabilities | (2,519) |
| - | | Long-Term Borrowing | - |
| (1,615,040) | 24 | Pension Liabilities | (1,085,460) |
| - | | Other Long-Term Liabilities | - |
| (74) | 14 | Long-Term Provisions | (61) |
| (1,615,114) | | Long-Term Liabilities | (1,085,521) |
| (1,615,129) | | Net Assets | (1,085,537) |
| - | | Usable Reserves | - |
| (1,615,129) | 15 | Unusable Reserves | (1,085,537) |
| (1,615,129) | | Total Reserves | (1,085,537) |

The Police and Crime Commissioner's Scheme of Delegation limits the entries required in the Chief Constables Balance sheet. All entries relating to the Police and Crime Commissioner and Chief Constable Group are shown in the Police and Crime Commissioner's Financial Statements.

These unaudited accounts were signed on 30 May 2023.

Sharon Clark FCA BA

Director of Finance & Corporate Services (S151) for Chief Constable

Cash Flow Statement 2022/23

The Cash Flow Statement does not show any cash flows for the year, as all payments were made from the PCC's accounts. Similarly, all income and funding is received into the PCC's accounts.

| 2021/22 £000 | Note | | 2022/23 £000 |
|-----------------|------|--|-----------------|
| 32,379 | | Net Deficit on the Provision of Services | 38,590 |
| (32,379) | 16 | Adjustments to net deficit on the provision of services for non-cash movements | (38,590) |
| - | | Adjustments for items included in the net deficit on the provision of services that are investing and financing activities | - |
| - | | Net Cash (Inflows) or Outflows from Operating Activities | - |
| - | | Investing Activities | - |
| - | | Financing Activities | - |
| - | | Net (Increase) or Decrease in Cash and Cash Equivalents | - |
| - | | Cash and Cash Equivalents at the Beginning of the Reporting Period | - |
| - | | Cash and Cash Equivalents at the End of the Reporting Period | - |

Chief Constable for Lincolnshire

Notes to the Accounts

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2022/23 financial year and its 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 (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

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

1.2. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

1.3. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

The Chief Constable does not own any non-current assets. All capital equipment used in operational policing is procured and owned by the PCC, under the agreement that control, in particular usage and responsibility for maintenance, is delegated to the Chief Constable under the PCC Group's existing scheme of delegation.

1.5. Provisions

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

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

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

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

1.6. Contingent Liabilities

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

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

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

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

1.7. Contingent Assets

A contingent asset is where there is a possible transfer of economic benefit to the Chief Constable from a past event, but the possible transfer will only be confirmed by the

occurrence or non-occurrence of one or more events in the future. These events may not wholly be within the control of the Chief Constable.

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

1.8. Cost of Overheads and Support Services

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

1.9. Value Added Tax (VAT)

The Chief Constable does not submit a VAT return. The PCC submits a single VAT return on behalf of the Group. Expenditure in the Comprehensive Income and Expenditure Statement excludes any amounts relating to VAT as it is all remitted to / from HM Revenue and Customs.

1.10. 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 for which the Statement of Accounts is adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period for which 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.

1.11. Recognition of Revenue (Income and Expenditure)

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

1.12. 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 Chief Constable when there is reasonable assurance that:

- The Chief Constable will comply with the conditions attached to the payments;
- 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

1.13. Reserves

1.13.1. Useable Reserves

The Chief Constable does not maintain usable reserves. Its main source of income in the year is an intra-group transfer from the PCC, which is matched to its net resources expended, with all additional surplus or deficit held by the PCC.

1.13.2. Unusable Reserves

The Chief Constable keeps a pensions reserve to maintain the accounting processes for retirement benefits and the related provisions. These reserves do not represent usable resources for the Chief Constable.

1.14. Employee Benefits

1.14.1. Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. A provision is made for the cost of unused leave earned by employees, but not taken before the year-end.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

1.14.2. Termination Benefits

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

1.14.3. Post-employment Benefits

Employees of the Chief Constable are members of two separate pension schemes:

- The Police Officer Pension Scheme, for which the scheme manager is the Chief Constable;
- The Local Government Pensions Scheme, administered by West Yorkshire Pension Fund on behalf of Lincolnshire County Council.

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

1.14.4. Local Government Pension Scheme

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

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality AA index corporate bonds);
- The assets of Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price;
 - Property – market value.

1.14.5. Police Officer Pension Scheme

The police officer pension schemes (both the old and new schemes) are accounted for as a defined benefit scheme:

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality AA index corporate bonds).

1.14.6. Pension Scheme Policies

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

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

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

1.14.7. Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as

a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.15. Police Officer Pensions – Home Office Memorandum Account

From 1 April 2006 the Home Office changed the methods of financing police pensions. Effectively the Chief Constable has continued to make payments but accounts for these outside of these accounts in a separate memorandum account, which is reported in a supplementary statement in these accounts.

1.16. Joint Operations

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

2. 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. The significant judgements made in the Statement of Accounts are:

- For retirement benefits, the interpretation of CIPFA guidance differs from that of the Code itself. CIPFA guidance expects plan assets to be included in the financial statements; however the Code says not to include them. The impact of this on the General Reserve is reversed through the Movement in Reserves Statement, with a corresponding entry in the Pensions Reserve. The Chief Constable and the Director of Finance & Corporate Services have concluded that this approach presents a true and fair view of the Chief Constable's financial position, financial performance and cash flow;
- All G4S employees who transferred under TUPE arrangements to the Chief Constable for Lincolnshire on 1st April 2022 were enrolled in the Local Government Pension Scheme and the IAS 19 results as at 31 March 2023 reflect the full pension fund assets and liabilities for all police staff;
- The split of the pension liability within the Local Government Pensions Scheme is allocated between the PCC and the Chief Constable. The current percentage entity split is 30.5% PCC and 69.5% Chief Constable.

3. Assumptions made about the future and other major sources of Estimation Uncertainty

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

The items in the Chief Constable's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pensions' assets and liabilities. Hence, these are considered separately.

3.1. Estimation of Uncertainties

| Item | Uncertainties | Effect if actual results differ from assumptions |
|--------------------------------------|---|--|
| Pension liability £1,085,458k | <p>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.</p> <p>A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied.</p> | <p>The effects on the net pension liability of changes in individual assumptions have been measured and described in the tables below.</p> <p>The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.</p> |
| Actuarial Assumptions £1,085,458k | The actuaries have assumed that CPI will be approximately 1% p.a. below RPI on average. | As a market in CPI linked bonds does not exist the actuaries need to make an estimate of the long term gap between RPI and CPI in order to arrive at a CPI assumption for the accounts. |

| | | |
|---------------------------------|---|---|
| Accumulated Absences £2,503k | <p>The calculation is based on the balance of hours owed to or owing by each individual recorded in the Duty Management System which includes Annual Leave, Time Off In Lieu and Rest Days in Lieu.</p> <p>Adjustments have been made to remove negative balances and reduce high carry forward balances that significantly exceed policy.</p> <p>Annual Leave is restricted to 5 days, as per policy. The hourly rate used is based on the average pay from the March payroll files.</p> | Actual balances have since been calculated for approved carry forward and the figures are not materially different to the estimates, therefore no adjustments have been made. |
|---------------------------------|---|---|

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

| Change in financial and demographic assumptions | Approximate percentage increase to Employer Liability | Approximate monetary amount (£m) |
|---|---|----------------------------------|
| 0.5% decrease in the Real Discount Rate | 10% | 156 |
| 1 year increase in member life expectancy | 3% | 47 |
| 0.5% in the Salary Increase Rate | <1% | 10 |
| 0.5% increase in the Pensions Increase Rate (CPI) | 8% | 126 |

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

| Change in financial and demographic assumptions | Approximate percentage increase to Projected Current Service Cost | Approximate monetary amount (£m) |
|---|---|----------------------------------|
| 0.5% decrease in the Real Discount Rate | 22% | 6 |
| 1 year increase in member life expectancy | 3% | 1 |
| 0.5% in the Salary Increase Rate | <1% | 0 |
| 0.5% increase in the Pensions Increase Rate (CPI) | 9% | 3 |

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

| | £000 | £000 | £000 | £000 | £000 |
|--|--------------|-----------------|-------------|-----------------|--------------|
| Adjustment to discount rate | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 138,067 | 147,699 | 150,271 | 152,914 | 164,240 |
| Projected Service Cost | 5,166 | 5,884 | 6,079 | 6,280 | 7,153 |
| Adjustment to long term salary increase | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 151,404 | 150,494 | 150,271 | 150,051 | 149,186 |
| Projected Service Cost | 6,099 | 6,083 | 6,079 | 6,075 | 6,059 |
| Adjustment to pension increase and deferred revaluation | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 163,318 | 152,740 | 150,271 | 147,869 | 138,879 |
| Projected Service Cost | 15,086 | 6,283 | 6,079 | 5,882 | 5,137 |
| Adjustment to life expectancy assumptions | | + 1 year | None | - 1 year | |
| Present value of total obligation | | 156,143 | 150,271 | 144,643 | |
| Projected Service Cost | | 6,322 | 6,079 | 5,843 | |

4. Going Concern

4.1 Going Concern – Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Lincolnshire and the Chief Constable of Lincolnshire have assessed going concern and that cash flow requirements can be met for the assessment period to March 2025.

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

and the Chief Constable of Lincolnshire accounts therefore assume they will continue to operate for the foreseeable future.

The latest police settlement covered only one year. The settlement confirmed that the total core grant for Lincolnshire Police was increased by £4.322m to £75.9m. The Minister also confirmed the precept referendum limit to allow an increase of up to an additional £13 per annum for a Band D property for 2024/25 only, without the need to call for a local referendum.

4.2 Going Concern – Current & Forecast Financial Position

The 2024/25 revenue budget was set in February 2024 as a balanced budget of £178.147m. A capital and investment programme budget was also set in February 2024, providing a further £16.326m in 2024/2 to be financed by a combination of government grant, capital receipts, borrowing and revenue contributions. The capital programme supports investment in the estate, fleet replacement and equipment, Information Technology, business led IT Projects and operational equipment. This is essential to ensure fit-for-purpose services, to deliver savings and generate income to balance the budgets over the medium-term financial plan period to 2026/27.

4.3 Going Concern – Cash Position

The PCC for Lincolnshire had a cash equivalent balance of £20.7m at the end of February 2024, compared to £8.87m at 31 March 2021 year-end. This includes £10m in Money Market Funds (MMF) available within 24 hours (£8.87m MMF's at 31 March 2021). The PCC deems the uncertainty on income cash flows low as the majority of its income is receivable from the Home Office and local billing authorities. The PCC and Chief Constable continue to take action to maximise and maintain sufficient cash for its activities throughout the medium term and has a borrowing strategy in place to borrow against capital investment as plans are approved. The PCC is also able to mitigate any short-term deposit timing cash flow requirements with its ability to borrow short term monies from other institutions and local authorities at short notice. In a 'stressed' case scenario whereby income is constrained further in the event of unexpected economic shocks and income recovering only very slowly, The PCC has sufficient levels of reserves and investments that it would not run out of cash during 2024/25.

4.4 Going Concern – Conclusion

These accounts have been prepared on a going concern basis, with planned outturn and targets up to 2022/23 within the level of general useable reserves and a balanced budget in place for 2024/25.

5. Note to the Expenditure and Funding Analysis

| 2021/22 | | | | Note | 2022/23 | | | |
|--|---|---------------------------|---------------------------|------|--|---|---------------------------|---------------------------|
| Adjustments for Capital Purposes £000 | Net change for the Pensions Adjustments £000 | Other Differences £000 | Total Adjustments £000 | | Adjustments for Capital Purposes £000 | Net change for the Pensions Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
| - | (1,982) | - | (1,982) | | - | (4,834) | - | (4,834) |
| - | - | - | - | | - | - | - | - |
| - | (1,982) | - | (1,982) | | - | (4,834) | - | (4,834) |
| - | - | - | - | 8 | - | - | - | - |
| - | 34,361 | - | 34,361 | 9 | - | 43,424 | - | 43,424 |
| - | 32,379 | - | 32,379 | | - | 38,590 | - | 38,590 |

6. Expenditure Analysed by Nature

| 2021/22 £000 | Expenditure and Income | 2022/23 £000 |
|------------------|--|------------------|
| | Expenditure | |
| 56,624 | Police Pay and Allowances | 59,245 |
| 21,913 | Police Staff Pay and Allowances | 43,635 |
| 1,635 | Other Employee Expenses | 2,557 |
| 1,456 | Police Pensions | 2,052 |
| 30,532 | Pension costs inc IAS19 | 29,163 |
| 2,974 | Premises | 4,877 |
| 1,420 | Transport | 2,213 |
| 14,373 | Supplies and Services | 18,875 |
| 950 | Third Party Payments | 2,719 |
| - | Capital Financing | - |
| 955 | Precepts and levies | 1,255 |
| 671 | Seconded Officers (net) | 803 |
| 34,361 | Interest and investment expenditure | 43,424 |
| 167,864 | Total expenditure | 210,816 |
| | Income | |
| (8,084) | Fees, charges and other service income | (11,521) |
| (643) | Other Grant Income | (832) |
| (658) | Seconded Officers | (791) |
| (126,101) | Intra Group financing | (159,083) |
| (135,486) | Total income | (172,227) |
| 32,380 | (Surplus) or Deficit on the Provision of Services | 38,590 |

The year on year variance between police staff pay and allowances and intra-group financing is due to the end of the Strategic Partnership with G4S and the subsequent TUPE transfer of staff to the Chief Constable.

7. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

| 2021/22 | Usable Reserves | | | Movement in Usable Reserves £000 |
|---|---------------------------|-------------------------------|-------------------------------|----------------------------------|
| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | |
| Adjustments to the Revenue Resources | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pensions costs (transferred to (or from) the Pensions Reserve) | 32,379 | - | - | (32,379) |
| Council tax (transferred to or from Collection Fund) | - | - | - | - |
| Holiday pay (transferred to the Accumulated Absences Reserve) | - | - | - | - |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account): | - | - | - | - |
| Total Adjustments to Revenue Resources | 32,379 | - | - | (32,379) |
| Adjustments between Revenue and Capital Resources | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | - | - | - | - |
| Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve) | - | - | - | - |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) | - | - | - | - |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | - | - | - | - |
| Total Adjustments between Revenue and Capital Resources | - | - | - | - |
| Adjustments to Capital Resources | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | - | - | - | - |
| Application of capital grants to finance capital expenditure | - | - | - | - |
| Total Adjustments to Capital Resources | - | - | - | - |
| Total Adjustments | 32,379 | - | - | (32,379) |

| 2022/23 | Usable Reserves | | | Movement in Usable Reserves £000 |
|---|---------------------------|-------------------------------|-------------------------------|----------------------------------|
| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | |
| Adjustments to the Revenue Resources | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pensions costs (transferred to (or from) the Pensions Reserve) | 38,590 | - | - | (38,590) |
| Council tax (transferred to or from Collection Fund) | - | - | - | - |
| Holiday pay (transferred to the Accumulated Absences Reserve) | - | - | - | - |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account): | - | - | - | - |
| Total Adjustments to Revenue Resources | 38,590 | - | - | (38,590) |
| Adjustments between Revenue and Capital Resources | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | - | - | - | - |
| Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve) | - | - | - | - |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) | - | - | - | - |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | - | - | - | - |
| Total Adjustments between Revenue and Capital Resources | - | - | - | - |
| Adjustments to Capital Resources | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | - | - | - | - |
| Application of capital grants to finance capital expenditure | - | - | - | - |
| Total Adjustments to Capital Resources | - | - | - | - |
| Total Adjustments | 38,590 | - | - | (38,590) |

8. Other Operating Expenditure

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

| 2021/22 | | | | 2022/23 | | |
|---------------------------|----------------------|-------------------------|-------------------|---------------------------|----------------------|-------------------------|
| Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| 955 | - | 955 | Levies | 1,255 | - | 1,255 |
| 671 | (658) | 13 | Seconded Officers | 803 | (791) | 12 |
| 1,626 | (658) | 968 | | 2,058 | (791) | 1,267 |

9. Financing and Investment Income and Expenditure

| 2021/22 | | | | 2022/23 | | |
|---------------------------|----------------------|-------------------------|---|---------------------------|----------------------|-------------------------|
| Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| 34,361 | - | 34,361 | Pensions Interest Cost and Expected Return on Pensions Assets | 43,424 | - | 43,424 |
| 34,361 | - | 34,361 | | 43,424 | - | 43,424 |

10. Grant Income

The Chief Constable credited the following grant to Comprehensive Income and Expenditure:

| | 2021/22 £000 | 2022/23 £000 |
|------------------------------------|-----------------|-----------------|
| Credited to Services | | |
| Other Grant Income | | |
| Armed Response Vehicle (ARV) Grant | - | (94) |
| Regional External Grant | (643) | (738) |
| Total | (643) | (832) |

11. Intra-Group Financing

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

12. Debtors

| 2021/22 £000 | | 2022/23 £000 |
|-----------------|--|-----------------|
| | Amounts falling due within one year: | |
| (3,051) | PCC guarantee for accumulated absences liability | (2,503) |
| (3,051) | Total Debtors falling due within one year | (2,503) |

13. Short-Term Creditors

| 2021/22 £000 | | 2022/23 £000 |
|-----------------|-----------------------------------|-----------------|
| (3,051) | Accumulated absences | (2,503) |
| (3,051) | Total Short-Term Creditors | (2,503) |

14. Provisions

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

| Short Term Provisions | Termination Benefits of Employment £000 | Total £000 |
|---------------------------------------|--|-----------------------|
| Balance at 31 March 2022 | (15) | (15) |
| Additional Provisions made in 2022/23 | (1) | (1) |
| Amounts Used in 2022/23 | - | - |
| Unused amounts reversed in 2022/23 | - | - |
| Balance at 31 March 2023 | (16) | (16) |

| Long Term Provisions | Termination Benefits of Employment £000 | Total £000 |
|---------------------------------------|--|-----------------------|
| Balance at 31 March 2022 | (74) | (74) |
| Additional Provisions made in 2022/23 | - | - |
| Amounts Used in 2022/23 | - | - |
| Unused amounts reversed in 2022/23 | 12 | 12 |
| Roundings | 1 | 1 |
| Balance at 31 March 2023 | (61) | (61) |

The only provision in the Chief Constable's accounts is for the termination benefits of employment relating to the pension payments which are held by the Chief Constable along with the IAS19 Pension Liability.

15. Pensions Reserve

Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. The liability recognises inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed, as the Chief Constable makes employer's contributions to pension funds, and eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will have been set aside by the time the benefits come to be paid.

| 2021/22 £000 | | 2022/23 £000 |
|--------------------|--|--------------------|
| (1,719,653) | Balance at 1 April | (1,615,128) |
| 136,904 | Actuarial gains or losses on pensions assets and liabilities | 568,182 |
| (74,642) | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (82,283) |
| 39,251 | Employers contributions payable to scheme | 40,669 |
| - | Contributions in respect of unfunded benefits | - |
| 3,011 | Employers contributions payable to schemes - Cash Top-up | 3,011 |
| 1 | Other unfunded termination benefits | 13 |
| (1,615,128) | Balance at 31 March | (1,085,536) |

16. Cash Flow – Adjustments on Provision of Services for Non Cash Movements

| 2021/22 £000 | | 2022/23 £000 |
|-----------------|----------------------------------|-----------------|
| (25) | Increase/(Decrease) in Creditors | (548) |
| 25 | (Increase)/Decrease in Debtors | 548 |
| (32,380) | Pension Liability | (38,603) |
| 1 | Contributions to Provisions | 12 |
| (32,380) | Non Cash Movements | (38,591) |

17. Joint Operations

17.1. Sexual Assault Referral Centre

The SARC is a one stop location where victims of sexual assault can receive medical care and counselling whilst at the same time having the opportunity to assist the police investigation into alleged offences. It is a joint operation between Lincolnshire Police and Lincolnshire Partnership NHS Foundation Trust, with Lincolnshire Police acting as the lead body. The financial statements include the PCC Group's share of non-current assets, primarily the purchase and refurbishment costs associated with Spring Lodge (the PCC for Lincolnshire's share is 65%). The financial statements also include the PCC's share of income £19k and revenue expenditure £113k compared to income of £10k and revenue expenditure of £92k in 2021/22 (the PCC for Lincolnshire's share is 50%).

17.2. Regional Collaboration

The East Midland Regional Collaboration consists of:

- East Midlands Special Operations Unit (EMSOU) including Regional Asset Recovery Team, Regional Review Unit, Collaboration Team, Protected Persons Unit and Technical Support Unit. The lead body is Leicestershire;
- EMSOU Major Crime. Lead body Leicestershire;
- Forensics. Lead body Derbyshire;
- Occupational Health Unit (OHU) (ceased during 2022/23). Lead body Leicestershire;
- Emergency Services Network (ESN). Lead body Leicestershire;
- Specialist Operations Training (SOT) (ceased during 2022/23). Lead body Leicestershire;

- East Midlands Criminal Justice Services (EMCJS) (ceased during 2022/23). Lead body Leicestershire, Finance Lincolnshire;
- East Midlands Legal Services. Lead body Derbyshire.

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

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

| 2021/22 £000 | | 2022/23 £000 |
|-----------------|--|-----------------|
| 1,627 | Police Pay and Allowances | 1,647 |
| 2,870 | Police Staff Pay and Allowances | 2,872 |
| 101 | Other Employee Expenses | 71 |
| 74 | Premises | 94 |
| 87 | Transport | 104 |
| 616 | Supplies and Services | 607 |
| 573 | Agency and Contracted Services | 564 |
| 226 | Depreciation | 129 |
| 4 | Amortisation | 1 |
| - | (Surplus) or Deficit on revaluation of non current assets (not covered by accumulated revaluation gains) | 23 |
| 6,178 | Gross Operating Expenditure | 6,112 |
| (170) | Other Income | (139) |
| (1) | (Gains) or Losses on Disposal of Non Current Assets | (2) |
| 6,007 | Amount to be met from Partners | 5,971 |
| | Financed by: | |
| (5,213) | Contributions from Partners | (5,213) |
| (643) | External Grants | (738) |
| (47) | Capital Grants and Contributions | (25) |
| 104 | (Surplus) or Deficit on the Provision of Services | (5) |
| 104 | Total Comprehensive Income and Expenditure | (5) |

18. Funded Partnerships Outside Scope of Collaborative Arrangements

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

Income received in the year was £1,261k which was less than the previous year figure of £1,653k. The expenditure in year was £821k compared with £1,254k in 2021/22.

19. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £5,000 for the year compared to £7,966 in 2021/22. £468 of the amount paid to members is charged to the PCC based on the percentage split used for allocating finance joint services costs (9.37%).

20. Remuneration of Senior Officers

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

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

2021/22 details

| 2021/22 Senior Officers' Remuneration | Notes | Salaries, fees or allowances £ | Relocation benefits receivable in the role £ | Car benefits receivable in the role £ | Compensation for loss of office £ | Total remuneration excluding pension contributions 2021/22 £ | Employer's pension contribution £ | Total remuneration including pension contributions 2021/22 £ |
|---|--------------------|-----------------------------------|---|--|--------------------------------------|--|--------------------------------------|--|
| Police Officers | | | | | | | | |
| Chief Constable Chris Haward | | 164,491 | 13,212 | 7,115 | - | 184,818 | 37,459 | 222,277 |
| Deputy Chief Constable | | 127,435 | - | 6,360 | - | 133,795 | 34,847 | 168,642 |
| Assistant Chief Constable | | 121,623 | - | 5,605 | - | 127,228 | 36,958 | 164,186 |
| Assistant Chief Constable | Started May 2021 | 105,177 | - | 1,239 | - | 106,416 | 28,442 | 134,858 |
| Police Staff of the Chief Constable | | | | | | | | |
| Director of Finance & Corporate Services (S151) | | 103,169 | - | 5,047 | - | 108,216 | 16,816 | 125,032 |
| Assistant Chief Officer (Resources) | Redundant May 2021 | 12,178 | - | 573 | 313,034 | 325,785 | 1,985 | 327,770 |

2022/23 details

| 2022/23 Senior Officers' Remuneration | Notes | Salaries, fees or allowances £ | Relocation benefits receivable in the role £ | Car benefits receivable in the role £ | Compensation for loss of office £ | Total remuneration excluding pension contributions 2022/23 £ | Employer's pension contribution £ | Total remuneration including pension contributions 2022/23 £ |
|---|--------------------------|-----------------------------------|---|--|--------------------------------------|--|--------------------------------------|--|
| Police Officers | | | | | | | | |
| Chief Constable Chris Haward | | 165,600 | - | 7,115 | - | 172,715 | - | 172,715 |
| Deputy Chief Constable | Retired May 2022 | 25,657 | - | 1,060 | - | 26,717 | - | 26,717 |
| Deputy Chief Constable | Started June 2022 | 101,913 | - | 10,400 | - | 112,313 | 30,756 | 143,069 |
| Assistant Chief Constable | Retired December 2022 | 93,767 | - | 3,948 | - | 97,715 | 26,199 | 123,914 |
| Temporary Assistant Chief Constable | | 105,177 | - | 1,239 | - | 106,416 | 28,442 | 134,858 |
| Temporary Assistant Chief Constable | Started in Role Feb 2023 | 101,757 | - | 3,737 | - | 105,494 | 28,786 | 134,280 |
| Police Staff of the Chief Constable | | | | | | | | |
| Director of Finance & Corporate Services (S151) | | 106,902 | - | 5,605 | - | 112,507 | 17,425 | 129,932 |
| Director of People Services | Started April 2022 | 123,907 | - | 3,850 | - | 127,757 | 15,977 | 143,734 |
| Chief Digital & Data Officer | Started April 2022 | 100,058 | - | 5,231 | - | 105,289 | 16,309 | 121,598 |

20.1. Remuneration Banding

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

| Remuneration Range | 2021/22 Number of employees | 2022/23 Number of employees |
|----------------------|-----------------------------------|-----------------------------------|
| £50,000 to £54,999 | - | 1 |
| £55,000 to £59,999 | - | - |
| £60,000 to £64,999 | 2 | 1 |
| £65,000 to £69,999 | - | 1 |
| £70,000 to £74,999 | 1 | - |
| £75,000 to £79,999 | - | 1 |
| £80,000 to £84,999 | - | - |
| £85,000 to £89,999 | 1 | 1 |
| £90,000 to £94,999 | 4 | 4 |
| £95,000 to £99,999 | - | 2 |
| £100,000 to £104,999 | - | - |
| £105,000 to £109,999 | - | - |

21. Termination Benefits

| Cost band (including special payments) | Number of compulsory redundancies | | Number of other departures agreed | | Total number by cost band | | Total cost in each band | |
|--|-----------------------------------|----------|-----------------------------------|----------|---------------------------|----------|-------------------------|-----------------|
| | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 £000 | 2022/23 £000 |
| £0,000 to £20,000 | - | - | - | - | - | - | - | - |
| £20,001 to £40,000 | - | - | - | - | - | - | - | - |
| £40,001 to £60,000 | - | - | - | - | - | - | - | - |
| £60,001 to £80,000 | - | - | - | - | - | - | - | - |
| £80,001 to £100,000 | - | - | - | - | - | - | - | - |
| over £150,000 | 1 | - | - | - | 1 | - | 313 | - |
| Total | 1 | - | - | - | 1 | - | 313 | - |

22. Audit Costs

| | 2021/22 £000 | 2022/23 £000 |
|---|-----------------|-----------------|
| Fees payable with regard to external audit services carried out by the appointed auditor for the year | 12 | 12 |
| Total | 12 | 12 |

23. Related Party Transactions

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

23.1. UK Central Government

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

23.2. Chief Constable for Lincolnshire

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

23.3. Officers

The total remuneration to senior staff in 2022/23 is shown in Note 19. All senior officers employed by the Chief Constable at the 31 March 2023 have completed a Related Party Transaction Declaration for the financial year in respect to themselves and close family members to identify any business dealings with the Group that fall into this category. No further disclosures are required.

23.4. Other Public Bodies

Joint Operations and Funded Partnerships are disclosed in Notes 16 and 17.

24. Retirement Benefits

24.1. Participation in pension schemes

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

The Group participates in two pensions schemes:

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

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

All G4S employees who transferred under TUPE arrangements to the Chief Constable for Lincolnshire on 1st April 2022 were enrolled in the Local Government Pension Scheme and the IAS 19 results as at 31 March 2023 reflect the full pension fund assets and liabilities for all police staff;

- The Police Pension Scheme for police officers is an unfunded defined benefit scheme. This means that there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet actual pensions' payments as they eventually fall due. From the 1 April 2015 The Police Pension Scheme 2015 (CARE) scheme

was introduced (under the Public Pension Services Act 2013), and members who are not covered by protection or the transitional arrangements in the previous schemes now accrue pension entitlements based on their career-average rather than their final salary. Three schemes were in operation during 2022/23 as well as injury awards:

- The 1987 scheme (Final Salary) which is based on a maximum pensionable service of 30 years (closed to new entrants on 31 March 2006);
- The 2006 scheme (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31 March 2015);
- The 2015 (CARE) scheme which was available to new entrants from the 1 April 2015 and is a Career Average Revalued Earnings (CARE) scheme there is no maximum period of service.

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

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

24.2. Discretionary Post-Retirement Benefits

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

24.3. Transactions Relating to Retirement Benefits

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

24.4. Transactions Relating to Retirement Benefits

| | Local Government Pension Scheme | | Police Pension Scheme | | Comprehensive Income and Expenditure Account | |
|---|---------------------------------|----------------|-----------------------|-----------------|--|------------------|
| | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Comprehensive Income and Expenditure Statement | | | | | | |
| Cost of Services: | | | | | | |
| Current service cost | (5,364) | (8,671) | (34,400) | (29,300) | (39,764) | (37,971) |
| Past service costs | (238) | - | (200) | (800) | (438) | (800) |
| Effect of settlements | - | - | - | - | - | - |
| | (5,602) | (8,671) | (34,600) | (30,100) | (40,202) | (38,771) |
| Other Operating Expenditure: | | | | | | |
| Home Office Grant | - | - | (21,914) | (24,715) | (21,914) | (24,715) |
| Financing and Investment Income and Expenditure: | | | | | | |
| Net interest expense | (961) | (824) | (33,400) | (42,600) | (34,361) | (43,424) |
| Administrative Expenses | (79) | (89) | - | - | (79) | (89) |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | (6,642) | (9,583) | (89,914) | (97,415) | (96,556) | (106,999) |
| Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | | | | | | |
| Return on scheme assets (excluding the amount included in the net interest expense) | 10,446 | (6,111) | - | - | 10,446 | (6,111) |
| Actuarial gains and losses arising on changes in demographic assumptions | 4,705 | - | 16,000 | 17,900 | 20,705 | 17,900 |
| Actuarial gains and losses arising on changes in financial assumptions | 6,968 | 73,474 | 105,300 | 546,900 | 112,268 | 620,374 |
| Other experience | (847) | (23,762) | (3,300) | - | (4,147) | - |
| Other actuarial Gains / (Losses) | (2,368) | - | - | (52,100) | (2,368) | (52,100) |
| Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 18,904 | 43,601 | 118,000 | 512,700 | 136,904 | 580,063 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 12,262 | 34,017 | 28,086 | 415,285 | 40,348 | 473,064 |
| Movement in Reserves Statement | | | | | | |
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | 6,642 | 9,583 | 68,000 | 72,700 | 74,642 | 82,283 |
| Actual Amount charged against the General Fund Balance for pensions in the year: | | | | | | |
| Employers contributions payable to scheme | (3,262) | (4,580) | (42,011) | (42,111) | (45,273) | (46,691) |
| Contributions in respect of unfunded benefits | - | - | - | - | - | - |
| Employers contributions payable to schemes - Cash Top-up | - | - | 3,011 | 3,011 | 3,011 | 3,011 |
| Retirement benefits payable to pensioners | - | - | - | - | - | - |
| Administrative Expenses | - | - | - | - | - | - |
| Statement to the General Fund | 3,380 | 5,003 | 29,000 | 33,600 | 32,380 | 38,603 |

24.5. Pensions Assets and Liabilities in relation to Retirement Benefits

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

| Funded liabilities | 2021/22 | 2022/23 |
|--|----------------|-----------------|
| LGPS | £000 | £000 |
| Present value of the defined benefit obligation | 154,455 | 104,256 |
| Fair value of scheme assets | (120,710) | (120,977) |
| | 33,745 | (16,721) |
| Other movements in the liability (asset) | 195 | 182 |
| Net liability arising from the defined benefit obligation | 33,940 | (16,539) |

| Discretionary Benefits | 2021/22 | 2022/23 |
|--|------------------|------------------|
| Police Pension Scheme | £000 | £000 |
| Present value of the defined benefit obligation | 1,516,700 | 1,057,100 |
| Fair value of scheme assets | - | - |
| | 1,516,700 | 1,057,100 |
| Other movements in the liability (asset) | 64,400 | 44,900 |
| Net liability arising from the defined benefit obligation | 1,581,100 | 1,102,000 |

24.6. Reconciliation of the movements in the Fair Value of the scheme assets

| LGPS | 2021/22 | 2022/23 |
|--|----------------|----------------|
| | £000 | £000 |
| Opening fair value of scheme assets | 109,975 | 120,710 |
| Interest income | 2,205 | 3,181 |
| Administrative Expenses | (79) | (89) |
| Remeasurement gain / (loss): | - | - |
| The return on scheme assets, excluding the amount included in the net interest expense | 10,446 | (6,111) |
| Other actuarial Gains / (Losses) | (2,368) | - |
| Effect of changes in foreign exchange rates | - | - |
| Contributions from employer | 3,262 | 4,580 |
| Contributions in respect of unfunded benefits | - | - |
| Contributions from employees in the scheme | 803 | 1,307 |
| Benefits paid | (3,533) | (2,601) |
| Other | - | - |
| 31 March | 120,710 | 120,977 |

24.7. Reconciliation of Present Value of the scheme liabilities (defined benefit obligation)

| LGPS Liabilities | 2021/22 | | 2022/23 | |
|--|---------------|----------------|---------------|----------------|
| | PCC £000 | Group £000 | PCC £000 | Group £000 |
| Opening balance at 1 April | 69,969 | 229,408 | 67,868 | 222,517 |
| Current service cost | 2,354 | 7,718 | 3,805 | 12,476 |
| Interest cost | 1,389 | 4,555 | 1,757 | 5,762 |
| Contributions from scheme participants | 352 | 1,155 | 574 | 1,881 |
| Re-measurement (gain) / loss: | - | - | - | - |
| Actuarial gains / losses arising from changes in demographic assumptions | (2,065) | (6,770) | - | - |
| Actuarial gains / losses arising from changes in financial assumptions | (3,058) | (10,026) | (32,244) | (105,718) |
| Other | 372 | 1,219 | 5,214 | 17,095 |
| Past service cost | 104 | 342 | - | - |
| Losses / (gains) on curtailment | - | - | - | - |
| Liabilities assumed on entity combinations | - | - | - | - |
| Benefits paid | (1,551) | (5,084) | (1,141) | (3,742) |
| Liabilities extinguished on settlements (where relevant) | - | - | - | - |
| 31 March | 67,868 | 222,517 | 45,833 | 150,271 |

| Liabilities | 2021/22 | 2022/23 |
|--|----------------|----------------|
| LGPS | £000 | £000 |
| Opening balance at 1 April | 159,439 | 154,649 |
| Current service cost | 5,364 | 8,671 |
| Interest cost | 3,166 | 4,005 |
| Contributions from scheme participants | 803 | 1,307 |
| Re-measurement (gain) / loss: | - | - |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (4,705) | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | (6,968) | (73,474) |
| Other | 847 | 11,881 |
| Past service cost | 238 | - |
| Losses / (gains) on curtailment | - | - |
| Liabilities assumed on entity combinations | - | - |
| Benefits paid | (3,533) | (2,601) |
| Liabilities extinguished on settlements (where relevant) | - | - |
| 31 March | 154,649 | 104,438 |

24.8. Pension scheme assets

The Police Pension Schemes are unfunded in nature and hence have no scheme assets. The PCC Group's Local Government Pension Scheme assets consist of the following categories:

| | 2021/22 | | 2022/23 | |
|---|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Bid Value % | Bid Value % | Bid Value % | Bid Value % |
| | Quoted in active market | Not quoted in active market | Quoted in active market | Not quoted in active market |
| Fixed Interest Government Securities | | | | |
| UK | 1 | - | 1 | - |
| Overseas | - | - | - | - |
| Index Linked Government Securities | | | | |
| UK | 2 | - | 1 | - |
| Overseas | - | - | - | - |
| Corporate Bonds | | | | |
| UK | 9 | - | 9 | - |
| Overseas | - | - | - | - |
| Equities | | | | |
| UK | 16 | - | 15 | - |
| Overseas | 40 | - | 41 | - |
| Property | | | | |
| All | 7 | - | 6 | 1 |
| Others | | | | |
| Hedge fund | - | 3 | - | 4 |
| Private Equity | - | 7 | - | 7 |
| Infrastructure | 1 | 3 | - | 4 |
| Commodities | 1 | - | - | - |
| Bonds | 5 | - | - | - |
| Credit Diversified Income | - | - | 5 | - |
| Private Debt | - | 1 | - | 2 |
| Other Diversified Alternatives | - | - | - | 1 |
| Forward Currency Contracts | 1 | - | - | - |
| Cash/Temporary Investments | - | - | 3 | - |
| Net Current Assets | | | | |
| Debtors | - | - | 1 | - |
| Creditors | - | - | - | - |
| Net Assets | 85 | 15 | 81 | 19 |

24.9. Basis for estimating assets and liabilities

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

For the Local Government Pension Scheme, liabilities have been assessed on an actuarial basis using the projected unit method. Estimates are based on the latest full valuation of the scheme as at April 2020.

For the Police Pension Scheme liabilities have been assessed on an actuarial basis using the projected unit method. The last formal valuation of the schemes was carried out as at 31 March 2023.

| | Local Government Pension Scheme | | Police Pension Scheme | |
|---|---------------------------------|---------|-----------------------|---------|
| | 2021/22 | 2022/23 | 2021/22 | 2022/23 |
| | Longevity at 65 | | Longevity at 60 | |
| | Years | Years | Years | Years |
| Mortality assumptions | | | | |
| Longevity for current pensioners: | | | | |
| Men | 19.8 | 19.8 | 27.1 | 26.7 |
| Women | 22.7 | 22.9 | 29.4 | 29.2 |
| Longevity for future pensioners: | | | | |
| Men | 21.0 | 21.1 | 28.4 | 28.1 |
| Women | 24.3 | 24.4 | 30.8 | 30.6 |
| Financial assumptions | % | % | % | % |
| Market derived RPI | 0.0 | 0.0 | 0.0 | 0.0 |
| Rate of increase in salaries | 4.2 | 4.2 | 3.7 | 3.2 |
| Rate of increase in pensions | 3.2 | 3.2 | 3.2 | 3.0 |
| Rate for discounting scheme liabilities | 2.6 | 2.6 | 2.7 | 4.8 |

The Local Government Pension Scheme longevity assumptions are as per the latest full valuation as at April 22, the Police Pension Scheme longevity assumptions are remodelled annually in the actuarial review.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

24.10. Present Value of Liabilities

| | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Present value of liabilities | | | | | | |
| Local government pension scheme | (123,923) | (143,442) | (118,478) | (159,439) | (154,649) | (104,438) |
| Police pension scheme | (1,331,600) | (1,476,800) | (1,371,300) | (1,670,100) | (1,581,100) | (1,102,000) |
| Fair value of assets in the local government pension scheme | 87,341 | 95,794 | 87,426 | 109,975 | 120,710 | 120,977 |
| Surplus / (deficit) in the scheme | (1,368,182) | (1,524,448) | (1,402,352) | (1,719,564) | (1,615,040) | (1,085,461) |
| Local government pension scheme | (36,582) | (47,648) | (31,052) | (49,464) | (33,940) | 16,539 |
| Police pension scheme | (1,331,600) | (1,476,800) | (1,371,300) | (1,670,100) | (1,581,100) | (1,102,000) |
| Rounding | | | | | | 1 |
| Total surplus / (deficit) in the scheme | (1,368,182) | (1,524,448) | (1,402,352) | (1,719,564) | (1,615,040) | (1,085,460) |

24.11. Impact on the PCC Group's cash flows

The liabilities show the underlying commitments for retirement benefits that the PCC Group has to pay in the long run. The total liability has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group remains healthy.

The objectives of the local government scheme are to keep employers' contributions at as constant a rate as possible. The PCC Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. At the last triennial valuation it was agreed that in order to mitigate for the effect of fluctuations in membership numbers that a lump sum contribution towards meeting the deficit would also be paid alongside the percentage of pay contribution.

The minimum employer contributions payable over the next year for the PCC Group is 24.4%. Estimated employer's contribution for 2022/23 amount to £8.4m on the Local Government Pension Scheme.

Funding levels are monitored through the triennial valuation process and the last triennial valuation was as at 31 March 2019.

For police pensions, the rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2014/15 resulted in a reduction in the employers' contribution rate from 24.2% to 21.3% from 1 April 2015. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the exchequer by means of a reduction in the Police Pensions Payments grant from the Home Office, therefore the actual cost to the PCC Group of the employer's contribution is still 24.2%.

Estimated employer contributions for 2023/24 at 28.7% of pensionable pay amount to £14.1m.

The Local Government Pension Scheme and the Police Pension Scheme take account of the national changes required under the Public Pensions Services Act 2013. Under the Act, the main public service pension schemes may not provide benefits on a final salary basis in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new, career average, revalued earnings schemes to pay pensions and other benefits to certain public servants. For the Local Government Pension Scheme these changes came into operation on 1 April 2014 and for the Police scheme from 1 April 2015.

Maturity profile of the defined benefit obligation:

| | LGPS | | | Police Pension Scheme | | |
|----------------------------|-------------------------------------|-------------------------------------|--|-------------------------------------|-------------------------------------|--|
| | Liability Split as at 31 March 2023 | Liability Split as at 31 March 2023 | Weighted Average Duration at Previous Formal Valuation | Liability Split as at 31 March 2023 | Liability Split as at 31 March 2023 | Weighted Average Duration at Previous Formal Valuation |
| | £000 | % | | £000 | % | |
| Active Members | 70,956 | 49.3% | 25.0 | 349,200 | 33.0% | 26 |
| Deferred Members | 42,394 | 25.8% | 26.9 | 48,000 | 4.5% | 26 |
| Pensioner Members | 55,971 | 24.8% | 12.2 | 659,900 | 62.4% | 13 |
| Total | 169,321 | 100.0% | 20.6 | 1,057,100 | 100.0% | 18.1 |
| Contingent Injuries | | | | 17,500 | 39.0% | 26 |
| Injury pension liabilities | | | | 27,400 | 61.0% | 16 |
| Total | - | - | - | 44,900 | 100.0% | 20.6 |

25. Contingent Liabilities

There is one specific matter which currently has the potential to impact the Force:

A national inquiry into Undercover Policing commenced in 2015 to ascertain the truth about Uncover Policing operations across England and Wales since 1968 and provide recommendations for the future. The review is wide ranging and could lead to individual legal claims submitted from officers for additional payments whilst working on undercover operations. The inquiry continues and at present is undertaking evidence hearings on undercover work. The timescales for concluding the work and any potential monetary values to be paid to officers are at present still unknown.

26. Accounting Standards Issued but Not Yet Adopted

The following Accounting Standards may be relevant for additional disclosures that will be required in the financial statements in respect of accounting changes in the Code:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 in 2022/23 but choose 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.
- IAS 8 – providing a definition of accounting estimates.
- IAS 1 / IFRS Practice Statement 2 – to provide guidance on the application of materiality judgements to accounting policy disclosures.
- Deferred Tax related to Assets and Liabilities arising from a single transaction (amendments to IAS 12) - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- IFRS 3 Business Combinations – updating a reference to the Conceptual Framework

If these had been adopted for the financial year 2022/23 there would be no known material changes as many do not apply to the PCC. If further information becomes available that requires changes to 2022/23 these will be restated in the 2023/24 financial statements.

The government's Financial Reporting Advisory Board has advised CIPFA/LASAC that it agreed with their decision to defer the implementation of IFRS 16 Leases until 1 April 2024. The 2023/24 Code will allow for early adoption should the PCC wish to do so.

27. Non-adjustment event after reporting period

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

There is one event which is indicative of conditions that arose after the reporting period where the Statements of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect. Disclosure is made in the notes of the nature of the events and their estimated financial effect or a statement that a reasonable estimate of the effect cannot be made:

- The Chief Constable for Lincolnshire, Chris Haward retired from the Force on 20 February 2024. The new Chief Constable, Paul Gibson will be in post from 1 April 2024.

Police Officer Pensions

Home Office Memorandum Account 2022/23

This statement shows the transactions relating to retirement benefits paid to Police Officers and for how those costs are paid.

| 2021/22 £000 | Fund account | 2022/23 £000 |
|-----------------|--|-----------------|
| | Contributions Receivable | |
| | From Employer: | |
| 13,077 | Normal | 13,540 |
| 404 | Early Retirements | 698 |
| | From Members: | |
| 5,593 | Contributions | 5,805 |
| 329 | Individual Transfers in from Other Schemes | 248 |
| 19,403 | | 20,291 |
| | Benefits Payable | |
| 35,753 | Pensions | 37,306 |
| 5,350 | Commutations | 7,154 |
| - | Lump Sum Death Benefits | 137 |
| | Payments To and On Account of Leavers | |
| 23 | Refunds of Contributions | 119 |
| - | Individual Transfers Out | - |
| 191 | Scheme Pays | 238 |
| - | Lifetime Allowance (25%) | 52 |
| - | Equivalent Premium | - |
| 41,317 | | 45,006 |
| 21,914 | Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit | 24,715 |
| (21,914) | Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year | (24,715) |
| - | Net Amount payable/(receivable) by the PCC Group for Lincolnshire | - |

Disclosure Notes

- The operation of the Pension Fund for Police and Crime Commissioners in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI 2007 No 1932). It covers both old, new and Career Average Revalued Earnings (CARE) Police Officer occupational pension schemes but has no impact on the benefit structure of either scheme. The CARE scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. Injury and ill health awards continue to be paid from the PCC's operating account. The employer contribution rate is 24.2% of pensionable pay. Employees' contributions in the 1987 old scheme are either 14.25% or 15.05% of pensionable pay. In the 2006 new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. In the 2015 CARE scheme employees contribute either 12.44%, 13.44% or 13.78% of pensionable pay. Any transitional protection or tapered protection came to an end at 31 March 2022 at which point all officers transferred into the CARE scheme.
- The fund is administered by XPS on behalf of Lincolnshire Police. Salary deductions are made from members of the scheme, and payments are made to retiring officers and pensioners in accordance with Police Pension Fund Regulations 2007. Returns are made to the Home Office for the projected and actual costs in each year, and funds are transferred accordingly.

3. There are no investment assets; the fund is balanced to nil each year by receipt of a Police Pensions Payments grant from the Home Office (via PCC for Lincolnshire). Payments are made monthly to pensioners, with the pension fund entries being kept separate, outside of the PCC's general ledger accounts. Details of the PCC's long-term pension obligations can be found in the main statements at Note 44.
4. The accounting policies followed are in accordance with Note 1.
5. The Police Officer Pensions – Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.
6. The net amount receivable of £5,591,161.66 is shown in PCC for Lincolnshire accounts as due from the Home Office.
7. The McCloud judgement continues to impact on the Police Officer Pension schemes. When changes were made to public sector schemes in April 2015, they introduced protections for older members to ensure that the changes would not negatively impact their pension. In December 2018, the Court of Appeal ruled that younger member had been discriminated against because they did not receive the protections allowed to older members. The Government has laid primary legislation before Parliament at the start of 2022 which will be in two parts –
 - to ensure equal treatment for all members within each of the main public service pension schemes by moving all members into the new schemes on 1 April 2022 irrespective of age – moving all remaining members on the Old Pension Schemes onto the CARE scheme on 1st April 2022 and closing the old schemes.
 - to remove the effect of transitional protection by offering eligible members a choice over the set of benefits (legacy scheme or new scheme) they wish to receive for any pensionable service during the period 1 April 2015 to 31 March 2022 – further work is still to be done on this part of the remedy plan (including further legalisation) before the work can be completed for the target deadline of October 2023.
8. 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.
9. 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.
- Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Pennington’s.
- 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.

10. 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 Lincolnshire Police, this effects around 1,000 members. Scheme actuaries originally estimated the increase in scheme liabilities for the Lincolnshire Police to be 4% or £56m of pension scheme liabilities. This was recognised in the 2018/19 accounts. In 2019/20, the estimate increase was a further £8m reflecting an additional year’s benefits from the remedy and a reduction resulting from the eligibility criteria for members set out on HM Treasury’s consultation. In 2020/21, a further, more detailed, estimated of 1.3% of pensions scheme liabilities or £21m was calculated using actual membership data and reflected in the accounts (again reflecting an additional year’s benefits from the remedy).

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

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

11. The April Pensions payroll was due to be paid on 1st April 2023, which fell on a weekend. The payroll was therefore made on the last available working day before the weekend which was Friday 31 March, 2023. The payment of £2,931,918.78 was therefore a payment in advance and is shown in the Debtors note 21 as a non-government prepayment.

Glossary of Terms

| Term | Definition |
|----------------------------|--|
| Accrual | An adjustment to ensure that expenditure and income are reflected in the appropriate accounting period. |
| Actuary/Actuarial | A person professionally qualified to advise on pension matters and undertakes calculations on pension costs, allowing for risk and demographic factors. |
| Amortisation | The measure of the wearing out, consumption, or other reduction in the useful economic life of Intangible Assets. |
| Balances | The total revenue Reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income. |
| Capital Adjustment Account | A reserve primarily designed to represent timing differences between the amount of the historical cost of Property Plant and Equipment that has been consumed and the amount that has been financed in accordance with statutory requirements. |
| Capital Expenditure | Expenditure on assets, which have a long-term value. Includes the purchase of land, purchase or construction of new buildings and vehicles. |
| Capital Grants | Grants received towards capital outlay on a particular service or project. |
| Capital Receipts | Proceeds received from the sale of Property Plant and Equipment (assets which have value beyond one financial year). |
| CIPFA | The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public service. |
| Collection Fund | A fund administered by each billing authority. Council Tax monies are paid into the fund. These are distributed to precepting and billing authorities in proportion to the Council Tax set. |
| CoPaCC | Centre on Police Practices and Community. |
| Creditors | Amounts owed by the PCC for work done, goods received or services rendered but for which payment has not been made at 31 March. |
| Debtors | Sums of money due to the PCC but unpaid at 31 March. |
| Depreciation | The measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment. |
| Direct Revenue Financing | This refers to financing of capital expenditure directly from revenue rather than loans or other sources. |
| Earmarked Reserves | The elements of total PCC's Reserves, which are retained for specific purposes. |
| EMSOU | East Midland Special Operations Unit. |
| EMCJS | East Midlands Criminal Justice Service. |
| Finance lease | Where the conditions of the lease amount to recognising all the costs of an asset but legal title is with a third party. |
| Financial instruments | Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another. For local authorities, this will normally mean contracts which involve the right to transfer cash or other financial assets. |
| Flexi Time | Police Staff may utilise the flexi time scheme to accrue additional hours worked that are held pending their use at a future date. |

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| FRS | Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board. |
| Government Grants | Payments by Central Government towards the PCC's expenditure. They are receivable in respect of both revenue and capital expenditure. |
| IFRS | International Financial Reporting Standards: the accounting standards which determine the production and disclosure of financial statements. |
| Impairment | An adjustment to the value of long-term assets. |
| ISG | Integrated Scheme of Governance |
| JIAC | Joint Independent Audit Committee |
| Long-term Debtors | Sums of money due to the PCC originally repayable within a period in excess of twelve months and where payment is not due until future years. |
| Materiality | An item that is not material will not be relevant, cannot influence a user's decision and need not be reported in the financial statements. |
| Minimum Revenue Provision (MRP) | The statutory requirement to set aside a minimum revenue provision for the repayment of external loans. |
| Net Book Value | Long-term assets are depreciated in accordance with their asset life. The net book value is the value remaining after cumulative depreciation has been taken away. |
| Non Domestic Rates | Rates levied on business properties, collected by District Councils, which are distributed between local authorities as income. |
| Non Operational Assets | Property, Plant and Equipment held by the PCC Group but not directly occupied, used or consumed in the delivery of services. These include buildings under construction and surplus assets. |
| OJEU | Official Journal of the European Union. |
| Operating lease | A lease where the asset is only used for part of its useful life, and lease payments amount to rental of the asset. |
| PCC Group | The Police and Crime Commissioner and the Chief Constable are separate legal entities. They are part of the same PCC Group whose combined accounts are presented collectively. |
| PEEL | Police Effectiveness Efficiency and Legitimacy board. |
| Precept | The amount levied by one authority which is collected by another, e.g. the PCC Group is the precepting authority and the District Councils are the collecting authorities. |
| PUP | Police Uplift Programme – nationwide recruitment programme of an additional 20,000 officers |
| Revaluation Reserve | A reserve designed to represent the amount by which the current value of long-term assets carried in the Balance Sheet is greater, because they are carried at revalued amounts rather than depreciated historical cost. |
| Revenue Contributions | The financing of capital expenditure directly from revenue rather than from loans or other sources. |
| Revenue Expenditure | The day to day expenditure of the PCC group on such items as employees and supplies and services. |

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| Revenue Support Grant (RSG) | Grant paid by Central Government in aid of service provision. |
| Section 22 Agreement | Section 22 of the Police Act 1996 provides for joint working between police forces and/or Police and Crime Commissioners where, in the opinion of the Chief Constable or the Commissioner, collaboration would deliver greater efficiency or effectiveness. |
| Straight Line Depreciation | The writing down of Property, Plant and Equipment values by an equal amount for each year of that asset's life. |
| Strategic Partner | G4S are the Strategic Partner with the Force until 31 March 2022. G4S Policing Support Services deliver a range of administrative and operational services formerly delivered by a combination of civilian employees and police officers – including Finance, HR, Fleet Management, Custody, Support Services and Control Room. |
| TOIL | Time Off In Lieu may be accrued by both Police Officers and Staff when working additional hours for which payment is not made. |
| WYPF | West Yorkshire Pension Fund. |
| Virement | Transfers between budget headings, in accordance with Financial Regulations, reflecting changes in the PCC's expenditure plans. |
| XPS | XPS Pensions Group, the pension administrators of the Lincolnshire Police Pension Fund. |