



Police and Crime Commissioner
CAMBRIDGESHIRE AND PETERBOROUGH

**DRAFT STATEMENT OF
ACCOUNTS
2020/21**

**CAMBRIDGESHIRE POLICE AND CRIME
COMMISSIONER
DRAFT STATEMENT OF ACCOUNTS
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Preface by the Police and Crime Commissioner for Cambridgeshire

Introduction to the 2020/21 Statement of Accounts by Darryl Preston, the elected Police and Crime Commissioner for Cambridgeshire and Peterborough.

I am in the unusual position of reporting on a year in which my predecessor, Ray Bisby, was Acting Police and Crime Commissioner. I took over as Police and Crime Commissioner for Cambridgeshire and Peterborough on 13 May 2021.

As the newly elected Police and Crime Commissioner from May 2021, I am now looking to work with partners to produce my new Police and Crime Plan for the next three-year period.

The financial year 2020/21 started in a national lockdown due to the ongoing Covid-19 pandemic, this changed working practices for many staff as working from home became the norm.

The OPCC successfully bid for additional grants bringing much needed extra funds into the County. Covid-19 Domestic Abuse/Sexual Violence brought in a total of £592,987 to assist providers dealing with vulnerable victims. In addition, we were awarded a Safer Streets Grant of up to £546,693 which targeted a specific area of Cambridge to help secure homes and keep residents safe.

The national uplift programme continues and Cambridgeshire welcomed 62 new officers in 2020/21. As at 31 March 2021 the number of actual police officers in Cambridgeshire was 1,649. A further 61 officers are due to join Cambridgeshire in 2021/22.

As part of the flexibility offered by government, my predecessor increased the policing element of Council Tax in 2020/21 by the maximum level of £14.94 per Band D property, or £1.25 per month.

A balanced budget for 2021/22 was therefore achieved following the favourable funding settlement from the government and the local precept provided by our community. Over the next three years, strong financial management is still required in order to create sustainable police resourcing that continues to keep our communities safe.

On behalf of Ray Bisby I would like to thank everyone who worked with and supported him during the year. I know that he was enormously appreciative of the talent and energy given by so many in keeping the people of Cambridgeshire and Peterborough safe.

Narrative Statement by the Chief Finance Officer

Message from the Chief Finance Officer – Matthew Warren

As mentioned in the Police and Crime Commissioner’s preface, the financial climate remains challenging. The Chief Constable and Constabulary Director of Finance and their staff continue to do an excellent job in managing the Constabulary budget in a professional and robust manner.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information so that members of the public, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the PCC and Group
- Have confidence that the PCC has used and accounted for public money in an appropriate manner
- Be assured that the financial position of the PCC and Group is sound and secure

This Narrative Report provides information about the performance of the Cambridgeshire PCC, both financially and in delivering other objectives, including the key issues affecting the PCC and Group and their accounts. Further information on the performance for 2020/21 can be found in the Annual Report 2020/21. The narrative statement also provides a summary of the financial position as at 31 March 2020 and is structured as follows:

1. Explanation of the PCC and Group
2. Financial Performance
3. Non-Financial Performance
4. Medium Term Financial Plan
5. Statement of Accounts 2020/21

1. Explanation of the PCC and Group

This Statement of Accounts sets out the financial position of the Cambridgeshire Police and Crime Commissioner and the Chief Constable of Cambridgeshire (herein referred to as “the Group”) for the year ended 31 March 2021.

The Police and Social Responsibility Act 2011 created both Commissioners and Chief Constables as legal entities (corporations sole) in their own right, with the Chief Constable of Cambridgeshire Constabulary being responsible for the operational policing of Cambridgeshire.

One of the Police and Crime Commissioner’s duties is to hold the Chief Constable to account in order to secure the maintenance of an efficient and effective police force. Therefore, for accounting purposes, the Cambridgeshire Police and Crime Commissioner is the parent entity of the Chief Constable of Cambridgeshire Constabulary and together they form “the Group”.

As the holding parent, the Cambridgeshire Police and Crime Commissioner guarantees any outstanding liabilities of the Chief Constable who is a 100% subsidiary.

Local control arrangements have influenced the setting of the Accounting Policies, such that all income, working capital, cash balances and property, plant and equipment are included in

the Police and Crime Commissioner's and Group Accounts only, and that the Police and Crime Commissioner provides the Chief Constable with an annual devolved budget for the delivery of the policing service.

The Statement of Accounts has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and the publication of the Statement is required under the Accounts and Audit Regulations 2015.

The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

2. Financial Performance

Revenue – Budget and Outturn 2020/21

The Police and Crime Commissioner approved a budget of £152.5m. At the end of the year, spending was £152.65m, using £0.4m of reserves.

Table 1 below summarises the revenue position and a reconciliation to the Deficit on Provision of Services.

Table 1: PCC Revenue Budget and Outturn 2020/21

	Budget	Year end Outturn	Year end Outturn variance
	£'000	£'000	£'000
Constabulary	150,381	149,565	(816)
OPCC Office Costs	1,270	1,025	(245)
Grants and Corporate Costs	(1,351)	(726)	625
Capital Financing	2,176	2,771	596
Non-Operational Estate Held for Investment	(9)	(4)	5
Total Budget	152,467	152,632	165
Contribution from Reserves	-	(352)	(352)
Net Budget Requirement	152,467	152,280	(188)

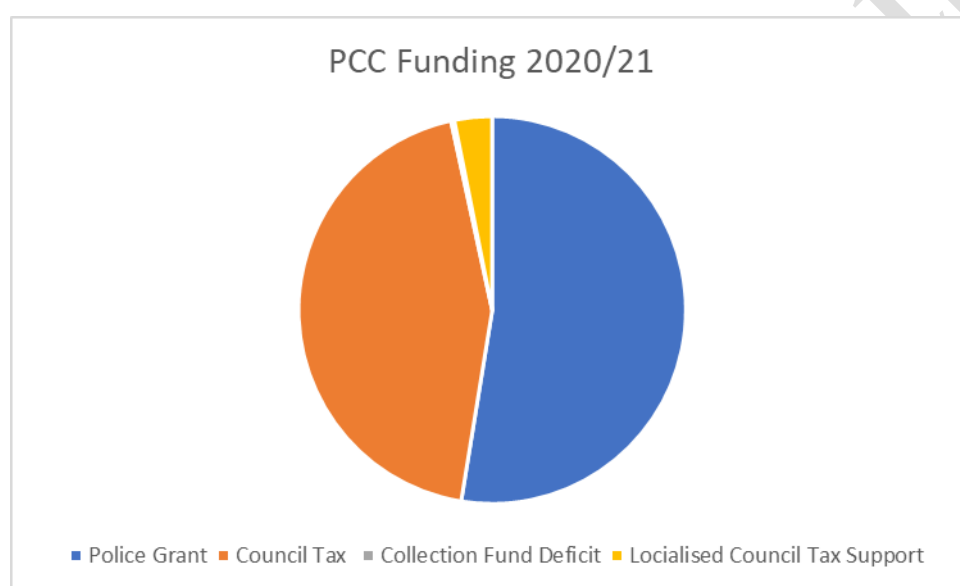
Reconciliation of Outturn to Net Expenditure Chargeable to the General Fund Balance (EFA Statement)

	£000
Reported Underspend	(188)
Revenue related reserve contributions	(1,047)
Capital related reserve contributions	1,316
Deficit on Provision of Services	<u>81</u>

Funding

The PCC budget is funded from a combination of Government grant and Council Tax, as set out on **Table 2** below and **Chart 1**.

	£'000
Police Grant	80,592
Council Tax	67,472
Collection Fund Deficit	(419)
Localised Council Tax Support	4,822
Total	152,467



Capital 2020/21

A 2020/21 capital programme of £11.0m was in place of which the year end spend was £4.8m, an underspend of £6.2m. There is a carry forward to 2021/22 of £5.4m of spend that has now been budgeted in 2021/22 of which £3.8m relates to the Cambridge Southern Police Station (CSPS), £0.4m for the Wisbech Police Station Refurbishment, £0.3m CCTV upgrade and £0.4m for the replacement of door readers. And £0.2m on ICT projects. The summary capital programme is shown in **Table 3** below along with how it was financed.

Table 3: 2020/21 Capital Programme and Financing

	B/Fwd from previous years	Original 2020/21 Capital Programme	Previously Authorised Programme Amendments	Revised 2020/21 Capital Budget	Outturn 2020/21	Variance to Budget	%
All figures £'000							
Capital Payments:-							
Land & Buildings	792	4,998	560	6,350	1,142	(5,208)	18%
Fleet	-	1,478	8	1,486	1,442	(44)	97%
IT & Communications	459	2,439	-309	2,589	1,963	(626)	76%
Other Projects & Collaboration	51	145	97	293	265	(28)	90%
Schemes approved subject to further business case	-	300	-	300	-	(300)	0%
TOTAL	1,302	9,360	356	11,018	4,812	(6,206)	44%

	B/Fwd from previous years	Original 2020/21 Capital Programme	Previously Authorised Programme Amendments	Revised 2020/21 Capital Budget	Applied
All figures £'000					
Capital Financing:-					
Capital Grants	363	136	123	622	377
Carry Forward Reserve	939	-	-	939	456
Capital Receipts	-	537	-	537	537
Estates Reserve	-	862	-2	860	860
RCCO	-	1,440	633	2,073	2,073
Borrowing	-	6,385	-398	5,987	509
TOTAL	1,302	9,360	356	11,018	4,812

Reserves

After the impact of revenue and capital spending and funding detailed above the usable reserves of the PCC are £16.4m, as detailed in **Table 4** below. Of these £7.5m relates to the General Reserve which is held primarily as a contingency for the cost of major police operations. This represents 4.9% of the Net Budget Requirement for 2020/21 which is considered a prudent percentage of the total budget to hold as a general reserve for operational contingencies.

The following new reserves have been created at year end. The purpose of the reserves is detailed in note 12.

	£000
- Uplift Reserve	30
- Pension Reserve	75
- ESMCP Reserve	100
- Major Incident Victim Support	25
- ERSOU Building Maintenance Fund	110

Table 4: Usable Reserves as at 31 March 2021

	2020/21		Balance at 31 March 2021
	Added to Reserve £000	Applied £000	£000
Carry Forward Projects Reserve	1,158	(1,075)	1,158
Insurance Reserve	700	-	1,676
Ill-Health Retirement Reserve	-	-	398
Capital Reserve	-	-	-
Drug Forfeiture (Operational) Reserve	79	(53)	398
Budget Assistance Reserve	-	0	1,887
Capital Carry Forward Reserve	-	(456)	1,008
Asset Incentivisation Reserve	66	(8)	524
Road Casualty Reduction & Support Fund	251	(204)	1,097
Collaboration & Commissioning Reserve	37	(350)	251
Estates Development Reserve	-	(860)	-
Uplift Reserve	30	-	30
Major Incident Victim Support	25	-	25
ERSOU Buiding Maintenance Fund	110	-	110
ESMCP Reserve	100	-	100
Pension Reserve	75	-	75
Total Earmarked Reserves	2,631	(3,006)	8,737
General Reserve	294	-	7,492
Total General and Earmarked Reserves	2,925	(3,006)	16,229
Capital Receipts Reserve	-	(537)	-
Unapplied Capital Receipts Reserve	-	(95)	187
Total Usable Reserves	2,925	(3,638)	16,416

3. Non Financial Performance

In 2017 the PCC set out his plans for the next four years in a new Police and Crime Plan. This centred around 4 key aims of Victims, Offenders, Community and Transformation and the plan sets out clear actions which will be taken in each of these four areas over the period of the plan. The detail of the performance during 2020/21 against each of these key areas can be found in the PCC's Annual Report.

In addition, the Force is subject to regular inspections by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and is rated against three main categories. Known as PEEL Inspections, the categories are Effectiveness, Efficiency and Legitimacy. Forces are rated as either Outstanding, Good, In Need of Improvement or Inadequate. The Constabulary overall rating is currently Good.

4. Medium Term Financial Plan

The Medium Term Financial Plan (MTFP) 2021/22 to 2024/25 was approved by the Acting PCC Ray Bisby in March 2021 and sets out the financial plans over the next four years. Even though this included a balanced budget for 2021/22 and 2022/23, the policing budget in Cambridgeshire is facing significant pressures over the coming four years, with a current financial pressure over the period of £4.3m.

Plans are in place to address this funding gap and it is to be covered by the following measures over the four years:

- Maintaining collaboration with Bedfordshire Police and Hertfordshire Constabulary
- Expanding on seven force collaboration across East Anglia and Kent
- A strategic review of the Police estate, working alongside other blue light services, to ensure the efficient use of all assets and look to realise revenue generation opportunities from the estate

However, there are financial risks that the police are facing:

- The Home Office is planning a Comprehensive Spending Review and current funding is only guaranteed for one year, which has been delayed due to the Covid-19 pandemic
- The Covid-19 pandemic has raised significant concern over future funding
- Inflationary increases
- National risk assessments

In response to these risks work is already underway for the 2022/23 budget and MTFP refresh. The assumptions underpinning the current MTFP, such as inflation, cost pressures, grant increase and precept funding will be revisited. Savings proposals are being developed and will be assessed in the coming months as part of the planning cycle. The refresh will need to consider the potential impacts that the Covid-19 crisis may have on the finances of the organisation.

The PCC needs to ensure the finances are in a strong position to deal with these risks and, as can be seen in section 2, the reserves are in a strong state.

Treasury Management

The PCC approves a Treasury Management and Investment Strategy Statement before the start of each financial year and receives regular updates on treasury performance during the year.

As at 31 March 2021 the PCC held investments of £10.0m (31 March 2020: £4.0m). The three main factors that will affect cash balances in the future are:

- Acquisitions and disposals relating to the capital programme;
- Reserves balances;
- Grants and contributions unapplied.

The PCC is able to determine his own capital borrowing requirements in accordance with the CIPFA Code of Practice on Prudential Borrowing. As at 31 March 2021 the PCC had outstanding loans totalling £17.3m from the Public Works Loan Board (see note 18).

5. Financial Statements & EFA Disclosure

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the PCC.

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the PCC's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

The Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) is a disclosure note only to show how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) by the PCC in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Policing Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

The Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

The Balance Sheet shows the value at the 31 March 2021 of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund Capital expenditure or repay debt). The second category of reserves are unusable and includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet position at 31 March 2021 is negative £1.680b as shown below (31 March 2020 £1.493b). At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Constabulary continues to remain healthy.

	31/03/2021
	£m
Long Term Assets	62
Current Assets	49
Current Liabilities	(42)
Long Term Liabilities	(1,749)
Net Asset	(1,680)
Usable Reserves	(16)
Unusable Reserves	1,696
	1,680

The Cash Flow Statement

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

	31/3/21
Net Cash Flows from	£m
Operating Activities	6.13
Investing Activities	(3.77)
Financing Activities	(0.54)
Net Increase in cash and cash equivalents	1.82
Cash & Cash Equivalents	
At the beginning of the reporting period	7.16
At the end of the reporting period	8.98

Further information

Further information about the accounts is available from the Office of the Police and Crime Commissioner (OPCC).

The OPCC publishes a number of important documents to inform the public about the work of both the Commissioner and the Constabulary. These can be viewed and downloaded from the Commissioner's website: www.cambridgeshire-pcc.gov.uk.

You can also write to the Chief Executive at:
Office of the Police and Crime Commissioner
PO Box 688
Huntingdon
PE29 9LA
Tel: 0300 333 3456, email: cambs-pcc@cambs.pnn.police.uk

Acknowledgements

Accounting regulations and new legislation continue to add further work and complexity to the accounts and I am extremely grateful to the Constabulary's Director of Finance and Resources Jon Lee and the Finance team for their hard work in preparing these accounts and their support during the year.



Matthew Warren CPFA
Chief Finance Officer to the Cambridgeshire Police and Crime Commissioner
16 July 2021

Statement of Responsibilities for the Statement of Accounts

The Commissioner's Responsibilities

The Group is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Group, that officer is the Chief Finance Officer;
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

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

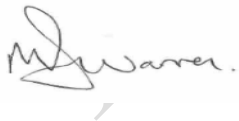
In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that the draft Statement of Accounts presents a true and fair view of the financial position of the Group at 31 March 2021 and its income and expenditure for the year then ended.



Matthew Warren CPFA
Chief Finance Officer to Cambridgeshire Police and Crime Commissioner
16 July 2021

Group Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) is not a primary statement but is of key importance in showing how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement		2020/21 Net Expenditure Chargeable to the General Fund Balance	2020/21 Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
144,586	20,894	165,480	Police Services	148,917	(8,350)	140,567
3,545	101	3,646	Corporate, Democratic and Commissioning Services	2,922	62	2,984
148,131	20,995	169,126	Net Cost of Services	151,839	(8,288)	143,551
(145,233)	40,350	(104,883)	Other Income and Expenditure	(151,758)	35,829	(115,929)
2,898	61,345	64,243	Deficit on Provision of Services	81	27,541	27,622
19,208			Opening General Fund Balance	16,310		
(2,898)			Less Deficit on General Fund in Year	(81)		
16,310			Closing General Fund Balance	16,229		

Police and Crime Commissioner's Expenditure and Funding Analysis

2019/20			2020/21		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
(5,439)	699	(4,740)	4,957	974	5,931
3,545	101	3,646	2,922	62	2,984
165,571	-	165,571	173,091	-	173,091
163,677	800	164,477	180,970	1,036	182,006
(160,779)	(324)	(161,103)	(180,889)	1,290	(179,599)
2,898	476	3,374	81	2,326	2,407
19,208			16,310		
(2,898)			(81)		
16,310			16,229		

Comprehensive Income and Expenditure Statement – Group

2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000		2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
176,540	(11,060)	165,480	Police Services	153,616	(13,049)	140,567
5,269	(1,623)	3,646	Corporate, Democratic and Commissioning Services	5,395	(2,411)	2,984
181,809	(12,683)	169,126	Net Cost of Services	159,011	(15,460)	143,551
414	-	414	Other Operating Expenditure (note 13)	338	-	338
41,152	-	41,152	Financing and Investment Income and Expenditure (note 14)	35,092	-	35,092
-	(146,449)	(146,449)	Taxation and Non-Specific Grant Income (note 15)	-	(151,359)	(151,359)
223,375	(159,132)	64,243	Deficit on Provision of Services	194,441	(166,819)	27,622
		(2,551)	Surplus on revaluation of Property, Plant and Equipment (note 24)			(2,104)
		(165,757)	Remeasurement of the net defined benefit liability (note 33)			160,990
		(168,308)	Other Comprehensive Income and Expenditure			158,886
		(104,065)	Total Comprehensive Income and Expenditure			186,508

Comprehensive Income and Expenditure Statement – Police and Crime Commissioner

2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000		2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
6,320	(11,060)	(4,740)	Police Services	5,040	(13,049)	(8,009)
5,269	(1,623)	3,646	Corporate, Democratic and Commissioning Services	5,395	(2,411)	2,984
165,571	-	165,571	Intra-Group Adjustment for financial resources consumed (note 7)	173,091	-	173,091
177,160	(12,683)	164,477	Net Cost of Services	183,526	(15,460)	168,066
414	(15,546)	(15,132)	Other Operating Expenditure (note 13)	338	(15,191)	(14,853)
478	-	478	Financing and Investment Income and Expenditure (note 14)	553	-	553
-	(146,449)	(146,449)	Taxation and Non-Specific Grant Income (note 15)	-	(151,359)	(151,359)
178,052	(174,678)	3,374	Deficit on Provision of Services	184,417	(182,010)	2,407
		(2,551)	Surplus on revaluation of Property, Plant and Equipment (note 24)			(2,104)
		(1,064)	Remeasurement of the net defined benefit liability (note 33)			705
		(3,615)	Other Comprehensive Income and Expenditure			(1,399)
		(241)	Total Comprehensive Income and Expenditure			1,008

Group Movement in Reserves Statement

	General Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2019	19,208	2,641	21,849	(1,619,286)	(1,597,437)
Movement in reserves during 2019/20					
Total Comprehensive Income and Expenditure	(64,243)	-	(64,243)	168,308	104,065
Adjustments between accounting basis & funding basis under regulations (note 10)	61,345	(1,822)	59,523	(59,523)	-
(Decrease)/Increase in 2019/20	(2,898)	(1,822)	(4,720)	108,785	104,065
Balance at 31 March 2020	16,310	819	17,129	(1,510,501)	(1,493,372)
Movement in reserves during 2020/21					
Total Comprehensive Income and Expenditure	(27,622)	-	(27,622)	(158,886)	(186,508)
Adjustments between accounting basis & funding basis under regulations (note 10)	27,541	(632)	26,909	(26,909)	-
(Decrease)/Increase in 2020/21	(81)	(632)	(713)	(185,795)	(186,508)
Balance at 31 March 2021	16,229	187	16,416	(1,696,296)	(1,679,880)

Police and Crime Commissioner Movement in Reserves Statement

	General Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2019	19,208	2,641	21,849	33,952	55,801
Movement in reserves during 2019/20					
Total Comprehensive Income and Expenditure	(3,374)	-	(3,374)	3,615	241
Adjustments between accounting basis & funding basis under regulations (note 11)	476	(1,822)	(1,346)	1,346	-
(Decrease)/Increase in 2019/20	(2,898)	(1,822)	(4,720)	4,961	241
Balance at 31 March 2020	16,310	819	17,129	38,913	56,042
Movement in reserves during 2020/21					
Total Comprehensive Income and Expenditure	(2,407)	-	(2,407)	1,399	(1,008)
Adjustments between accounting basis & funding basis under regulations (note 11)	2,326	(632)	1,694	(1,694)	-
(Decrease)/Increase in 2020/21	(81)	(632)	(713)	(295)	(1,008)
Balance at 31 March 2021	16,229	187	16,416	38,618	55,034

Group and Police and Crime Commissioner's Balance Sheet

	Notes	31 March 2021			31 March 2020		
		Chief £000	PCC £000	Group £000	Chief £000	PCC £000	Group £000
Property, Plant and Equipment	16	-	58,576	58,576	-	56,216	56,216
Investment Property		-	122	122	-	122	122
Intangible Assets	17	-	3,287	3,287	-	4,112	4,112
Long Term Debtors	18	-	-	-	-	-	-
Long Term Assets		-	61,985	61,985	-	60,450	60,450
Short Term Investments	18	-	4,000	4,000	-	4,000	4,000
Inventories		-	1,037	1,037	-	1,100	1,100
Short Term Debtors	19	-	34,790	34,790	-	16,940	16,940
Cash and Cash Equivalents	20	-	8,980	8,980	-	7,156	7,156
Current Assets		-	48,807	48,807	-	29,196	29,196
Short Term Borrowing	18	-	(562)	(562)	-	(517)	(517)
Short Term Creditors	21	(4,748)	(36,262)	(41,010)	(1,826)	(13,915)	(15,741)
Current Liabilities		(4,748)	(36,824)	(41,572)	(1,826)	(14,432)	(16,258)
Long Term Creditors		-	(43)	(43)	-	(43)	(43)
Provisions	22	-	(1,312)	(1,312)	-	(1,738)	(1,738)
Long Term Borrowing	18	-	(16,740)	(16,740)	-	(17,322)	(17,322)
Other Long Term Liabilities	33	(1,730,166)	(839)	(1,731,005)	(1,547,588)	(69)	(1,547,657)
Long Term Liabilities		(1,730,166)	(18,934)	(1,749,100)	(1,547,588)	(19,172)	(1,566,760)
Net Assets/(Liabilities)		(1,734,914)	55,034	(1,679,880)	(1,549,414)	56,042	(1,493,372)
Usable Reserves	23	-	(16,416)	(16,416)	-	(17,129)	(17,129)
Unusable Reserves	24	1,734,914	(38,618)	1,696,296	1,549,414	(38,913)	1,510,501
Total Reserves		1,734,914	(55,034)	1,679,880	1,549,414	(56,042)	1,493,372

Group and Police and Crime Commissioner's Cash Flow Statement

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Net deficit on the provision of services	(2,407)	(27,622)	(3,374)	(64,243)
Adjust net surplus or deficit on the provision of services for non cash movements (note 25)	8,539	33,754	14,786	75,655
Net cash flows from Operating Activities	6,132	6,132	11,412	11,412
Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(3,771)	(3,771)	(9,013)	(9,013)
Proceeds from the Sale of Property, Plant and Equipment	-	-	-	-
Purchase of Short Term Investments	-	-	(4,000)	(4,000)
Proceeds from the Sale of Short Term Investments	-	-	6,000	6,000
Financing Activities				
Repayments of long term borrowing	(537)	(537)	(728)	(728)
Cash Receipts of long term borrowing	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	1,824	1,824	3,671	3,671
Cash and cash equivalents at the beginning of the reporting period	7,156	7,156	3,485	3,485
Cash and cash equivalents at the end of the reporting period (Note 20)	8,980	8,980	7,156	7,156

Notes to the Accounts

1. Accounting Policies

The Statement of Accounts summarises the transactions for the 2020/21 financial year and the position at 31 March 2021. The Accounts and Audit Regulations 2015 requires the preparation of an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'
- The underlying assumption that the Group is a going concern and that materiality has been set at the relevant level for the individual entities and the Group
- The following fundamental qualitative characteristics:
 - Relevance; and
 - Faithful representation.
- The following qualitative characteristics:
 - Comparable
 - Verifiable
 - Timely; and
 - Understandable.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Accounting policies are reviewed annually and have been applied consistently, as appropriate.

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

The Financial Statements included here represent the accounts for the Commissioner and also those for the Group. The term 'Group' is used to indicate individual transactions and policies of the Commissioner and the Chief Constable for the year ended 31 March 2021. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011.

The accounting policies below apply to both the Commissioner and the Group, unless stated otherwise in the heading of the individual policies.

(i) Accruals of Income and Expenditure

Items of income and expenditure are accounted for in the year to which they relate. Payments may be made, or receipts received, in the year prior or subsequent to the current year. This means that all material sums received or receivable during the year are included in the accounts whether or not the cash has actually been paid or received in the year. Adjustments between years are made by way of accruals and prepayments of both income and expenditure. With the exception of payroll-related accruals/prepayments and any accruals/prepayments automatically generated by the accounting system a de-minimis limit of £5,000 is applied for revenue and £10,000 for capital.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date of supplies and their consumption, they are carried as inventories on the Balance Sheet.

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

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

All sales and purchase orders are raised in the name of the PCC and monies are paid into their bank account. Therefore, all debtors and creditors sit in the PCC accounts. The PCC also signs off the fees and charges methodology and therefore income in the Chief's accounts are moved into the PCC at year end.

(ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

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

(iii) Charges to Revenue for Non-Current Assets

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

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

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue

towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the revenue contribution in the General Fund Balance (known as the Minimum Revenue Provision) by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(iv) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Group. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Group can no longer withdraw the offer of those benefits or when the Group 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 Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits relating to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Group participates in four defined benefit pension schemes: the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection, and the Local Government Pension Scheme for Police Staff (LGPS). Pension contributions and further costs that arise in respect of certain pensions paid to retired employees on an unfunded basis are charged to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (as appropriate). The Police and Crime Commissioner's Accounts include the cost of providing pensions to the staff under the direction and control of the Commissioner only.

Injury Awards paid under the Police (Injury Benefit) Regulations are disclosed separately. These payments are unfunded and are paid directly by the Group. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

The PPS, the NPPS and the PPS 2015 are unfunded schemes and have no attributable assets.

The LGPS is a funded scheme and as such the assets of the scheme are attributable to the Group and are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price;
- Unquoted securities – a professional estimate of fair value;
- Unitised securities – current bid price; and
- Property – market value.

Scheme assets include current assets, such as debtors and cash, as well as the investment portfolio. Accrued expenses and other current liabilities (such as fees payable to fund managers) are deducted from the net asset/liability. All scheme assets are held and monitored by Cambridgeshire County Council LGPS (the administrator); further information can be seen within their Statement of Accounts for 2020/21.

Liabilities largely comprise benefits promised under the formal terms of the pension scheme. Scheme liabilities are measured using the projected unit method. This method examines all the benefits for pensioners and deferred pensioners and their dependants and the accrued benefits for current members of the scheme, making allowance for projected scheme member earnings.

The change in the net pensions liability is analysed over the following headings:

Current Service Cost

This is the increase in liabilities as a result of years of service earned in the current year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Interest Cost

This is the expected increase in the present value of liabilities accrued during the year as they move one year closer to being paid. Interest cost is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Return on Assets

This is a measure of the estimated return (income from dividends, interest, etc.) on the investments held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but an estimate at the beginning of the financial year of the long-term future expected investment return for each asset class. The expected return on assets is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The expected return is based on:

- For quoted corporate or government bonds – application of the current redemption yield at the start of the year to the market value of bonds held; and
- For other assets (especially equities) – application of the rate of return expected for each significant class of assets over the long-term at the beginning of the year to the fair value of assets held.

Actuarial Gains and Losses

This element arises where actual events have not coincided with the actuarial assumptions made for the last valuation (known as experience gains and losses) or the actuarial assumptions have been updated. For instance, there may have been an unexpectedly high pay award in the year, or new research might alter assumptions about general levels of mortality. Actuarial gains and losses are recognised in the Pension Reserve.

Past Service Costs

These arise from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years. For instance, if scheme regulations were amended to increase the multiplier derived from years of service applied to final salaries in calculating pensions, total liabilities would rise but the majority of this rise would not relate to employee activity in the current year. It is therefore presented separately from the Current Service Cost and is charged to Non-Distributed Costs in the Comprehensive Income and Expenditure Statement.

Settlements and Curtailments

These are events that change pension liabilities but are not normally covered by actuarial assumptions.

Settlements are irrevocable actions that relieve the employer of the primary responsibility for pension obligations (e.g. the transfer of scheme assets and liabilities relating to a group of employees moving to another scheme).

Curtailments are events that reduce the expected years of future service of present employees or reduce for a number of employees the accrual of defined benefits for some or all of their future service (e.g. closing a service unit of the Group).

Gains or losses on settlements and curtailments are debited to the Comprehensive Income and Expenditure Statement.

Contributions paid to defined benefit schemes

This is the cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as a separate expense.

Actual amount charged against the General Fund Balance for pensions in the year

Revenue charges in respect of current and past service costs, interest costs and the expected return on assets are reversed in order that actual employer's contributions and retirement benefits payable are recognised in the General Fund Balance. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove notional debits and credits 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 Pension Reserve thereby measures the beneficial impact on the General Fund of being required to

account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

(v) Events After the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

(vi) Financial Liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Therefore, for most of the borrowings that the Group has, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as a part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Group has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or the discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from a Financial Instruments Adjustment Account in the Movement in Reserves Statement.

(vii) Government Grants and Contributions

Government grants and contributions are accounted for on an accruals basis and credited when the conditions for their receipt have been complied with and there is a reasonable assurance that the grant or contribution will be received. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received 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.

Specific revenue grants are credited within the Net Cost of Services where they are matched with the expenditure to which they relate. Grants to cover general expenditure are credited to the 'Taxation and Non-Specific Grant Income' line in the Comprehensive Income and Expenditure Statement as a source of finance.

Grants and contributions towards property, plant and equipment are credited to the Comprehensive Income and Expenditure Statement once their conditions have been satisfied and then reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

(viii) Intangible Assets

Expenditure on assets that do not have a physical substance but are identifiable and are controlled by the Group (e.g. software) and bring benefits to the Group for more than one financial year, are capitalised in the first year of the project. The balance is amortised to the Comprehensive Income and Expenditure Statement over the economic life of the asset to reflect the pattern of consumption of benefits. In most cases it is assumed that software will have an economic life of 5 years.

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

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

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

(ix) Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Group in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Group recognises: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Jointly controlled operations undertaken by the Group are in relation to a pooled budget arrangement with six other eastern forces for the provision of tackling organised crime, in relation to the collaboration agreement with National Police Air Service (NPAS), and in relation to the units collaborated with the Bedfordshire Police and Crime Commissioner/Bedfordshire Police and Hertfordshire Police and Crime Commissioner/Hertfordshire Constabulary (see note 26).

A 7 force programme for a fully functioning Procurement Team covering Cambridgeshire, Bedfordshire, Hertfordshire, Suffolk, Norfolk, Kent and Essex went live in January 2020. Costs are apportioned across the 7 forces.

(x) Property, Plant and Equipment

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

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the accounts, provided that the asset yields benefit to the Group for a period of more than one financial year and the cost of the item can be measured reliably. A de-minimis value of £10,000 for capitalising individual items has been adopted except for expenditure on vehicles which is always recorded on the property, plant and equipment register, and expenditure on computers which should be grouped and recorded on the property, plant and equipment register if the value of the grouped assets exceed the de-minimis value of £10,000.

Where assets are jointly owned between forces we capitalise our share of the asset. A de-minimis value of £10,000 is also applied to our share.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction are included in the Balance Sheet at historical cost;
- Operational land and properties and other operational assets are included in the Balance Sheet at current value. Non-specialised operational properties are valued on the basis of "Existing Use Value" (EUV); and

- Non-operational land and properties and other non-operational assets, including any assets surplus to requirements, are included in the Balance Sheet at fair value, estimated at highest and best use from a market participant's perspective.
- Land and Buildings that are jointly owned between forces are brought onto our Balance Sheet in line with our agreed % share of the property and revalued on the same basis as our other property.

Assets that are included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. In the years between formal valuations, the continuing appropriateness of current values based on the previous valuation is assessed by reference to market trends and professional advice and a desktop assessment is carried out of the higher valued properties. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains or gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to Police Services.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance; or
- Where there is no balance or insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

All valuations are on a basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by RICS. Valuations and Desktop Assessments in 2020/21 have been carried out by the Group's own valuers: Mr C Luscombe FRICS IRRV (Strategic Estates Director) and Mrs Elly McKee MRICS (Chartered Estates Surveyor).

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance; or
- where there is no balance or insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of

the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposal

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are then credited to the Comprehensive Income and Expenditure Statement, netting off the carrying value of the asset at the time of disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as Capital Receipts. These are credited to the Capital Receipts Reserve, and held until applied to finance new capital investment or set-aside to reduce the Group's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The gain or loss on disposal of assets is not a credit or charge against council tax, and is instead appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for all Property, Plant and Equipment assets with a finite useful life, and is calculated using the straight-line method. The value of the asset (less any residual value) is depreciated over its useful life. Where an item of property, plant and equipment comprises two or more major components with substantially different useful economic lives, each component is treated separately for depreciation purposes. A de-minimis value has been adopted for components. Only components which are more than 20% of the value of the asset and are worth over £75,000 will be depreciated separately for assets valued over £300,000. Part provision may be made for newly acquired assets, unless acquired towards the end of the year. No provision is made for non-depreciable land and non-operational assets, or if the charge would be immaterial. Assets are depreciated on the basis shown in the Notes to the Core Statement of Accounts (Note 16 - Depreciation Methodologies). Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

(xi) Provisions

Provisions are made where an event has taken place that gives the Group an obligation to incur future expenses which are likely or certain to be incurred but the amount or timing of which cannot be determined accurately, but can be estimated reliably. These include provisions for bad and doubtful debts and the cost of meeting insurance claims falling below the Group's policy excesses. Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

(xii) Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered to be reserves. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure which is to be financed by a reserve is incurred, it is charged to the Net Cost of Services in the Comprehensive Income and Expenditure

Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The Group has set aside a number of revenue reserves and details of these are provided in the notes to the accounts. Reserves include earmarked reserves set aside for specific policy purposes and liabilities. Certain reserves can only be used for specific statutory purposes. The Revaluation Reserve, the Capital Adjustment Account and the Usable Capital Receipts Account are examples of such reserves.

(xiii) Value Added Tax (VAT)

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xiv) Fair Value Measurement

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

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

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

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

2. Accounting Standards adopted during the year

There have been no new Accounting Standards adopted in the year.

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

Standards that have been issued but not yet adopted, which may require disclosure in 2020/21 accounts, are anticipated to be listed in Appendix C of the 2020/21 Code when it is published. In the interim, potentially relevant standards include:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS 39, IFRS7, IFRS 4 and IFRS 16.

The implementation of IFRS 16 – Leases has been deferred from 1st April 2020 to 1st April 2022 and due process has not yet been completed. Therefore this will not be considered under the 2021/22 code.

When these changes come into effect for financial year 2021/22 it is not expected that any will have a material impact on the Statement of Accounts.

4. Critical judgements in applying Accounting Policies

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

There is a degree of uncertainty about future levels of funding for Police and Crime Commissioners, and consequently Chief Constables. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.

All income, including that from grants, is received and controlled by the Police and Crime Commissioner. As a result, no income is included within the Accounts of the Chief Constable.

It has been judged that all property, plant and equipment is owned and controlled by the PCC and as such is not included in the Chief Constable's Accounts.

The valuations of our land and buildings requires professional judgements to be made using professional knowledge and using appropriate recent property price market information.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<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. We have engaged the Governments Actuary's Department to provide the Group with expert advice about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same expert advice for the Police Staff Pension Scheme (the LGPS via the LGPS Administering Authority).</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. During 2020/21, the Group's actuaries advised that the net pension liability had increased by £135m for Police Pension Schemes (including an increase of £178m as a result of changes in financial assumptions) and an increase of £48m for Police Staff Pensions (including a decrease of £79m as a result of changes in financial assumptions). A sensitivity analysis shown in Note 33 shows the impact that a 0.5% decrease in Real Discount Rate will have or a 0.5% increase in Salary or Pension Increase would have on the pension schemes. The highest impact likely is on the Police Pension Scheme if the Real Discount Rate was reduced with a potential impact of £158m (10% reduction in liability).</p>
Property, Plant & Equipment	<p>PPE is depreciated over the useful lives of the assets which are dependent on assumption regarding the length of time the asset will be in operational use for, these vary for different classes of assets. In addition Land & Buildings are formally revalued as part of a 5 year rolling programme and so the potential exists for variations in value and changes in useful life.</p>	<p>Our land and buildings are valued at £42m. A 5% variation in value of the PCC's Land & Buildings would result in an approximate £2.1m change to the value shown in the PCC's Balance Sheet.</p>

6. Events after the Reporting Period

The Statement of Accounts were authorised for issue by the Chief Finance Officer on 16th July 2021.

There are no events to report.

7. Intra Group Funding Arrangements Between the Police and Crime Commissioner and the Chief Constable

The PCC receives all funding on behalf of the Group. There is no transfer of real cash between the PCC and the Chief Constable as the latter does not have a bank account into which monies can be received or paid.

The table below shows the movement through the intra-group account within the respective Balance Sheets. PCC resources consumed at the request of the CC are reflected in the PCC and CC Balance Sheets though an intra-group adjustment. Similarly an intra-group adjustment is made through the PCC and CC Balance Sheets to reflect the PCC funding of these resources.

	2020/21 £000	2019/20 £000
<u>Comprehensive Income and Expenditure Statement</u>		
PCC resources consumed at the request of the CC	173,091	165,571
PCC funding for resources consumed at the request of the CC	(173,091)	(165,571)

8. Group Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	2020/21 Total Adjustments
	£000	£000	£000	£000
Police Services	974	(12,246)	2,922	(8,350)
Corporate, Democratic and Commissioning Services	-	62	-	62
Net Cost of Services	974	(12,184)	2,922	(8,288)
Other Income and Expenditure	-	34,542	1,287	35,829
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	974	22,358	4,209	27,541
				2019/20
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	Total Adjustments
	£000	£000	£000	£000
Police Services	699	19,882	313	20,894
Corporate, Democratic and Commissioning Services	-	101	-	101
Net Cost of Services	699	19,983	313	20,995
Other Income and Expenditure	-	40,700	(350)	40,350
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	699	60,683	(37)	61,345

Police and Crime Commissioner's Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	2020/21
				Total Adjustments
	£000	£000	£000	£000
Police Services	974	-	-	974
Corporate, Democratic and Commissioning Services	-	62	-	62
Net Cost of Services	974	62	-	1,036
Other Income and Expenditure	-	3	1,287	1,290
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	974	65	1,287	2,326
2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	Total Adjustments
	£000	£000	£000	£000
Police Services	699	-	-	699
Corporate, Democratic and Commissioning Services	-	101	-	101
Net Cost of Services	699	101	-	800
Other Income and Expenditure	-	26	(350)	(324)
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	699	127	(350)	476

8.1 Adjustments relating to Capital Items

This column adds in depreciation and impairment and revaluation gains and losses in the service line and for:

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

8.2 Adjustments relating to Pensions

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

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and
- **Other Income and Expenditure** is the net interest on the defined benefit liability which is charged to the CIES.

8.3 Other Adjustments

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

For services this represents the removal of the accumulated absences accrual as allowed by statute.

9. Expenditure and Income Analysed by Nature

<u>Group</u>	2020/21	2019/20
	£'000	£'000
POLICE SERVICES		
Expenditure		
Police Pay and Allowances	72,840	66,130
Police Staff Pay and Allowances	43,161	45,063
Other Pay and Allowances	269	65
Other Employee Expenses	2,451	1,906
Police Pensions	4,845	32,252
Premises	4,896	5,052
Transport	2,960	3,250
Supplies and Services	15,516	14,961
Agency and Contracted Services	1,638	1,541
Depreciation and Impairment of Fixed Assets	5,040	6,320
Total Police Services	153,616	176,540
Other Operating Expenditure	338	414
Financing and Investment Income and Expenditure	35,092	41,152
Total Expenditure	189,046	218,106
Income		
Government Grants	(3,566)	(1,424)
Income from Fees and Charges	(9,483)	(9,636)
Taxation and Non-Specific Grant Income	(151,359)	(146,449)
Total Income	(164,408)	(157,509)
CORPORATE, DEMOCRATIC AND COMMISSIONING SERVICES		
Expenditure		
Police Staff Pay and Allowances	848	969
Other Employee Expenses	2	3
Premises		57
Transport	-	10
Supplies and Services	4,545	4,230
Total Expenditure	5,395	5,269
Income		
Other Income	(15)	(5)
Government Grants	(2,396)	(1,618)
Total Income	(2,411)	(1,618)
Deficit on Provision of Services	27,622	240,783

PCC	2020/21	2019/20
	£'000	£'000
POLICE SERVICES		
Expenditure		
Depreciation and Impairment of Fixed Assets	5,040	6,320
Intra-Group Adjustment for financial resources consumed	173,091	165,571
Total Police Services	178,131	171,891
Financing and Investment Income and Expenditure	553	478
Other Operating Expenditure	338	414
Total Expenditure	179,022	172,783
Income		
Government Grants	(3,566)	(1,424)
Income from Fees and Charges	(9,483)	(9,636)
Other Operating Income	(15,191)	(15,546)
Taxation and Non-Specific Grant Income	(151,359)	(146,449)
Total Income	(179,599)	(173,055)
CORPORATE, DEMOCRATIC AND COMMISSIONING SERVICES		
Expenditure		
Police Staff Pay and Allowances	848	969
Other Employee Expenses	2	3
Premises	-	57
Transport	-	10
Supplies and Services	4,545	4,230
Financing and Investment Income	-	-
Total Expenditure	5,395	5,269
Income		
Income from Fees and Charges	(15)	(5)
Government Grants	(2,396)	(1,618)
Total Income	(2,411)	(1,623)
Deficit on Provision of Services	2,407	3,374

10. Group's Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

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

	2020/21		2019/20	
	Usable Reserves		Usable Reserves	
	General Fund Balance	Capital Receipts Reserve	General Fund Balance	Capital Receipts Reserve
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to the Pensions Reserve)	22,358	-	60,683	-
Council tax (transfers to (or from) Collection Fund)	1,287	-	(350)	-
Holiday pay (transferred to the Accumulated Absences Reserve)	2,922	-	313	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (the items are charged to the Capital Adjustment Account)	4,062	-	4,195	-
Total Adjustments to Revenue Resources	30,629	-	64,841	-
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(722)	-	(714)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,073)	-	(493)	-
Total Adjustments between Revenue and Capital Resources	(2,795)	-	(1,207)	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(537)	-	(1,863)
Addition of unapplied Capital Grant	-	(95)	(282)	282
Application of capital grants & Compulsory Purchase compensation to finance capital expenditure	(293)	-	(2,007)	-
Cash payments in relation to deferred capital receipts	-	-	-	82
Transfer from the Capital Receipts Reserve to the Capital Carry Forward Reserve	-	-	-	(323)
Total Adjustments to Capital Resources	(293)	(632)	(2,289)	(1,822)
Total Adjustments	27,541	(632)	61,345	(1,822)

11. Police and Crime Commissioner's Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

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

	2020/21		2019/20	
	Usable Reserves		Usable Reserves	
	General	Capital	General	Capital
	Fund	Receipts	Fund	Receipts
	Balance	Reserve	Balance	Reserve
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to the Pensions Reserve)	65	-	127	-
Council tax (transfers to (or from) Collection Fund)	1,287	-	(350)	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (the items are charged to the Capital Adjustment Account)	4,062	-	4,195	-
Total Adjustments to Revenue Resources	5,414	-	3,972	-
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(722)	-	(714)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,073)	-	(493)	-
Total Adjustments between Revenue and Capital Resources	(2,795)	-	(1,207)	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(537)	-	(1,863)
Addition of unapplied Capital Grant	-	(95)	(282)	282
Application of capital grants & Compulsory Purchase compensation to finance capital expenditure	(293)	-	(2,007)	-
Cash payments in relation to deferred capital receipts	-	-	-	82
Transfer from the Capital Receipts Reserve to the Capital Carry Forward Reserve	-	-	-	(323)
Total Adjustments to Capital Resources	(293)	(632)	(2,289)	(1,822)
Total Adjustments	2,326	(632)	476	(1,822)

12. Group and Police and Crime Commissioner's Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at	2019/20		Balance at	2020/21		Balance at
	31 March 2019	Added to Reserve	Applied	31 March 2020	Added to Reserve	Applied	31 March 2021
	£000	£000	£000	£000	£000	£000	£000
Carry Forward Projects Reserve	1,231	1,075	(1,231)	1,075	1,158	(1,075)	1,158
Insurance Reserve	862	114	-	976	700	-	1,676
Ill-Health Retirement Reserve	398	-	-	398	-	-	398
Capital Reserve	669	-	(669)	-	-	-	-
Drug Forfeiture (Operational) Reserve	146	226	-	372	79	(53)	398
Budget Assistance Reserve	2,610	-	(723)	1,887	-	0	1,887
Capital Carry Forward Reserve	1,491	1,022	(1,049)	1,464	-	(456)	1,008
Asset Incentivisation Reserve	-	466	-	466	66	(8)	524
Road Casualty Reduction & Support Fund	1,564	454	968	1,050	251	(204)	1,097
Collaboration & Commissioning Reserve	374	190	-	564	37	(350)	251
Estates Development Reserve	2,665	-	(1,805)	860	-	(860)	-
Uplift Reserve	-	-	-	-	30	-	30
Major Incident Victim Support	-	-	-	-	25	-	25
ERSOU Buiding Maintenance Fund	-	-	-	-	110	-	110
ESMCP Reserve	-	-	-	-	100	-	100
Pension Reserve	-	-	-	-	75	-	75
Total Earmarked Reserves	12,010	3,547	(6,445)	9,112	2,631	(3,006)	8,737
General Reserve	7,198	-	-	7,198	294	-	7,492
Total General and Earmarked Reserves	19,208	3,547	(6,445)	16,310	2,925	(3,006)	16,229
Capital Receipts Reserve	2,641	82	(2,186)	537	-	(537)	-
Unapplied Capital Receipts Reserve	-	282	-	282	-	(95)	187
Total Usable Reserves	21,849	3,911	(8,631)	17,129	2,925	(3,638)	16,416

Carry Forward Projects

Funds transferred to the Carry Forward Projects Reserve are underspends attributable to revenue commitments that are to be applied in the coming year.

Insurance

The purpose of this reserve is to finance self-insured liabilities and the policy excesses that are not covered by external policies.

Ill-Health Retirement

This reserve is maintained to meet exceptional costs of ill-health retirements.

Capital

This reserve has been established to provide the Commissioner with future flexibility in capital financing.

Drug Forfeiture (Operational)

Funds transferred to the Drug Forfeiture Reserve are amounts received from the courts, earmarked to fight drug crime.

Budget Assistance

The reserve has been established to meet budget pressures in future years.

Capital Carry Forward

The reserve will fund approved capital carried forward expenditure in future years.

Asset Incentivisation Reserve

Funds transferred to the Asset Incentivisation Reserve are amounts received from the Proceeds of Crime Act (POCA).

Road Casualty Reduction and Support Fund

This reserve has been established using underspend generated by the BCH Collaborated Cameras, Tickets and Collisions Unit to finance roads safety and casualty reduction work.

Collaboration and Commissioning

The reserve will fund assurance work for the OPCC regarding collaboration and services commissioning.

Estates Development

This reserve has been established to fund upfront expenditure incurred as part of the continuing programme of estate rationalisation.

Uplift Reserve

This reserve has been established in year in order to help meet the future costs of increasing the Officer workforce.

Major Incident Victim Support

This reserve was created from an underspend in the Victims and Witness Hub following devolved responsibility from the MOJ to provide support victims of major crime incidents in the county.

ERSOU Building Maintenance Fund

This is a new reserve created from Home Office funding to cover planned maintenance costs of the building.

ESMCP Reserve

This reserve was established in 2020/21 to meet the future costs arising from the National airwave replacement project.

Pension Reserve

This reserve was established in 2020/21 to help meet the future costs of pension liabilities arising from McCloud and revaluation smoothing.

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13. Group and Police and Crime Commissioner's Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Pension Top Up Grant Received from Home Office	(15,191)	(15,191)	(15,546)	(15,546)
Pension Top Up Grant Transferred to Pension Fund	-	15,191	-	15,546
Losses on the disposal of non-current assets	338	338	414	414
	(14,853)	338	(15,132)	414

14. Group and Police and Crime Commissioner's Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Interest payable and similar charges	604	604	627	627
Net interest on the net defined benefit liability	3	34,542	26	40,700
Interest receivable and similar income	(54)	(54)	(175)	(175)
	553	35,092	478	41,152

15. Group and Police and Crime Commissioner's Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income

	2020/21 £000	2019/20 £000
Council tax income	(65,768)	(64,465)
Non-domestic Rates, Council Tax Support & Freeze	(32,710)	(31,053)
Non-ringfenced government grants	(52,704)	(49,165)
Capital grants	(177)	(1,766)
	(151,359)	(146,449)

16. Group and Police and Crime Commissioner's Property, Plant and Equipment

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or valuation						
At 1 April 2020	44,988	23,286	7,511	743	3,135	79,663
Additions	-	-	(48)	-	4,535	4,487
Disposals	(29)	(196)	(871)	-	-	(1,096)
Reclassifications	479	2,329	1,443	1,186	(5,437)	-
Revaluation increases recognised in the Revaluation Reserve	618	-	-	1,485	-	2,103
Impairments recognised in the Deficit on the Provision of Services	(1,081)	-	-	-	-	(1,081)
Revaluation decreases recognised in the Provision of Services	(35)	-	-	-	53	18
At 31 March 2021	44,940	25,419	8,035	3,414	2,286	84,094
Accumulated depreciation						
At 1 April 2020	(2,070)	(18,324)	(3,053)	-	-	(23,447)
Charge for 2020/21	(470)	(1,486)	(908)	-	-	(2,864)
Disposals	6	169	573	-	10	758
Reclassifications	-	2	-	-	(2)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(248)	-	-	-	-	(248)
Revaluations depreciation written out to the Provision of Services	248	-	-	-	-	248
	35					
At 31 March 2021	(2,499)	(19,639)	(3,388)	-	8	(25,553)
Net book value						
31 March 2021	42,441	5,780	4,647	3,414	2,294	58,576
31 March 2020	42,918	4,962	4,458	743	3,135	56,216

Surplus assets has increased due to moving the separated commercial based land from the main Huntingdon HQ land held under PPE. In addition we hold one investment property with a net book value of £122k.

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or valuation						
At 1 April 2019	42,335	23,954	6,966	743	1,661	75,659
Additions	140	60	(112)	-	7,875	7,963
Disposals	(26)	(3,312)	(1,255)	-	-	(4,593)
Reclassifications	2,780	2,584	1,912	-	(6,531)	745
Revaluation increases recognised in the Revaluation Reserve	2,527	-	-	-	-	2,527
Impairments recognised in the Deficit on the Provision of Services	(2,768)	-	-	-	130	(2,638)
At 31 March 2020	44,988	23,286	7,511	743	3,135	79,663
Accumulated depreciation						
At 1 April 2019	(1,817)	(20,275)	(3,128)	-	-	(25,220)
Charge for 2019/20	(29)	(1,319)	(815)	-	-	(2,163)
Disposals	19	3,270	890	-	-	4,179
Revaluation decreases recognised in the Deficit on the Provision of Services	(243)	-	-	-	-	(243)
At 31 March 2020	(2,070)	(18,324)	(3,053)	-	-	(23,447)
Net book value						
31 March 2020	42,918	4,962	4,458	743	3,135	56,216
31 March 2019	40,518	3,679	3,838	743	1,661	50,439

Recognition

As well as the grouping of expenditure on computers (in line with the Group's Accounting Policies), items purchased as part of a capital scheme that are identical or related are grouped and recorded on the property, plant and equipment register if the value of the grouped assets exceed the de-minimis value of £10,000.

Depreciation

The following useful lives have been used in the calculation of depreciation on a straight line basis:

- Buildings - 20 to 60 years;
- Vehicles - 3 to 7 years, depending on type;
- Plant and Equipment - 5 years;
- IT and Communications - 5 years;

Land and assets under construction are not depreciated.

Residual Values

The following residual values have been applied:

- Vehicles – 25% of cost.

Capital Commitments

At 31 March 2021, the Group has entered into a number of contracts related to capital expenditure on Property, Plant and Equipment assets in 2020/21 whose contractual commitments are £1.2m. The commitments relate to Estates and ICT. Included in the Medium Term Capital Plan is a new Southern Police Station, estimated cost of £35m for which planning permission was granted in 2020/21.

Revaluations

The following statement shows the progress of the Group's programme of revaluation of property, plant and equipment. Asset values of land and buildings are reviewed at 1 April each year in 5 yearly intervals in a rolling programme, or sooner where there is a material change in value in any year or a property is reclassified (to Surplus Assets, Held for Sale Assets or Investment Properties). In the years between formal valuations, the continuing appropriateness of current values based on previous valuations is assessed by reference to market trends and professional advice. In addition a desktop assessment has been carried out on agreed properties as appropriate based on materiality levels. Land and building valuations in 2020/21 have been carried out by the Group's own valuers: Mr C Luscombe FRICS IRRV (Strategic Estates Director) and Mrs E McKee MRICS (Chartered Estates Surveyor) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of all other items of plant and equipment are based on historical cost.

It is now more than a year since the onset of COVID-19 and the declaration by the World Health Organisation (WHO) of a global pandemic on 11 March 2020 and the recommendation by the RICS of the use of the Material Uncertainty Clause on 17 March 2020. There is an observable market, and transactional activity levels under the new conditions are now at a sufficient level to provide valuers with contemporaneous comparable evidence. The Forum

therefore remain of the opinion that there is sufficient evidence of market activity to warrant recommending this general lifting.

The basis for valuation of property, plant and equipment is set out in the Statement of Accounting Policies.

Fair Value Hierarchy

Details of the Group's historic cost and information about the fair value hierarchy and techniques as at 31 March are as follows:

	Intangible	Property, Plant & Equipment					Investment	Total	
	Assets	Land and	Buildings	Surplus	Plant and	Equipment	Vehicles		ACOC
	Software	Buildings	Surplus	Equipment	Vehicles	ACOC			
	Licenses								
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Assets valued at Historical Cost:	9,527	1,097	1,186	25,419	8,035	2,286	-	-	47,550
Valued at Current Value in:									
2020/21	-	36,895	1,485	-	-	-	122	-	38,502
2019/20	-	826	-	-	-	-	-	-	826
2018/19	-	2,036	-	-	-	-	-	-	2,036
2017/18	-	2,481	743	-	-	-	-	-	3,224
2016/17	-	1,606	-	-	-	-	-	-	1,606
	9,527	44,940	3,414	25,419	8,035	2,286	122	-	93,743

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year. Our Land and Building and Investment assets fall within Level 1 (£1,870k) & Level 2 (£44,940k) hierarchy.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Investment Properties

The fair value of the Group's investment properties is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Group's valuation experts work closely with finance staff reporting directly to the Chief Finance Officer on a regular basis regarding all valuation matters.

17. Group and Police and Crime Commissioner's Intangible Assets

The Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life of 5 years, in line with other IT and Communication Assets. The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £1,094k (2019/20 £1,142k) is chargeable to Police Services in the Comprehensive Income and Expenditure Statement.

The movement of assets are as follows:

	2020/21			2019/20		
	Intangibles £000	Intangibles under Development £000	Total £000	Intangibles £000	Intangibles under Development £000	Total £000
Balance at start of year:						
Gross carrying amount	7,770	1,488	9,258	7,536	812	8,348
Accumulated amortisation	(5,146)	-	(5,146)	(4,004)	-	(4,004)
Net carrying amount at start of year	2,624	1,488	4,112	3,532	812	4,344
Additions	-	269	269	-	1,155	1,155
Reclassifications from assets under construction	304	(304)	-	234	(479)	(245)
Impairments recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Amortisation for the period	(1,094)	-	(1,094)	(1,142)	-	(1,142)
Net carrying amount at end of year	1,834	1,453	3,287	2,624	1,488	4,112
Comprising:						
Gross carrying amount	8,074	1,453	9,527	7,770	1,488	9,258
Accumulated amortisation	(6,240)	-	(6,240)	(5,146)	-	(5,146)
	1,834	1,453	3,287	2,624	1,488	4,112

18. Group and Police and Crime Commissioner's Financial Instruments

Categories of Financial Instruments

2020/21

Financial Assets

	Non Current		Current			Total £000
	Investments £000	Debtors £000	Cash £000	Investments £000	Debtors £000	
Fair Value through Profit and loss	-	-	-	-	-	-
Amortised Cost	-	-	8,980	4,000	9,651	22,631
Total Financial Assets	-	-	8,980	4,000	9,651	22,631

Financial Liabilities

	Non Current		Current		Total £000
	Borrowings £000	Creditors £000	Borrowings £000	Creditors £000	
Fair Value through Profit and loss	-	-	-	-	-
Amortised Cost	16,740	-	562	29,596	46,898
Total Financial Assets	16,740	-	562	29,596	46,898

2019/20

Financial Assets

	Non Current		Current			Total £000
	Investments £000	Debtors £000	Cash £000	Investments £000	Debtors £000	
Fair Value through Profit and loss	-	-	-	-	-	-
Amortised Cost	-	-	7,156	4,000	7,798	18,954
Total Financial Assets	-	-	7,156	4,000	7,798	18,954

Financial Liabilities

	Non Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
Fair Value through Profit and loss	-	-	-	-	-
Amortised Cost	17,322	-	517	8,450	26,289
Total Financial Assets	17,322	-	517	8,450	26,289

The following categories of financial instruments are carried in the Balance Sheet.

Fair Values of Financial Assets and Financial Liabilities

At 31st March 2021, the Group does not hold any Financial Assets carried at Fair Value. Financial liabilities and financial assets represented by borrowings and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2) using the following assumptions:

- for the fair value of Public Works Loan Board (PWLB) loans, premature repayment rates from the PWLB are applied to provide the fair value under PWLB debt redemption procedures;
- no early repayment or impairment is recognised;
- the carrying amount of an instrument maturing within 12 months is assumed to approximate to its fair value; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The carrying and fair values of financial liabilities carried at amortised cost and of borrowings are as follows:

	31 March 2021		31 March 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities at amortised cost:				
Public Works loan Board loans	(17,302)	(22,100)	(17,839)	(24,873)

The fair value on borrowing is greater than the carrying amount because the Group's portfolio consists of a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date. All other financial liabilities and borrowings mature within 12 months and therefore their carrying values are assumed to approximate to their fair values.

19. Group and Police and Crime Commissioner's Debtors

	2020/21	2019/20
	£000	£000
Trade Receivables	459	325
Prepayments	2,897	4,484
Other Receivables	31,434	12,131
	34,790	16,940

20. Group and Police and Crime Commissioner's Cash and Cash Equivalents

	2020/21	2019/20
	£000	£000
Cash held by the Commissioner	16	30
Bank current accounts	(1,416)	196
Short term deposits	10,380	6,930
	<u>8,980</u>	<u>7,156</u>

21. Group and Police and Crime Commissioner's Creditors

	2020/21		2019/20	
	PCC	Group	PCC	Group
	£000	£000	£000	£000
Trade Creditors	-	-	(1,224)	(1,224)
Other Creditors	(36,262)	(41,010)	(12,691)	(14,517)
	<u>(36,262)</u>	<u>(41,010)</u>	<u>(13,915)</u>	<u>(15,741)</u>

22. Group and Police and Crime Commissioner's Provisions

Insurance

The balance at 31 March 2021 represents estimated outstanding claims under the 'excess' clauses of the Group's employers' and public liability, motor and property insurance policies. The settlement of these claims is likely to be spread over a number of years. There are no amounts in respect of liabilities covered by the insurance provision that are expected to be subject to reimbursement from third parties.

	2020/21	2019/20
	£000	£000
Insurance		
Balance at 1 April	1,459	888
Increase (Decrease) in year	(352)	571
Balance at 31 March	<u>1,107</u>	<u>1,459</u>

	2020/21	2019/20
	£000	£000
Legal Provision		
Balance at 1 April	279	300
Amounts used in year	(74)	(32)
Increase in year	-	11
Balance at 31 March	<u>205</u>	<u>279</u>

Total Provision	<u>1,312</u>	<u>1,738</u>
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23. Group and Police and Crime Commissioner's Usable Reserves

Movement in the Group and Police and Crime Commissioner's usable reserves are detailed in the Movement in Reserves Statement.

24. Group and Police and Crime Commissioner's Unusable Reserves

	2020/21		2019/20	
	Group £000	PCC £000	Group £000	PCC £000
Revaluation Reserve	16,697	16,697	14,841	14,841
Capital Adjustment Account	23,280	23,280	23,374	23,374
Pensions Reserve	(1,731,005)	(839)	(1,547,657)	(69)
Collection Fund Adjustment Account	(546)	(546)	741	741
Accumulated Absences Account	(4,748)	-	(1,826)	-
Deferred Capital Receipts Reserve	26	26	26	26
	(1,696,296)	38,618	(1,510,501)	38,913

Revaluation Reserve (Group and Police and Crime Commissioner)

The revaluation reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2020/21 £000	2019/20 £000
Balance at 1 April	14,841	12,533
Upward revaluation of assets	2,104	2,551
Accumulated gains on assets sold or scrapped	-	-
Difference between fair value depreciation and historical cost depreciation	(248)	(243)
Balance at 31 March	16,697	14,841

Capital Adjustment Account (Group and Police and Crime Commissioner)

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

The Account contains accumulated gains and losses on Investment Properties.

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

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £000	2019/20 £000
Balance at 1 April	23,374	21,926
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(2,864)	(2,163)
Revaluation losses on Property, Plant and Equipment	(1,082)	(3,015)
Amortisation of intangible assets	(1,094)	(1,142)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(338)	(414)
Difference between fair value depreciation and historical cost depreciation	248	243
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	537	2,186
Use of the Reserves to finance new capital expenditure	860	2,512
Use of Capital Carry Forward Reserve to finance new capital expenditure	456	27
Capital grants credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	269	1,484
Compulsory Purchase Compensation applied to capital financing	119	523
Statutory provision for the financing of capital investment charged against the General Fund	722	714
Capital expenditure charged against the General Fund	2,073	493
Balance at 31 March	<u>23,280</u>	<u>23,374</u>

Pension Reserve (Group and Police and Crime Commissioner)

The Pension 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 Group accounts for post employment benefits:

- in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service;
- by updating the liabilities recognised to reflect inflation; and
- by changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Group makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The movements on the pensions liability have been disclosed in Note 33.

	Group	
	2020/21	2019/20
	£000	£000
Balance at 1 April	(1,547,657)	(1,652,731)
Remeasurements of the net defined benefit liability	(160,990)	165,757
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(63,531)	(100,769)
Employer's pensions contributions and direct payments to pensioners payable in the year	41,173	40,086
Balance at 31 March	<u>(1,731,005)</u>	<u>(1,547,657)</u>

	PCC	
	2020/21	2019/20
	£000	£000
Balance at 1 April	(69)	(1,006)
Remeasurements of the net defined benefit liability	(705)	1,064
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(215)	(271)
Employer's pensions contributions and direct payments to pensioners payable in the year	150	144
Balance at 31 March	<u>(839)</u>	<u>(69)</u>

Accumulated Absences Account (Group)

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The increase in 2020/21 of £2.9m was expected due to a higher levels of leave being agreed to carry forward due to the Covid pandemic.

	2020/21 £000	2019/20 £000
Balance at 1 April	(1,826)	(1,513)
Amount by which employer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,922)	(313)
Balance at 31 March	<u>(4,748)</u>	<u>(1,826)</u>

25. Group and Police and Crime Commissioner's Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Depreciation	2,864	2,864	2,163	2,163
Amortisation	1,094	1,094	1,142	1,142
Impairment and downward valuations	1,029	1,029	2,885	2,885
Increase in creditors	20,075	20,075	1,954	1,954
Decrease/(Increase) in debtors	(17,850)	(17,850)	6,032	6,032
Increase in inventories	63	63	(132)	(132)
Movement in Pension Liability	65	22,358	127	60,683
Carrying amount of non-current assets and non current assets held for sale, sold or derecognised	338	338	414	414
Other non-cash items charged to the net surplus or deficit on the provision of services	861	3,783	201	514
	<u>8,539</u>	<u>33,754</u>	<u>14,786</u>	<u>75,655</u>

26. Group and Police and Crime Commissioner's Joint Operations

Eastern Region Special Operations Unit

The Eastern Region Special Operations Unit (ERSOU) is a joint arrangement between 7 forces - Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Kent and Bedfordshire, to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

During 2017/18 Bedfordshire police took over from Hertfordshire as the lead force. However, the transactions for the unit are recorded through the Hertfordshire ledger. Legal title to all vehicles, equipment and premises owned and used by the unit transferred from Hertfordshire to Bedfordshire and the assets are recorded in its capital accounts and asset register.

All revenue costs and capital expenditure are shared between the seven forces in accordance with the percentages defined in the Section 22 agreement. All capital expenditure is fully funded in the year of expenditure and there is therefore no capital financing charge to the six participating forces.

ERSOU is a jointly controlled operation with no separate entity and is therefore not able to hold reserves in respect of any cumulative surplus or deficit at year end. Each participating Local Policing Body shows its share of the carried forward surplus in its accounts. The ERSOU operating

account is shown in the following table. The expenditure figures do not include depreciation charges.

The Home Office grants were paid to Bedfordshire as agent for the participating forces.

The income and expenditure for the ERSOU joint operation is shown below:

2020/21	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-460	-583	-1131	-831	-615	-668	-508	-4796
Running Costs	2,258	2,857	2,898	4,073	2,721	3,274	2,495	20,576
Depreciation	-52	-50	-32	-83	-11	-64	-53	-345
Surplus / Deficit	1,746	2,224	1,735	3,159	2,095	2,542	1,934	15,435
2019/20	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-426	-551	-1013	-772	-476	-626	-472	-4336
Running Costs	2384	3083	2946	4318	2721	3497	2640	21589
Depreciation	39	35	20	61	4	47	39	245
Surplus / Deficit	1997	2567	1953	3607	2249	2918	2207	17498

Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Collaboration

Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary participates in collaborative arrangements with Bedfordshire Police and Crime Commissioner/ Bedfordshire Police and Hertfordshire Police and Crime Commissioner/Hertfordshire Constabulary. The collaborated units are jointly staffed and funded by the three forces and are overseen by governance boards where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

Expenditure of £28.669m (2019/20 £28.039m) has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement and the Group's Comprehensive Income and Expenditure Statement.

The net operating costs for the BCH joint operations is shown below:

Beds 2019/20 £'000	Cambs 2019/20 £'000	Herts 2019/20 £'000	Total 2019/20 £'000		Beds 2020/21 £'000	Cambs 2020/21 £'000	Herts 2020/21 £'000	Total 2020/21 £'000
				Joint Protective Services				
2,809	2,471	2,816	8,096	Armed Policing Unit	3,467	3,110	3,686	10,263
731	913	1,221	2,865	Dogs	812	998	1,353	3,163
2,492	3,022	3,691	9,205	Major Crime Unit	2,495	2,980	3,690	9,165
280	362	506	1,148	Operational Planning & Public Order	313	396	565	1,274
245	318	444	1,007	Protective Services Command Team	258	327	466	1,051
95	123	171	389	Resilience	94	119	169	382
2,471	3,591	4,769	10,831	Roads Policing Unit	2,553	3,651	4,912	11,116
2,433	2,986	4,019	9,438	Scientific Services Unit	2,457	2,968	4,049	9,474
11,556	13,786	17,637	42,979	Total Joint Protective Services	12,449	14,549	18,890	45,888
				Operational Support				
277	359	502	1138	Criminal Justice & Custody Management Team	285	180	514	979
655	850	1,187	2,692	Criminal Justice	586	742	1,057	2,385
108	210	171	489	Firearms & Explosives Licensing	114	221	180	515
-356	-454	-593	-1403	Camera, Tickets, Collisions	-201	-251	-333	-785
3,603	4,671	6,527	14,801	ICT	3,711	4,696	6,695	15,102
303	393	549	1,245	Public Contact Senior Leader Team	288	364	519	1,171
4,590	6,029	8,343	18,962	Total Operational Support Expenditure	4,783	5,952	8,632	19,367
				Organisational Support				
455	590	825	1,870	Collaboration Team	415	525	748	1,688
4,056	5,257	7,345	16,658	HR / L&D	3,963	5,015	7,148	16,126
668	866	1,210	2,744	Information Management Department	796	1,007	1,435	3,238
1,104	1,149	1,659	3,912	Professional Standards Unit	1,249	1,279	1,873	4,401
279	362	506	1,147	Procurement	-	-	-	-
6,562	8,224	11,545	26,331	Total Organisational Support Expenditure	6,423	7,826	11,204	25,453
22,708	28,039	37,525	88,272	Total BCH Net Operating Costs	23,655	28,327	38,726	90,708
				Regional 7 Force Procurement	270	342	487	1,099
				Total Net Operating Costs	23,925	28,669	39,213	91,807

7 Force Procurement

Procurement across Seven Forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk has been collaborated to form a single 7F Procurement function since 1 January 2020. It's aim is delivery of an effective Police service and to provide support for victims of crime by procuring and managing a high quality, value for money supply chain. The team will be working towards aligning contracts across the seven forces, increasing the opportunity for greater interoperability across the region and enhancing efficiency and effectiveness.

The costs to Cambridgeshire Constabulary during 2020/21 were £342k. Total costs during 2019/20 were 362k, which was a transition period for the unit which went live as a single 7 Force unit in the last quarter of the year.

Draft Accounts

27. Group and Police and Crime Commissioner's Officers' Remuneration

The remuneration paid to the Police and Crime Commissioner, Deputy Police and Crime Commissioner and Chief Officers is as follows:

		Salaries, fees & allowances £	Bonuses £	Benefits in Kind £	Total Remuneration excluding pension contributions £	Employer's pension contributions £	Total Remuneration including pension contributions £
Police and Crime Commissioner Accounts							
Police & Crime Commissioner							
(Acting PCC) Ray Bisby	2020/21	72,650	-	-	72,650	16,637	89,287
(Acting PCC) Ray Bisby from 27.11.2019	2019/20	25,024	-	-	25,024	5,730	30,754
Jason Ablewhite (01/04/2019-11.11.2019)	2019/20	44,084	-	-	44,084	10,083	54,167
Deputy Police & Crime Commissioner							
No Deputy	2020/21	-	-	-	-	-	-
Ray Bisby (0.5FTE) (01/04/2019- 26/11/2019)	2019/20	18,392	-	-	18,392	4,203	22,595
Chief Executive (0.9 FTE) D Gregson (1/4/20 - 31/01/2021)*	2020/21	92,047	-	-	92,047	21,155	113,202
Chief Executive James Haylett (Acting Chief Exec from 11/05/20 and Chief Exec from 10/02/2021)	2020/21	84,923	-	-	84,923	19,539	104,462
Dorothy Gregson	2019/20	97,337	-	-	97,337	22,284	119,621
Chief Finance Officer (OPCC)**							
Matthew Warren	2020/21	8,515	-	-	8,515	-	-
	2019/20	9,526	-	-	9,526	-	9,526
Totals	2020/21	258,135	-	-	258,135	57,331	306,951
	2019/20	194,363	-	-	194,363	42,300	236,663

* Our Chief Executive Dorothy Gregson was seconded to Public Health England during the Covid Pandemic and James Haylett became acting Chief Exec during that period.

** The post of Chief Finance Officer (OPCC) is currently fulfilled by an arrangement whereby the role is covered by the Cambridgeshire Fire & Rescue Service Deputy Chief Executive.

		Salaries, fees & allowances	Bonuses	Benefits in Kind	Total Remuneration excluding pension contributions	Employer's pension contributions	Total Remuneration including pension contributions
		£	£	£	£	£	£
<u>Chief Constable's Accounts</u>							
Chief Constable							
Nick Dean	2020/21	151,899		4,616	156,515	46,001	202,516
<i>Nick Dean</i>	2019/20	148,280	-	5,497	153,777	44,879	198,656
Deputy Chief Constable							
Jane Gyford	2020/21	133,303	-		133,303	37,941	171,244
<i>Jane Gyford from 13/05/2019</i>	2019/20	115,453	-		115,453	32,799	148,252
<i>Alan Baldwin until 17/06/2019</i>	2019/20	33,063	-		33,063	7,804	40,867
Assistant Chief Constables**							
Victoria Evans from 11/5/2020	2020/21	106,508	-	9,819	116,327	33,017	149,344
<i>Dan Vajzovic 01/4/19 - 31/10/19</i>	2019/20	66,667	-	-	66,667	20,667	87,334
Dan Vajzovic -ERSOU 01/4/20 31/3/21	2020/21	118,009			118,009	36,583	154,592
<i>Dan Vajzovic ERSOU 01/11/19 -31/3/20</i>	2019/20	49,646	-	-	49,646	15,024	64,670
Chief Finance Officer (Constabulary)							
Jon Lee	2020/21	105,518	-	5,286	110,804	24,164	134,968
<i>Jon Lee from 11/12/2019</i>	2019/20	31,871	-	-	31,871	7,298	39,169
<i>Niki Howard until 30/09/2019</i>	2019/20	52,028	-	-	52,028	11,914	63,942
Assistant Chief Constable - BCH Joint Protective Services							
Paul Fullwood (1/4/2020 - 20/8/2020)	2020/21	74,685		1,246	75,931	13,958	89,889
<i>Paul Fullwood</i>	2019/20	117,777	-	3,484	121,261	35,679	156,940
Totals	2020/21	689,922	0	20,967	710,889	191,664	902,553
	2019/20	614,784	0	8,981	623,765	176,064	799,829

** During the period from 22th Oct 2019 to 11th May 2020 Sharn Basra from Bedfordshire Police was covering ACC role within Cambs. We have paid Bedfordshire Police £14,600 for 20/21 and £61,510.82 for 19/20.

The number of employees and senior police officers (being officers holding a rank above that of Superintendent) whose remuneration, excluding employer's pension contributions, was £50,000 or more, in bands of £5,000, was as follows:

	Group		PCC		Chief	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£50,000 to £54,999	9	15	1	2	8	13
£55,000 to £59,999	4	3	1	1	3	2
£60,000 to £64,999	2	1	-	-	2	1
£65,000 to £69,999	-	1	-	-	-	1
£70,000 to £74,999	1	1	-	-	1	1
£75,000 to £79,999	1	1	-	-	1	1
£80,000 to £84,999	2	3	1	-	1	3
£85,000 to £89,999	2	1	-	-	2	1
£90,000 to £94,999	5	3	1	-	4	3
£95,000 to £99,999	1	1	-	1	1	-
£105,000 to £109,999	2	1	-	-	2	1
£110,000 to £114,999	1	-	-	-	1	-
£115,000 to £119,999	1	3	-	-	1	3
£130,000 to £134,999	1	1	-	-	1	1
£140,000 to £144,999	1	-	-	-	1	-
£145,000 to £149,999	-	1	-	-	-	1
£150,000 to £154,999	1	-	-	-	1	-
	34	36	4	4	30	32

The numbers of exit packages with total cost per band and the total cost of redundancies agreed are set out below:

Exit package cost band	Group			
	Number of redundancies		in each band	
	2020/21	2019/20	2020/21	2019/20
	No.	No.	£'000	£'000
£0 - £20,000	36	5	333	62
£20,001 - £40,000	4	-	107	-
	40	5	440	62

28. Group and Police and Crime Commissioner's Audit Costs

The Group has incurred the following costs in relation to the audit of the Statement of Accounts.

	2020/21	2019/20
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:		
Police and Crime Commissioner	39	23
Chief Constable	<u>20</u>	<u>12</u>
	<u>59</u>	<u>35</u>

29. Group and Police and Crime Commissioner's Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

Credited to Services

	2020/21	2019/20
	£000	£000
Other Government Grants	91	143
Victims Commissioning	1,327	979
Early Intervention youth Fund	-	384
Violence Against Women	-	138
Covid 19 Grant	1,004	-
Safer Streets	407	-
Uplift Grant	1,735	-
Pension Top up Grant	<u>1,398</u>	<u>1,398</u>
	<u>5,962</u>	<u>3,042</u>

Credited to Taxation and Non-Specific Grant Income

	2020/21	2019/20
	£000	£000
Police Grant	52,704	49,165 *
Precepts	65,768	64,465
Home Office Local Government Funding	26,185	24,528
Localising Council Tax Support	4,823	4,822
Council Tax Freeze	1,702	1,703
Capital Grants	<u>177</u>	<u>1,766</u>
	<u>151,359</u>	<u>146,449</u>

*The Police Uplift Grant shown separately in 2019/20 for £297k has been included in the overall Police Grant in 2020/21 and is £1.7m.

30. Group and Police and Crime Commissioner's Related Parties

The Group is required to disclose material transactions with related parties (bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by it). Disclosure of these transactions allows readers to assess the extent to which

the Group might be constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

Chief Constable (Police and Crime Commissioner)

The Police and Crime Commissioner has direct control over the groups finances, including responsibility for funding of all pensions' liabilities, and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the Police and Crime Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept (see note 7).

Central Government

Central government has significant influence over the general operations of the Group – it is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from government departments are set out in Note 29. Grant receipts outstanding at 31 March 2021 are shown in Note 21.

Officers

During the year, the Chief Constable and the former Chief Finance Officer (Constabulary) were trustees of the Shrievalty Trust.

Cambridgeshire Police Shrievalty Trust

The Cambridgeshire Police Shrievalty Trust is a charitable organisation supported by the Group whose objective is to support efforts to "Create a Safer Cambridgeshire". Details of Officers who were trustees throughout the period are set out below:

Officers:

N Dean, Chief Constable

In the year to 31 March 2021, the Group had dealings with the Trust being a Victims Support grant contribution of £50,000 (2019/20 £50,000) and a Safer Streets Grant for £12,000 (2019/20 nil).

Other Public Bodies (subject to common control by central government)

The Group has a pooled budget arrangement (joint operation) with the 6 other eastern police forces for the provision of tackling organised crime and further pooled budget arrangements (joint operation) with Bedfordshire Police and Hertfordshire Constabulary for the provision of a range of policing services. Transactions and balances outstanding are detailed in Note 26.

The Group participates in four pension schemes the Local Government Pension Scheme (LGPS) for Police Staff, the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and

PPS 2015 are administered by XPS Pension Group; see Note 33 for details of transactions and balances outstanding.

During the year the Group made payments totalling £1,585k to the six local authorities for National Non-Domestic Rates Bills (2019/20 £1,601k).

31. Group and Police and Crime Commissioner's Third Party Funds

Third Party Funds are monies administered, but not owned by the Group.

Police Property Act

Under section 43 of the Powers of Criminal Courts Act 1973, the Group is empowered to seize monies or property used, or intended for use, for the purpose of crime. These seized monies are held by the Group, pending a decision by the Courts.

Misuse of Drugs Act

Section 27 of the Misuse of Drugs Act 1971 empowers Police Groups to retain monies seized during investigations. The Courts may release property or monies to the Group so that it is used to tackle drug related crime and drug abuse.

The amount held under the two Acts, as at 31 March 2021, was £701,263 (31 March 2020: £547,197).

32. Group and Police and Crime Commissioner's Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Group that has yet to be financed. The CFR is analysed in the second part of this note.

	2020/21	2019/20
	£000	£000
<i>Opening Capital Financing Requirement</i>	22,206	21,027
<i>Capital Investment</i>		
Property, Plant and Equipment	4,487	7,963
Intangible Assets	269	1,155
<i>Source of Finance</i>		
Capital Receipts	(537)	(2,186)
Government Grants	(269)	(1,484)
Compulsory Compensation	(119)	(523)
Borrowing	-	-
<i>Sums set aside from revenue</i>		
Direct revenue contributions	(2,073)	(493)
Transfer from Capital Reserve	(632)	(669)
Transfer from Capital Carry Forward Reserve	(456)	(27)
Transfer from ICT Reserve	-	-
Transfer from Budget Assistance Reserve	-	(38)
Transfer from Estates Development Reserve	(860)	(1,805)
Minimum Revenue Provision	(722)	(714)
<i>Closing Capital Financing Requirement</i>	<u>21,294</u>	<u>22,206</u>

33. Group's Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its Police Officers and Police Staff, the Group offers retirement benefits which are normally payable on retirement. The Group, however, is required to disclose its commitment to pay future retirement benefits as those benefits are earned by officers or employees.

The Group participates in four pension schemes:

- i) the Local Government Pension Scheme (LGPS) for Police Staff, administered by Cambridgeshire County Council. This is a defined benefit, funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Police and Crime Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and
- ii) the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes, administered by XPS Pension Group, meaning that there are no investment assets built up to meet the pension liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Group. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change

in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

Transactions relating to post employment benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by staff rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Draft Accounts

	2020/21				2019/20			
	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total £000	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total £000
Comprehensive Income and Expenditure Account								
<i>Cost of Services:</i>								
Current service cost	19,750	8,758	212	28,720	42,548	12,004	245	54,797
Past service costs	170	99	-	269	5,250	22	-	5,272
	19,920	8,857	212	28,989	47,798	12,026	245	60,069
<i>Financing and Investment Income and Expenditure:</i>								
Net interest expense	33,100	1,439	3	34,542	38,390	2,284	26	40,700
	33,100	1,439	3	34,542	38,390	2,284	26	40,700
<i>Total Post Employment Benefit Charged to the Deficit on the Provision of Services</i>								
	53,020	10,296	215	63,531	86,188	14,310	271	100,769
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>								
Return on plan assets		(33,859)	(535)	(34,394)	-	13,974	1,204	15,178
Actuarial gains arising on changes in demographic assumptions		3,897	62	3,959	(47,160)	(6,087)	(72)	(53,319)
Actuarial gains arising on changes in financial assumptions	177,520	75,742	1,207	254,469	(49,210)	(30,610)	(296)	(80,116)
Other	(60,850)	(2,165)	(29)	(63,044)	(28,500)	(17,100)	(1,900)	(47,500)
	116,670	43,615	705	160,990	(124,870)	(39,823)	(1,064)	(165,757)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>								
	169,690	53,911	920	224,521	(38,682)	(25,513)	(793)	(64,988)
Movement in Reserves Statement								
Reversal of net charges made to the Deficit for the Provision of Services for post employment benefits in accordance with the Code	(53,020)	(10,296)	(215)	(63,531)	(86,188)	(14,310)	(271)	(100,769)
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>								
Employer's contributions payable to the schemes	34,700	6,323	150	41,173	33,850	6,092	144	40,086

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2020/21				2019/20			
	Police Pensions £000	Unfunded Liabilities LGPS- Chief Constable £000	Unfunded Liabilities LGPS- Police Commissioner £000	Total Liabilities £000	Police Pensions £000	Unfunded Liabilities LGPS- Chief Constable £000	Unfunded Liabilities LGPS- Police Commissioner £000	Total Liabilities £000
Balance at 1 April	1,487,150	225,215	2,605	1,714,970	1,559,682	263,302	4,461	1,827,445
Current service cost	19,750	8,758	212	28,720	42,548	12,004	245	54,797
Past service costs	0	99	-	99	5,250	22	-	5,272
Interest cost	33,100	5,245	63	38,408	38,390	6,443	115	44,948
Contributions by scheme participants	7,650	1,772	53	9,475	7,210	1,693	53	8,956
Benefits paid	(42,180)	(4,169)	(1)	(46,350)	(41,060)	(4,452)	(1)	(45,513)
Remeasurement gain/loss:								
Actuarial gains arising from changes in financial assumptions	-	3,897	62	3,959	(47,160)	(6,087)	(72)	(53,319)
Actuarial losses/ (gains) arising from changes in financial assumptions	177,520	75,742	1,207	254,469	(49,210)	(30,610)	(296)	(80,116)
Other	(60,850)	(2,165)	(29)	(63,044)	(28,500)	(17,100)	(1,900)	(47,500)
Balance at 31 March	1,622,140	314,394	4,172	1,940,706	1,487,150	225,215	2,605	1,714,970

Reconciliation of fair value of the scheme assets:

	2020/21				2019/20			
	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total Assets £000
Balance at 1 April	-	164,777	2,536	167,313	-	171,259	3,455	174,714
Interest Income	-	3,806	60	3,866	-	4,159	89	4,248
Remeasurement gain/loss:								
The return on plan assets, excluding the amount included in the net interest expense	-	33,859	535	34,394	-	(13,974)	(1,204)	-15,178
Contributions from employer	34,700	6,323	150	41,173	33,850	6,092	144	40,086
Contributions from employees into the scheme	7,650	1,772	53	9,475	7,210	1,693	53	8,956
Benefits paid	(42,350)	(4,169)	(1)	(46,520)	(41,060)	(4,452)	(1)	(45,513)
Closing fair value of scheme assets	-	206,368	3,333	209,701	-	164,777	2,536	167,313

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

	Police Pensions £000		LGPS £000		Total £000	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Present value of the defined benefit obligation	1,622,140	1,487,150	318,566	227,820	1,940,706	1,714,970
Fair Value of Plan Assets	-	-	(209,701)	(167,313)	(209,701)	(167,313)
Net Liability arising from defined benefit obligation	1,622,140	1,487,150	108,865	60,507	1,731,005	1,547,657

The PPS has no assets to cover its liabilities. The LGPS's assets consist of the following categories, by proportion of the total assets held:

	LGPS- Police Commissioner £000	LGPS- Chief Constable £000	31-Mar-21 £000	LGPS- Police Commissioner £000	LGPS- Chief Constable £000	31-Mar-20 £000
Cash and Cash Equivalents	51	3,185	3,236	32	2,094	2,126
Private Equity	251	15,546	15,797	181	11,749	11,930
Debt Securities						
UK Government	149	7,346	7,494	113	7,346	7,459
Equity Instruments (by industry)						
Consumer	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Energy and Utilities	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-
Health and Care	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Other	-	-	-	-	-	-
Investment Funds and Unit Trusts						
Equities	2,002	123,951	125,953	1,668	108,348	110,016
Bonds	387	23,946	24,333	173	11,274	11,447
Infrastructure	302	18,681	18,983	196	12,701	12,897
Other	-	-	-	-	-	-
Real Estate	205	12,696	12,901	173	11,240	11,413
Derivatives	(14)	(850)	(864)	-	25	25
	3,333	204,501	207,834	2,536	164,777	167,313

The liabilities are the underlying commitments that the Group has to pay retirement benefits in the long-term. The total liability of £1,731,005k has a significant impact on the net worth of the Group as presented in the Balance Sheet, giving rise to negative equity of £1,679,880k. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains stable:

- i) the deficit on the LGPS will be made good by increased contributions over the remaining working lives of employees, as assessed by the scheme actuary; and
- ii) finance is only required to be raised to cover police pensions as and when they are actually paid.

Basis of Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions made about mortality rates and salary levels. The PPS, the NPPS and the PPS 2015 have been assessed by the Government Actuary's Department. The LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2020/21	2019/20	2020/21	2019/20
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.2	22.0	22.0	21.9
Women	24.4	24.0	23.7	23.6
Longevity at 65 for future pensioners:				
Men	23.2	22.7	23.7	23.6
Women	26.2	25.5	25.3	25.2
Rate of increase in salaries	3.3	2.3	4.2	4.0
Rate of increase in pensions	2.8	1.8	2.4	2.0
Rate for discounting scheme liabilities	2.1	2.3	2.0	2.3
CARE revaluation rate	-	-	3.7	3.3

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

	Police Commissioner Scheme		Chief Constable Scheme		Police Pension Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £000
Change in assumptions at 31 March 2021						
0.5% increase in Real Discount Rate	-15.0%	(624)	-12.0%	(37,996)	-10.0%	(158,000)
0.5% increase in the Salary Increase Rate	1.0%	53	1.0%	3,765	1.0%	18,000
0.5% Increase in the Pension Increase Rate	13.0%	559	11.0%	33,468	9.5%	151,000

Impact on Cash Flows

The total contributions made to the Local Government Pension Scheme by the Group in the year to 31 March 2021 is £6,284k (2019/20 £6,103k). Contributions for the Police Pension Scheme in the year to 31 March 2021 are £16,647k (2019/20 £16,128k).

McCloud / Sargeant judgement

The Commissioner [Chief Constable], along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2015 to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

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 the Cambridgeshire Police and Crime Commissioner and the Chief Constable, currently we have calculated this effects 1066 members, though work is still ongoing. Scheme actuaries originally estimated the increase in scheme liabilities for the Cambridgeshire Police and Crime Commissioner to be approximately 4.4% or £67.5m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2020-21 (and 2019-20), scheme actuaries have reviewed these assumptions and have allowed for the additional accrual of "better off" benefits for affected members during the year April 2020 to March 2021. . This additional liability has been included in the Current Service Cost.

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 and Crime Commissioner 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 and Crime Commissioner in the form of a central government top-up grant.

Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, 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.

However, in accordance with the Code (8.2.2.2) we are recognising a contingent liability. See note 35.

34. Group and Police and Crime Commissioner's Nature and Extent of Risks arising from Financial Instruments

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

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

The Group's risk strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services.

Risk management is carried out by a central treasury team under policies approved by the Group in the annual treasury management strategy. Specific areas such as interest rate risk, credit risk and the investment of surplus cash are covered within this.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and/or building societies unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard & Poor's credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet minimum investment criteria. Additional selection criteria are also considered after this initial criteria is applied.

The PCC uses the creditworthiness service provided by Link Asset Service. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch,

Moody's and Standard & Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The Investment Strategy for 2021/22 to 2024-25 was approved by the PCC on 16 March 2021.

Investment limits are the lower of £10 million or 25% of available funds, with the exception of the Debt Management Account Deposit Facility and Money Market Funds where deposits may be made to a limit of 100% of available funds. Our investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2021 that this was likely to crystallise.

With respect to amounts owed by the Group's customers and contractual debtors, the Group makes prudent provision for bad debts based on an assessment of the risks for each type of debt and the age and size of the balance outstanding. The majority of the Group's dealings are with public sector partners and the risks of default and uncollectibility are considered to be lower than those associated with commercial debtors.

The following analysis summarises the Group's assessment of its potential maximum exposure to credit risk in relation to debtors:

	31 March 2021 £000	31 March 2020 £000
Commercial Debtors	224	72

The Group has never experienced a loss from non-performance by any of its counterparties in relation to deposits and does not expect any such loss to arise.

The Group does not generally extend credit to its public sector partners or customers beyond 30 days. £50k of the £459k balance is past its due date for payment (£44k is one debt which is in the 32-60 day category and since been paid). The balance is shown by debtor category as follows:

	31 March 2021			31 March 2020		
	Public Sector Debtors £000	Commercial Debtors £000	Total £000	Public Sector Debtors £000	Commercial Debtors £000	Total £000
Less than three months	386	72	458	253	72	325
more than three months	1	0	1	-	-	-
	387	72	459	253	72	325

Liquidity Risk

As the Group has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The table below shows the liability.

Fair Value based on % of actual	31-Mar-21 £000's	31 March 2020 £000's
Under 12 months	£717	£749
12 months and within 24 months	£750	£784
24 months and within 5 years	£2,463	£1,676
5 years and within 10 years	£4,453	£4,909
10 years and above	£13,716	£16,755
	<u>£22,100</u>	<u>£24,873</u>

Market Risk

Interest rate risk

The Group is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. The extent of that risk is limited by the scale of borrowing and investment activities undertaken. In 2020/21 the Group's investments were all short-term investments comprising of overnight deposits, fixed term deposits and notice accounts, which therefore fall to be treated as investments at variable rates, and its borrowings were fixed rate Public Works Loan Board loans. By way of example, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall; and
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure statement will rise.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest receivable on variable rate investments will be credited to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance pound for pound.

The Group has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is mitigated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Group's cost of borrowing and provide compensation for a proportion of any higher costs.

The scale of the Group's investment activities is such that the consequences of any adverse changes in interest rates on service delivery are unlikely to be significant in terms of a shortfall in resources, particularly as budgets are regularly reviewed and updated during the year. However, if interest rates had been 50 basis points higher, with all other variables held constant, the financial effect for the 2020/21 year of account would be:

	2020/21	2019/20
	£000	£000
Increase in interest receivable on variable rate investments	269	122
Increase in Government grant receivable for financing costs	-	-
Impact on Income and Expenditure Account	<u>269</u>	<u>122</u>

35. Group Contingent Liabilities

McCloud / Sargeant judgement – Compensation Claims

As at 31 March 2021, 70 Claimants from Cambridgeshire have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, 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.

36. Transport Consortium

The PCC for Cambridgeshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Cambridgeshire's contribution for 2020/21 was £2.5m (£2.6m in 2019/20). Costs are allocated to the forces in proportion to the size of their fleet. The total costs of the consortium are shown below:

	2020/21	2019/20
	£000	£000
Employee Costs	2,759	2,942
Premises	430	434
Running Costs	4,831	4,611
Insurance	2,352	2,352
Vehicles	9,692	9,662
Income	(1,480)	(1,537)
	<u>18,584</u>	<u>18,464</u>

Pension Account

The Group is required to maintain a Pensions Account in order to discharge its responsibility for paying the pensions of retired officers and their survivors and to account to the Home Office as sponsoring department for police pensions funding. The Pensions Account has the legal status of a fund for the purposes of the Local Government Finance Act and all accounting entries are recorded, administrated and governed by The Police Pension Fund Regulations 2007.

Credits to the Pension Account include contributions from both the Chief Constable and serving police officers who are members of either the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) or the Police Pension Scheme 2015 (PPS 2015). The Chief Constable's contributions in 2020/21 were at a rate of 31.0% of pensionable salary. These rates are set by the Home Office and are subject to triennial revaluation by the Government's Actuary Department.

Charges to the Pension Account include pensions to retired police officers and their survivors and commutations and lump sum retirement benefits.

The Pension Account is balanced to nil each year by the receipt of pension top-up grant from, or by paying over any surplus to, the sponsoring department. The effect of this funding mechanism is that the employer's contribution of 31.0% of serving police officers' pensionable salary and together with injury pensions and a capital charge for ill-health retirements, falls to be charged to the Group's Comprehensive Income and Expenditure Statement.

The Pension Account is designed to discharge liabilities to pay pensions as they fall due and no account is taken of pensions and other liabilities after the period end.

A statement of account for the Pension Account, together with its net current assets and liabilities at 31 March 2021, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out at Note 1, where applicable.

Full details of the Group's retirement benefits have been disclosed in Note 33.

Fund Account

	2020/21 £'000	2019/20 £'000
Contributions receivable:		
From employer:		
Normal	(17,053)	(15,516)
Early retirements	(191)	(481)
From members	(7,303)	(6,668)
Transfers in	(373)	(558)
	<u>(24,920)</u>	<u>(23,223)</u>
Benefits payable:		
Pensions	33,166	31,763
Commutations and lump sum retirement benefits	6,303	6,899
	<u>39,469</u>	<u>38,662</u>
Payments to and on account of leavers:		
Refunds of contributions	356	108
Individual transfers out to other schemes	-	-
	<u>356</u>	<u>108</u>
Net amount payable for the year before top-up grant payable by sponsoring department	14,905	15,547
Amount receivable from sponsoring department	(14,905)	(15,547)
Balance on Fund at 31 March	<u>-</u>	<u>-</u>
Net Assets Statement		
	2020/21 £'000	2019/20 £'000
Net current assets and liabilities		
Amounts owed (to)/from General Fund	2,353	2,556
Remaining top-up grant due from the Home Office	(2,353)	(2,556)
Net current assets / (liabilities) at 31 March	<u>-</u>	<u>-</u>

Glossary of Terms

Accrual	The recognition in the correct accounting period of income and expenditure as it is earned or incurred rather than as cash is received or paid.
Accrued Retirement Benefits (Pensions)	The retirement benefits for service up to a given point in time, whether vested rights or not.
Actuarial Gains And Losses (Pensions)	For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.
Agency Services	The provision of services by an Authority (the agent) on behalf of another Authority, which is legally responsible for providing those services. The responsible Authority reimburses the Authority providing the service.
Appropriations	Amounts transferred to or from revenue or capital reserves.
Asset	An item owned by the Group which has an economic value e.g. land & buildings, debts or cash.
Budget	A financial statement of the Group's plans for any given year.
Capital Adjustment Account	An account that reflects the difference between the cost of property, plant and equipment and the capital financing set aside to pay for them.
Capital Expenditure	Expenditure on new assets or on the enhancement of existing assets.
Capital Grants	Grants received towards capital spending on a particular service or project.
Capital Receipts	Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing debt.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the leading professional accountancy body for public services.
Creditors	Amounts owed by the Group for work done, goods received or services rendered, but for which payment has not been made at the date of the balance sheet.
Curtailment (Pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of current staff or reduces for a number of staff the accrual of defined benefits for some or all of their future service.
Current Service Costs (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from pensionable service earned in the current period.

Debtors	Sums of money due to the Group, but unpaid at the balance sheet date.
Defined Benefit Scheme (Pensions)	A scheme to provide retirement benefits, the value of which are independent of the contributions payable, and that are not directly related to the underlying investments.
Depreciation	The measure of the wearing out, consumption or other reduction in the useful economic life of an item of property, plant and equipment.
Earmarked Reserves	Funds set aside from the Comprehensive Income and Expenditure Statement that can only be used for specific purposes.
Effective Rate of Interest	The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.
Equity Instrument	A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Expected Rate of Return on Pension Assets	For a funded, defined benefit scheme, the average rate of return, net of any charges, expected to be earned on assets held by the scheme over the remaining life of the related obligation to pay future retirement benefits.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial Asset	A right to future economic benefits controlled by the Group.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
Financial Liability	An obligation to transfer economic benefits controlled by the Group.
Financial Reporting Standards (FRSs)	Standards developed by the Accounting Standards Board to regulate the preparation and presentation of statement of accounts (see Statements of Standard Accounting Practice).
Government Grants	Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Police Grant; or general (see Revenue Support Grant).
Impairment	The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.
Income	Amounts that the Group receives, or expects to receive, from any source. Income includes fees, charges, sales, specific grants and special grants. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not they have been received in that period.

Injury Award	An injury award compensates an individual for the potential loss of earnings for injury sustained whilst on duty that results in some level of disablement which hinders or prevents them from working in the future. An injury award is a life time award.
Intangible Assets	An asset that lacks physical substance and yields benefits to the Group and the services it provides for a period of more than one year.
International Financial Reporting Standards (IFRSs)	Standards developed by the International Accounting Standards Board to regulate the preparation and presentation of statement of accounts.
Investments (Pensions)	The Group's share of pension scheme assets associated with its liability to pay future retirement benefits.
Minimum Revenue Provision (MRP)	The minimum amount the Group is required by statute to set aside on an annual basis for the repayment of debt.
National Non-Domestic Rates (NNDR)	The business rate in the pound is set annually and centrally by Government. The income arising is collected in a central pool for distribution to Local Authorities on the basis of a formula.
Past Service Cost (Pensions)	For a defined benefit scheme, the increase in the present value of the scheme liabilities related to staff service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits payable.
Precept	The cash sum levied by one Authority which is collected by another (a charging Authority). The Group is the precepting Authority and the District Councils are the charging Authorities.
Projected Unit Credit Method (Pensions)	An actuarial method of valuing a pension scheme's liability to pay future retirement benefits taking into account estimated increases in future earnings.
Property, Plant and Equipment	Assets that have a physical substance and are held for use in the provision of services or for administration purposes on a continuing basis.
Provisions	Liabilities that are of uncertain timing or amount to be settled by the transfer of economic benefits.
Reserves	Amounts set aside by the Group that do not fall within the definition of a provision.
Retirement Benefits (Pensions)	All forms of consideration given by an employer in exchange for services rendered by staff that are payable after completion of the engagement.
Revenue Contributions to Capital Outlay	The financing of capital expenditure directly from Revenue rather than from loans or other sources.

Revenue Expenditure	The day-to-day spending and income of the Group on such items as staff, goods, services and equipment.
Revenue Fund Balances	The accumulated surplus of income over expenditure held in reserve.
Revenue Support Grant (RSG)	The general grant paid by Central Government to aid Local Authority (including the Group) spending generally.
Scheme Liabilities (Pensions)	The liabilities to pay future retirement benefits, measured using the projected unit credit method, of a defined benefit scheme for outgoings falling due after the valuation date.
Service Reporting Code of Practice (SeRCOP)	A CIPFA Code that is designed to ensure a consistent and comparable approach to the calculation of the cost of services.
Settlement (Pensions)	An irrevocable action that relieves the employer of the primary responsibility for a pension obligation.

Draft Accounts