



Creating a safer  
**Cambridgeshire**

# The Chief Constable of Cambridgeshire Constabulary

## **DRAFT**

# **STATEMENT OF ACCOUNTS**

## **2020/21**

These are unaudited draft Statement of Accounts which have been released for Public Inspection and external audit

## Table of Contents

	<b>Page</b>
Preface – Introduction to the 2019/20 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary	2
Narrative Report	4
Statement of Responsibilities for the Statement of Accounts	31
Expenditure and Funding Analysis	32
<b>The Core Statement of Accounts</b>	
Comprehensive Income and Expenditure Statement	33
Movement in Reserves Statement	34
Balance Sheet	35
Cash Flow Statement	36
Notes to the Accounts	37
<b>Accompanying Statements</b>	
Pension Account	63
Glossary of Terms	65

## **PREFACE**

### **Introduction to the 2020/21 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary**

Preventing crime and making Cambridgeshire a safer place to live and work is at the heart of the Constabulary. The Constabulary's Corporate Plan was refreshed during 2019/20 and further refined in 2020/21 ensuring support and due regard is afforded to assist in the delivery of the Police and Crime Commissioner's Police and Crime Plan. Our operational priorities are to safeguard the vulnerable, combat acquisitive crime, reduce harm to communities, tackle serious and organised crime and increase public satisfaction. The operational priorities sit alongside the Constabulary's organisational focus, centred on People, Resources, Partnerships and Transformation. The Corporate Plan also sets out the values through which the Constabulary delivers policing to the communities of Cambridgeshire; those of fairness, integrity, diligence and impartiality. The 2020/21 refresh has, importantly, also set out the Constabulary's strategic ambitions and intent regarding diversity, equality and inclusion setting Equality Objectives for the period of the plan.

With a population of 0.85m representing a population increase of 11% over the last 10 years, Cambridgeshire is one of the fastest growing counties. The population is expected to grow in excess of 0.90m by 2031, the impacts of which on policing cannot be underestimated. The county covers 1,309 square miles and is diverse: from the cities of Peterborough and Cambridge through to market towns and on to the rural Fens; it has major infrastructure projects on the county's road network, significant growth in housing development and is a key contributor to the overall economy through the business sector. All of these characteristics along with increasingly complex crimes such as county lines and serious and organised crime make policing a challenge. However, the dedication and commitment of the Constabulary puts it in a place to meet these issues head on and provide a professional and inclusive policing service.

Performance has remained strong for the Force. 75,000 fewer telephone calls (999 and 101) were received in the 12 months ending March 2021 than in the previous financial year, but use of both web chat and online reporting tools increased year on year. Recorded crime levels decreased by 11.8% year on year, mirroring the direction of travel nationally. Stalking and harassment remains the only headline offence group where the long-term indicator has continued to trend upwards during lockdown; albeit changes to crime recording rules and enhanced scrutiny have attributed to some of this increase. In other offence groups where demand has remained high (Domestic Abuse, Drugs Offences), the long-term trend is flat. Demand across other crime types has already started to increase as lockdown restrictions are further relaxed. The prosecution possible outcome rate for the 12 months ending March 2021 was 13.0%; significantly higher than the long-term benchmark, with year on year improvements in both North and South policing areas.

During 2019/20 the Home Office pledged to recruit 20,000 more police officers through its Uplift Programme. Cambridgeshire's initial share of these officers to be delivered by the 31 March 2021 was 62 additional officers (with delivery split 21 in 2019/20 and 41 in 2020/21). The Constabulary has demonstrated excellent achievement increasing officer numbers by 74 with officer headcount at 31 March 2021 being 1,649 compared to 1,575 officers at the start

of the year. Within this the percentage of police officers within the Force from Black, Asian and Minority Ethnic Groups is 4.9% at the end of the year. Whilst below the county and national profiles some progress has been made in recruiting officers from these backgrounds with 8.4% of Cambridgeshire's new recruits being from Black, Asian, Mixed or Other ethnic groups over a rolling twelve month period.

We have continually challenged the efficiency and effectiveness of all areas of the Constabulary, yet we continue to remain one of the lowest cost forces in the country at 46p per person per day, against the national average of 56p (as per the HMICFRS Website). This has been achieved through increased collaboration with our Strategic Partners in Bedfordshire and Hertfordshire, developing new collaborations with the 7 Forces in our region and working with local partnerships and the Fire and Rescue Service.


The implications of the Covid-19 crisis added additional pressure to the revenue account in 2020/21, some of which was mitigated by additional funding from government. The significant cost to the national finances is still to be managed by Treasury, which creates ongoing uncertainty for funding in future years. The Constabulary along with the wider public sector are therefore likely to face a financial environment that continues to be challenging and regularly changing in future years with a high likelihood of further austerity. The forthcoming Comprehensive Spending Review will be critical in this regard.

Setting aside the financial implications of the Covid-19 pandemic I would like to offer my thanks and gratitude to all police officers and staff within the Constabulary and our partners. Everyone concerned has shown immense commitment to maintain policing in a constantly changing environment putting themselves at risk to continue to deliver police services keeping Cambridgeshire safe. For this I am truly grateful.

Financial management and delivery of savings by the Constabulary has been and continues to be high on the agenda and places the Force in a strong position to respond to these ongoing challenges working with our partners to drive value for money policing services. Indeed we have removed any use of reserves in balancing the budget as well as local vacancy factors setting a robust and sustainable basis to plan over the medium term.

I am confident that the combination of dedication and commitment of the Constabulary, its leadership and its workforce combined with strong and effective use of financial and non-financial resources will ensure we continue to deliver our vision of creating a safer Cambridgeshire.

I also thank the public of Cambridgeshire for their support in our delivery of the policing service across the county.



Nick Dean Mst (Cantab)  
Chief Constable

# Narrative Report

## Contents

1. Foreword by the Chief Finance Officer.....	5
2. Cambridgeshire.....	6
3. Cambridgeshire Constabulary	
Statutory Framework & Responsibilities..	7
The Police and Crime Plan.....	8
Corporate Plan.....	9
The Operational Model.....	9
Workforce.....	10
External Environment.....	11
Covid 19 Pandemic.....	12
Strategy and Resources.....	14
4. Financial Performance.....	17
5. Non-Financial Performance.....	22
6. Outlook.....	26
7. The Financial Statements.....	27
8. Summary and Conclusion.....	29

## **1. Foreword by the Chief Finance Officer**

The Narrative Report provides an overview of Cambridgeshire Constabulary's financial and non-financial performance for the 2020/21 year. Context to the performance is set out along with key external factors and a summary of the financial outlook for future years.

Regulation 8 of the Accounts and Audit (England) Regulations 2015 requires local authorities to prepare a narrative statement to include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

There are numerous challenges faced by Policing with ever changing complexity and sophistication of crime. These include serious and organised crime, county lines, cybercrime, modern day slavery, human trafficking and vulnerability victims and terrorist incidents. Policing demand across these areas has increased and continues to do so. Coupled with the tight financial environment within which the Constabulary operates, like many public sector bodies, there has to be a focus on economy, efficiency and effectiveness of policing with the resources available.

The impact of Covid-19 pandemic has created challenges to the Force throughout 2020/21 both operationally and financially. The Constabulary has been supported with additional government funding during 2020/21 in response to the pandemic. Some of the issues and changes to working practices will continue into 2021/22. The Constabulary's response was managed working in partnership with our public sector partners across the county, whilst maintaining our normal policing service. The response to the crisis has been effectively managed by the Constabulary and will increasingly focus on recovery from Covid whilst the Constabulary delivers policing to meet the inevitable increase in crime as lockdown measures are eased. Financially the pandemic has created additional costs to the Constabulary of £1.9m which has been managed in year through the revenue account after taking in to account additional government grants.

The 2020/21 financial year was the first full year of the Government's Police Uplift Programme to recruit an additional 20,000 police officers with recruitment starting early in 2019/20. Cambridgeshire's target number of officers was an extra 62 to be recruited by the 31 March 2021 (21 officers in 2019/20 starting the programme early and 41 in 2021/22). The Force rapidly responded to this initiative exceeding the 2020/21 Home Office baseline target headcount of 1,588 for Cambridgeshire by 61 officers ending the year with 1,649 officers.

The Force has continued to work with its Strategic Partners Bedfordshire Police (Beds) and Hertfordshire Constabulary (Herts) as part of the tri-force (BCH) collaboration. BCH delivers a range of shared services optimising the use of public money across the collaboration. Further still partnership work with the 7 Forces (BCH, Norfolk, Suffolk,

Kent and Essex) has progressed with the establishment of a single procurement team across the region and further areas of collaboration being explored. The move to a direct charging model for the costs related to the National Police Air Service (NPAS) has been a key area of activity within the Eastern region to agree the NPAS user requirement and the basis of the £4m cost allocation amongst forces. The Constabulary has continued to work with other local partners within Cambridgeshire and the Fire and Rescue Service. This continued focus on working together ensures the Constabulary's resources are achieving value for money.

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 to help the reader understand the overarching financial position of the Chief Constable and have confidence that the Chief Constable has spent public money effectively and has been accounted for in an appropriate manner.











The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Cambridgeshire. The PCC is elected by the public to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. This set of accounts explains how the resources provided by the PCC to the Constabulary have been used to deliver operational policing services.

## **2. Cambridgeshire**

Cambridgeshire Constabulary covers 1,311 square miles. The county consists of the cities of Ely, Peterborough and Cambridge, market towns and sparsely populated rural communities.

Cambridgeshire has a population in the region of 856k, a rise of around 11 percent compared with 10 years ago. This resident population is ethnically diverse, with 9.7% from Black, Asian, Mixed or Other ethnic group, and is increased by students who study in the area's universities and the large numbers who visit or travel through the county each year. Cambridgeshire continues to be one of the fastest growing counties with the population expected to grow above 900,000 by 2031.

Key facts for the Constabulary, as summarised by HMICFRS on their website relating to Cambridgeshire's most recent PEEL inspection, are set out below.

<b>FORCE AREA</b> 	<b>1,311</b> square miles	
<b>POPULATION</b> 	<b>0.856m</b> people	 <b>9%</b> local 10 yr change
<b>WORKFORCE</b> 	<b>95%</b> frontline police officers	<b>92%</b> national level
	<b>2.84</b> per 1000 population	<b>3.54</b> national level
	 <b>12%</b> 10yr change in local workforce	 <b>14%</b> 10yr national change
<b>VICTIM-BASED CRIMES</b> 	<b>0.07</b> per person	<b>0.07</b> national level
	 <b>42%</b> Local 5 year trend	 <b>42%</b> National 5 year trend
<b>COST</b> 	<b>46p</b> per person per day local	<b>56p</b> per person per day national

### 3. Cambridgeshire Constabulary

#### Statutory Framework & Responsibilities

The Police Reform and Social Responsibility Act 2011 (the Act) provides the statutory framework under which the PCC and Chief Constable were established as separate legal entities. The Act prescribes the roles and responsibilities of which an overview is provided here.

“The Police and Crime Commissioner for a police area must –

- a) Secure the maintenance of the police force for that area, and
- b) Secure that the police force is efficient and effective”.

The PCC also has a role in holding the Chief Constable to account for the operational policing of Cambridgeshire.

The Chief Constable directs and controls the operations, police officers and police staff of the Constabulary to achieve the policing objectives in the Police and Crime Plan.

The financial management responsibilities differ in that the PCC has overall responsibility for the finance of the Constabulary's group accounts. All resources, grant and precept funding is received by the PCC and funding is provided to the Chief Constabulary to deliver the operational policing requirement. The Chief Constable prepares single entity accounts to demonstrate how the funding provided by the PCC has been used to achieve the operational policing objectives.

The Financial Management Code of Practice for the police forces of England and Wales (the Code) has also been issued under the Police Reform and Social Responsibility Act 2011. The Code provides the financial governance arrangements for police forces and the financial requirements that the PCC and Chief Constable must adhere to. The ultimate aim being to ensure the proper use of, stewardship and value for money in the use of public funds to deliver the policing service.

The Chartered Institute of Public Finance and Accountancy (CIPFA) have developed their Financial Management (FM) Code for Police and Fire Services. The CIPFA FM Code contains 6 overarching principles covering leadership, accountability, transparency, sustainability, standards and assurance. The Constabulary has undertaken an assessment of its compliance with the CIPFA FM Code for the 2020/21 financial year, which identified a small number of areas where improvements can be made. Full compliance must be demonstrated from 2021/22 onwards.

### The Police and Crime Plan

The Police and Crime Plan (PCP) for Cambridgeshire sets the vision of the PCC for Cambridgeshire Constabulary - 'Working Together to Keep Cambridgeshire Safe'. It is structured on strategic themes being Victims, Offenders, Communities and Transformation against which aims and shared outcomes are set. This is ultimately a plan to make the county safer and to reduce crime. With the 2021 Police and Crime Commissioner (PCC) elections a revised Police and Crime Plan will be developed by the new PCC once they are in post.

#### Police and Crime Plan – Community Safety and Criminal Justice



The PCP can be found at the following link: [Police and Crime Plan 2017-20](#)

## **Corporate Plan**

The vision of Cambridgeshire Constabulary is to create a safer Cambridgeshire. Our Corporate Plan was updated in 2019/20 setting Organisational and Operational priorities and has been subsequently refreshed in 2020/21. The Organisational priorities focus on People, Partnerships, Resources and Transformation. The Operational priorities are to:

- Safeguard the vulnerable;
- Combat acquisitive crime;
- Reduce harm to communities;
- Tackle serious and organised crime and disrupt organised crime gangs; and
- Increase public satisfaction responding appropriately and improving communication with victims and witnesses.

In addition to the Organisational and Operational Priorities, the Corporate Plan also sets out the Constabulary's values of fairness, integrity, diligence and impartiality. These ensure the Constabulary has and continues to deliver an inclusive and professional policing service. The 2020/21 refresh has, importantly, also set out the Constabulary's strategic ambitions and intent regarding diversity, equality and inclusion setting Equality Objectives for the period 2020-2025.

The Corporate Plan can be found at the following link: [Cambridgeshire Corporate Plan 2021-2022](#)

## **The Operating Model**

The Constabulary continues to enhance its pioneering tri-force collaboration with Bedfordshire and Hertfordshire (BCH) as well as wider collaboration across the Eastern Region (including Kent Police). However local policing remains at the centre of the Constabulary's operating model.

We continue to work with local partners across Cambridgeshire to have a joined up response to tackling the cause of crime and continue to seek ways with our partners to prevent crime.

Where possible the Constabulary also collaborates with the Cambridgeshire Fire and Rescue Service and continues to identify opportunities to work jointly.

The Constabulary is also part of national policing arrangements where these are put in place for the benefit and consistency of policing nationally.

An annual planning process is undertaken to determine whether the operating model and resources remain appropriate. There is naturally a focus on the financial inputs in terms of the budget which is commented on further in the Financial Performance section. The financial resources are considered alongside other resources which are

deployed by the Chief Constable to meet the objectives of the Police and Crime Plan and the organisational and operational priorities contained in the Corporate Plan. In order to achieve this the Constabulary undertakes an annual Strategic Threat and Risk Assessment (STRA) combining the demands, threats and resource requirements faced by the Constabulary. This process forms the foundation of the business and financial planning approach used by the Constabulary.

## Workforce

The Constabulary employs police officers, police staff and police community support officers (PCSOs), and is supported by the special constabulary to deliver its policing model. The workforce is overseen by the monthly Strategic Workforce Planning meeting. The budget for 2020/21 included 1559 budgeted full time equivalent (FTE) police officers, which includes 61 officers from year one of the Government's 20,000 Uplift Programme. The actual officer strength (FTE) at 31 March 2021 was 1616 demonstrating the Constabulary's continued success against the Uplift Programme. The chart below sets out the budgeted establishment compared to actual strength at the end of March 2020.

In terms of headcount the Constabulary had 1649 officers at 31 March 2021, which is an increase of 74 officers compared to the starting position for the year of 1575 officers. During the course of 2020/21 the Constabulary has been successful in recruiting 161 additional officers in total. Of these 18 were transferees with the remaining 143 being new to the organisation. The net increase of new recruits is 74 as there were 87 officers that left the organisation during the year. The turnover rate for the Constabulary is 5.5% which compares favorably to the 2019/20 rate of 7.1% and the national average of 6.6%.

The Black, Asian, Mixed and Other ethnic group population in the county of Cambridgeshire is 9.7% (based on Home Office HLR force data). The percentage of police officers within the Force from Black, Asian and Minority Ethnic Groups is 4.9% at the end of the year. Whilst below the county and national profiles some progress has been made in recruiting officers from these backgrounds with 7.1% of Cambridgeshire's new recruits being from Black, Asian, Mixed or Other ethnic groups with 3.5% of leavers from these groups.

Female police officers total 543 FTE (33%) at the 31 March 2021. This compares favorably to the national average of 31.2%. The table below shows the proportion of female and male officers by rank at 31 March 2021.

Rank	Male	Female	Total
Constable	880	460	1340
Sgt	150	60	210
Insp/Ch.Insp	58	18	76
Supt/Ch.Supt	16	3	19
Chief officer	2	2	4
<b>Total</b>	<b>1106</b>	<b>543</b>	<b>1649</b>

In addition to police officers the Constabulary employs a number of police staff in various roles. The headcount of police staff numbers at the end of March 2021 totaled 1002 of which 63% were female.

Overall, the headcount at the end of the year for whole workforce (police officers and police staff) was 2626 with 1163 (44%) female employees and 1463 (56%) male.

### **External Environment**

The Constabulary provides a public service and has a number of key stakeholders and external influences. Clearly at the top of the stakeholder list is the public of Cambridgeshire who the Force is here to protect from crime and keep safe. With a growing population the demands on policing continue to grow. With increases in population, new technologies and the changing nature of crime, the environment within which the Constabulary operates and seeks to bring offenders to justice is becoming ever more complex. Policing therefore has to adapt, innovate and transform in order to respond these demands.

The Constabulary collaborates with other police forces and the fire service as outlined earlier. In addition, the Force takes seriously the role it plays in the wider public sector in Cambridgeshire by working closely with and supporting partnership arrangements with other public sector bodies. This was evident through the whole of 2020/21 through the Constabulary's involvement in the Local Resilience Forum (LRF) and Strategic Coordinating Group (SCG) in response to the Covid 19 pandemic in Cambridgeshire.

Central government through the Home Office also influences the environment within which the Constabulary operates. This ranges from national policing initiatives such as the Forensics Capability Network, the National Enabling Programme and Single Online Home through to the Police ICT company and Blue Light Commercial. All with the intention of driving efficiency and sharing of expertise through collaboration arrangements. Key government policy also influences the Constabulary through the funding arrangements and key national initiatives such as the Uplift Programme to recruit 20,000 new police officers by 2023.

Year one of the Uplift Programme is now complete with the Constabulary's target of 62 more officers being recruited by 31 March 2021 being achieved. The target for 2021/22 is a further 61 officers for Cambridgeshire which will put the budget FTE at 1620 and headcount at 1649 officers. The target for the final year is not yet confirmed but is estimated to be in the region of a 83 more officers. The Constabulary is working collaboratively with Bedfordshire and Hertfordshire police force to within the BCH collaboration through the Uplift Programme Board chaired by the Constabulary's Deputy Chief Constable. This approach has proved successful with the Force exceeding the headcount target of 62 officers by 61 officers at the end of the financial year.

The Constabulary is involved in a number of collaborative initiatives which have a direct impact on the operational and financial environment. The National Air Police Service (NPAS) is one example, which has undergone a review the charging basis to police forces nationally, which will be effective from 2021/22. Cambridgeshire has worked with forces in the Eastern region to define the user requirement and the cost allocation, which is expected to deliver substantial savings to the Constabulary in 2021/22.

Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. It features clearly in the governance structure and it effectively underpins and enables the business to identify, assess and manage a range of both internal and external factors.

The Constabulary maintains its own Risk Register and the risk management process is managed by the Organisational Improvement Centre. Formal accountability for the process lies with the Deputy Chief Constable and governance is ensured through the Risk Review Board that adds further scrutiny to the risk processes. This Board is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board, which is chaired by the Chief Constable. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures that the Constabulary's processes are aligned with the Commissioner's processes. A joint strategic risk register is in place which brings the corporate risks together.

### **Covid 19 Pandemic**

In March 2020 the covid 19 public health pandemic took hold and continued to take hold for the duration of 2020/21. This has impacted on the Constabulary operationally and financially ensuring policing of our communities was not compromised whilst at the same time ensuring the health and safety of our officers and staff. This was an unprecedented challenge that the Constabulary has managed professionally but with empathy for all those affected.

The Constabulary has been a key player in the Local Resilience Forum (LRF) and the Strategic Coordinating Group (SCG) through the attendance in the main of the Chief Constable or the Assistant Chief Constable and other subject matter experts within the Force as required. The impact of the pandemic for the county of Cambridgeshire has largely been contained through the work of these groups and the partners involved. Although there have been times when infection rates in parts of the county became a concern but were managed accordingly.

As well as the outward looking management of the pandemic the Constabulary has held a weekly Covid meeting involving all Chief Officers and Chief Superintendents supported by Superintendent leads in the business. A Gold Command structure was put in place locally within Cambridgeshire supplemented with Silver and Bronze Groups that have managed tactical arrangements in force. In parallel to the Cambridgeshire Gold Command a similar Gold Command operated across the BCH

collaborated units with the two command structures linking in to manage issues consistently in force and in collaboration.

In the early stages of the pandemic the need for personal protective equipment (PPE) was acute to maintain operations and to keep officers safe. Supplies became scarce and increasingly difficult to source with many suppliers seeking payment upfront. Many hours of research into suppliers was required to identify those that were able to supply the properly accredited products meeting the required specification set by the National Police Chief's Council (NPCC).

The Constabulary managed to maintain supplies through the hard work of staff until the point at which a regional approach to PPE was put in place through the Eastern region 7 Force Procurement collaboration. This arrangement fortified the supplies with an underwriting of the costs borne by some force until the point at which the national procurement and supply arrangements for police PPE was put in place. Ultimately the costs of PPE were reimbursed by government.

The government steer for essential travel only backed up by the guidance to work from home was adopted by the Constabulary. Rapid changes in working practices were adopted to ensure that policing as a key service could be maintained. This largely involved rolling out an additional 370 laptops and 85 smartphones to staff in a matter of months and enhancing the resilience of the Constabulary's remote access to ICT networks to accommodate the significant increase in home working. Coupled with the increase in home working managers across the organisation had to adjust to changes in processes, ways of working and management approaches ultimately adopting an agile way of working. This has modernised the approach to working within the Constabulary and with our collaborated partners.

However, given the nature of policing it was not possible for agile working to be fully adopted across the organisation. Neighbourhood policing teams, response teams and other frontline services had to be maintained in order to police the pandemic in line with government requirements.

The impact on officers and staff has varied as a result of the pandemic. In overall terms the Constabulary has not suffered from high levels of sickness directly linked to the pandemic through covid infections. Officers and staff have followed guidance issued and changes to working practices where covid safe environments have been put in place, PPE requirements have frequently changed and in mitigating risk through shielding, self-isolation and testing where appropriate. Mental health has at times become an increasing concern for those who may feel isolated at home as well as those delivering frontline policing services putting themselves at risk. Both situations could have led to increased sickness through stress and anxiety, which has been managed right across the organisation as evidenced by the relatively low levels of sickness experienced.

The pandemic has impacted on the performance of the Constabulary in the sense that 2020/21 has not been a 'usual' year with the lockdowns. This has ultimately altered the crime types faced by the Constabulary throughout 2020/21 and should be taken in to account when drawing comparisons with prior years and also with future years. The Performance section of this narrative statement provides more detail.

Financially the impact on the Constabulary has been managed in year within the revenue budget. The additional costs incurred are in the region of £1.9m. There have been some costs that have been avoided such as reduced fuel costs from the BP free fuel scheme for emergency services and additional grant funding from the government to reimburse PPE costs and proportion of lost income. The net impact being around a £1m net cost to the Constabulary linked to the pandemic.

## **Strategy and Resources**

### **Strategic Threat and Risk Assessment (STRA)**

In the autumn of 2019 the Constabulary introduced an innovative STRA process into its force and business planning process. The STRA identifies on an annual basis the threats and risks across the whole organisation against which a demand analysis is undertaken and resources deployed or reallocated accordingly. The STRA is also used to inform wider business planning activities such as the completion of the Force Management Statement (FMS) and the allocation of Cambridgeshire's share of the 20,000 police officer Uplift Programme put in place by the government.

The STRA process for 2021/22 was also started during the 2019/20 financial year, which was developed further to include additional financial information that the strategic leads needed to consider. This information was used to inform the MTFS refresh referred to in the next section.

The STRA process also links to the Constabulary's Uplift Programme by identifying the most effective use of the new officers to support the operational priorities whilst delivering the government's target of 20,000 new police officers over the next 3 years.

The internal auditors have recently provided a substantial assurance rating to the Constabulary's Business Planning arrangements.

### **Medium Term Financial Strategy (MTFS)**

The MTFS was approved by the PCC on 16 March 2021 at the Business Coordination Board. The plan includes both revenue and capital budget plans for the four year period to 2024/25 and the reserves strategy. The MTFS can be accessed at the following link: [MTFS 2021/22 to 2024/25 \(Agenda Item 8\)](#)

A high-level summary of the Medium Term Financial Plan for the revenue budget is provided below.

*The Chief Constable of Cambridgeshire Constabulary  
Draft Statement of Accounts 2020/21*

	Planned Budget	Forecast Budget	Forecast Budget	Forecast Budget
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Total In-House Expenditure	100,737	104,383	109,549	111,792
Net Cost of Police Pensions	16,647	16,868	17,212	17,563
Total BCH Collaboration	34,250	34,645	36,080	36,633
Total Other Collaborations & Partnership	6,762	6,817	7,066	7,189
Constabulary Expenditure	158,397	162,713	169,906	173,178
Total Income	-1,834	-1,834	-1,834	-1,834
<b>Total Constabulary Budget</b>	<b>156,563</b>	<b>160,880</b>	<b>168,072</b>	<b>171,344</b>
<b>Total OPCC Office Expenditure</b>	<b>1,215</b>	<b>1,231</b>	<b>1,254</b>	<b>1,278</b>
<b>Total Corporate Costs and Grants</b>	<b>-685</b>	<b>-3,155</b>	<b>-3,655</b>	<b>-3,655</b>
<b>Total Capital Financing Costs</b>	<b>4,560</b>	<b>5,951</b>	<b>6,749</b>	<b>7,208</b>
<b>Savings to be Identified</b>	<b>0</b>	<b>0</b>	<b>-3,871</b>	<b>-4,264</b>
<b>NET BUDGET REQUIREMENT (NBR)</b>	<b>161,654</b>	<b>164,907</b>	<b>168,549</b>	<b>171,912</b>
<b>Financed by:</b>				
Formula Grant	90,387	91,291	92,204	93,126
Precept	72,060	74,212	76,345	78,786
Local Council Tax Grant	1,000	-	-	-
Local Council Tax Earmarked Reserve	-955	440	516	-
Contribution -to/from Reserves	-812	-519	0	-
Collection Fund - Deficit / +Surplus	-26	-516	-516	-
<b>TOTAL FINANCING</b>	<b>161,654</b>	<b>164,908</b>	<b>168,549</b>	<b>171,912</b>

There are uncertainties within the MTFS particularly in quantifying costs into the future and uncertainty in future funding levels. This is exacerbated by the continued single year funding settlements from government rather than multi-year funding announcements. This makes planning in the medium term more difficult and uncertain. Importantly the MTFS does not assume the use of any reserve contributions other than the Local Council Tax Earmarked Reserve meaning the Constabulary's reserves are expected to be maintained in the MTFS.

The approach to the remedy of the McCloud pension discrimination continues, which creates a risk for future pension liabilities and additional pension costs in the future. The assumption is that these costs will be met by government. Significant capital projects required by the Constabulary operationally will create additional borrowing costs (interest and capital repayment) to the revenue account. An estimate of these costs is built into the MTFS but will need to be kept under review as projects develop.

The government's response to the record levels of debt driven by the covid-19 pandemic could see a return to austerity for much of the public sector. This introduces a new risk to the MTFS of reduced levels of funding for the Constabulary. It is expected that a comprehensive spending review (CSR) will be undertaken by government for financial years 2022/23 onwards. The next few years will continue to be challenging and difficult despite the ability of the PCC to raise the council tax in recent years (£12 in 2018/19; £24 in 2019/20; £10 in 2020/21; and £15 in 2021/22).

Despite this uncertain financial climate, the Constabulary will continue to meet the policing requirements of the county.

### **Medium Term Capital Plan**

The PCC has approved the Capital Strategy containing the Medium Term Capital Plan (MTCP) costing £73.1m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver operational policing.

The largest scheme in the 4 year plan remains the replacement of Parkside Police Station in Cambridge with a new Southern Police Station. A significant milestone was achieved in 2020/21 with planning permission being granted. Work on the project continues to finalise the detailed design and it is expected that the land purchase will be exercised in 2021/22 and a construction start in quarter 3. Alongside the Southern Police Station there are significant capital projects for specialist training facilities required for the BCH Joint Protective Services (JPS) and a firing range training facility. The remaining areas of significant capital investment are in ICT developments (£2.60m in 2021/22), the vehicle fleet (£1.52m in 2021/22) and the major repairs on the estate (£0.59m in 2021/22).

The financing of the proposed capital programme will see a necessary shift to higher levels of external borrowing (peaking at £43.9m, representing around 60% of the total programme of £73.1m to 2024/25, before falling back down to £28.3m). The costs of higher levels of borrowing will have an impact on the revenue budget which has been incorporated into the MTFS.

An overview of the 4 year capital programme is provided below.

Category	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £
Projects where Funding Approved in Previous years	42,000	42,000	42,000	0
Estate Programme	15,805,000	31,585,000	2,600,000	600,000
Fleet Programme	1,522,706	1,568,387	1,615,438	1,663,902
ICT & Digital Innovation Programme	2,235,361	4,696,146	4,000,000	2,000,000
Operational Programme	100,000	100,000	150,000	150,000
Chief's Delegated Capital Budget	300,000	300,000	300,000	300,000
<b>Totals for All Schemes</b>	<b>20,005,067</b>	<b>38,291,533</b>	<b>8,707,438</b>	<b>4,713,902</b>

### **Reserves**

The reserves are held by the PCC and are separated between usable and unusable reserves. Usable reserves are those that can be applied to help meet expenditure in a one-off context whereas unusable reserves are typically generated or applied as a result of technical accounting requirements. In recent years the budget assistance

reserve has been used to support the annual budget. The MTFs from 2020/21 removed the dependency on any use of reserves to support the revenue budget, which has been maintained in the budget set for 2021/22. Any revenue underspends in future years will be used to build further resilience in the reserves held where appropriate ear-marking them for specific purposes.

The usable reserves consist of earmarked reserves held for specific purposes and the general reserve which the Constabulary is required to hold. The Constabulary during 2020/21 has undertaken a review of the ear-marked reserves and has created some new reserves to meet known risks and areas of uncertainty including the McCloud pensions remedy, a transformation reserve and the Emergency Services Mobile Communications Programme. The realignment has been supplemented with the 2020/21 revenue underspend which has enabled the General reserve to be increased from £7.2m to £7.5m as at 31 March 2021. The MTFs plans to increase the General reserve to £8.5m by 2024/25 to reflect the increasing net revenue budget over the same period. The total of all reserves at the end of 2020/21 stood at £16.4m.

## **4. Financial Performance**

### **a. Economic climate**

The Constabulary, like most public sector bodies, has faced significant financial challenges due to reductions in funding from central government as part of the financial austerity along with cost pressures and continual changes in the demand for policing both locally and nationally. The covid 19 pandemic is likely to result in ongoing tightening of funding settlements in order to bring the national debt down. The continual need to find savings is unlikely to disappear in the medium term.

Since 2018/19 the PCC has been able to raise additional precept, which has helped to meet the costs of policing. In 2020/21 the precept was raised by just under £10 per annum on a band D property. This was the maximum increase to the precept allowed.

The full impact of Brexit on funding and economic conditions is not known although some minor impacts have been experienced to date from import duties where supplies are made from the European Union. Further financial impacts may be felt by the Constabulary in relation to the availability of supply for materials needed in construction, which could pose a risk for some of the projects in the capital programme.

The Constabulary, again, only received a one-year funding settlement heading into the 2020/21 financial year making financial planning in the medium term difficult due to the unknown levels of funding. This position due to the pandemic continued for

2021/22 with an expectation that a 3 year comprehensive spending review is planned for 2022/23 onwards.

These issues taken together provide an uncertain economic climate which will need to be kept under review, managed and planned for in future budgets.

## b. Financial Management

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices in place which have been developed further during 2020/21. Cambridgeshire Constabulary is judged to be good by HMICFRS in Efficiency, with the most recent inspection report stating that:

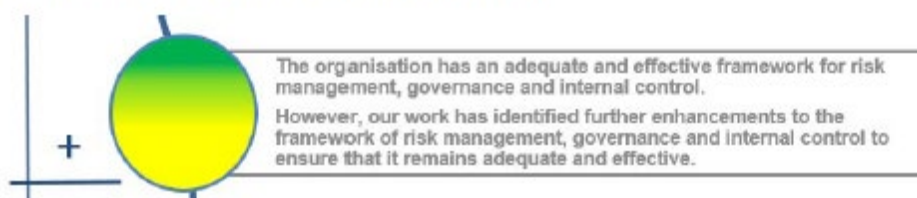
*“The force understands the costs of its services. It has a good track record for financial planning and is on target to achieve the necessary savings. Its collaboration with neighbouring forces helps it provide a more cost-effective service”.*

The Force operates a Scheme of Governance, which includes the Financial Regulations and Contract Standing Orders supported by Force Financial Instructions (FFI) which are updated annually. This provides the overall financial framework for the Force to work towards achieving best practice in financial management.

The internal auditor has also assessed the financial management arrangements of the Constabulary and has raised no significant issues to address. Financial audits have been undertaken during the year with positive assurance opinions on the General Ledger, Cash, Banking and Treasury Management, Payroll and Payments and Creditors along with a substantial assurance opinion on Business Planning arrangements within the Constabulary. For 2020/21 the Internal Audit Opinion based on the overall adequacy and effectiveness of the risk management, control and governance processes was a positive assurance assessment.

### Cambridgeshire Chief Constable

For the 12 months ended 31 March 2021, the head of internal audit opinion for Cambridgeshire Chief Constable is as follows:



During the year the Force joined the Achieving Financial Excellence in Policing (AFEP) Programme run by the Chartered Institute of Public Finance and Accountancy (CIPFA). The National Police Chief’s Council Finance Coordination Committee jointly developed the programme with CIPFA. As part of the Programme an independent Financial Management Capability Review (FMCR) was undertaken. Using CIPFA’s five-star rating system, Cambridgeshire was rated overall as three-stars. This represents a relatively

good performance in comparison to other forces assessed by CIPFA. The value from the FMCR has been the development of an action plan to enhance the financial management arrangements further which the Constabulary is working to deliver ahead of being reassessed.

CIPFA have also introduced a Financial Management Code of Practice with compliance being mandatory from 2021/22. The Constabulary has undertaken an initial assessment against the 6 principles and 17 financial management standards based on the arrangements in place during 2020/21. 13 of the standards are assessed as green with 4 rated as amber with some improvements that can be made, which are being worked on for the 2021/22. The assessment was reported to the Joint Audit Committee on 29 April 2021.

### **c. Revenue Outturn 2020/21**

The revenue outturn for the year for the budgets under the control of the Chief Constable is an under spend of £0.19m. Areas of the budget that ended the year under budget were:

- The Protecting Vulnerable People unit in Local Policing Investigations and Safeguarding under spent by £846k. Police officers vacancies being the main cause with just under 14 vacancies in the unit offset by additional police officer overtime costs.
- Business Support for Local Policing Operations ended the year £308k under budget due to the management of non-pay costs and 3 police staff vacancies in the unit.
- The Demand Hub underspent by £1,129k due to being under strength across both police officers and police staff (£393k and £824k respectively) offset by some overtime costs. Recruitment plans are in place to reduce the level of vacancies in the unit.
- Insurance costs were £171k under budget largely due to lower broker and handling fee costs for the year. Additional funds of £344k were added to the Insurance Reserve following receipt of the Insurance Fund Audit.
- Fleet costs were £491k underspent compared to budget. Savings in relation to fuel costs resulted from BP's free fuel initiative for emergency services in support of the covid pandemic, lower costs for vehicle hire and lower than expected fleet costs for the Chiltern Transport Consortium (CTC) although this was largely offset by an increase in the CTC insurance fund costs.
- BCH, regional and national collaborations ended the year £515k under budget in overall terms. The main areas within BCH being: the Major Crime Unit through vacancies; the Roads Policing Unit through vacancies and free fuel from the BP initiative; the Scientific Support Services through both staff pay and non-pay

underspends; Human Resources and Learning and Development due to the timing of recruitment following the Phase 2 service transformation and lower costs due to limited external training opportunities throughout the year; and the ICT budget where non-pay savings have been achieved in year. Underspend were also achieved in the Regional Organised Crime Unit / Counter Terrorism Police budgets and the regional 7 force programme budget.

- The OPCC's budget, not controllable by the Chief Constable, under spent by £244k for the year due to lower staff costs and running costs.

Under spent areas of the budget have offset other budgets that were over spent for the year as follows:

- The Covert Authorities budget over spent by £155k due higher costs than budgeted for subscriber fees and police officer and staff costs including over time.
- Within Local Policing Operations the Command budget over spent by £182k due to the need to capture costs related to the allocation of new recruits which was offset by an underspend due to Police Community Support Officers being under strength.
- Significant overspends were seen across the Northern and Southern area teams totalling £1,475k. The reason for this being the over strength position relating to police officers due to the success in recruiting new officers above target for the Police Uplift Programme.
- Corporate costs were £506k in excess of budget largely due to redundancy and pension strain costs associated with the review of the Neighbourhood Policing Model and the cost of ill health retirements. These costs have been offset by other areas of under spend within this budget.
- The Non-Operational Operations budget over spent by £250k due to additional covid spend and the loss of income due to events not taking place such as the policing of football matches, Newmarket Nights and the Burleigh Horse trials. Some of the lost income was reimbursed by the government's income recovery scheme for losses due to covid.
- Whilst the BCH collaboration under spent overall there were some units that did overspent with the significant areas being: the Armed Policing Unit due to lost income from policing services at Luton airport and unbudgeted for taser training cartridge costs; the Dogs Unit due to the need to pay retrospective essential car user allowances following a court case; and redundancy and pension strain costs as part of the Human Resources Phase 2 service transformation which exceeded the planned budget.

- The OPCC Capital and Grants budget, whilst not controllable by the Chief Constable, the budget overspent in the main due to an £0.5m extra revenue contribution to capital to support short life asset purchases. Interest receivable for the year was also below budget causing an overspend with the Prevention budget underspending to offset these areas.

The following table provides a high-level comparison between the approved budget and the actual expenditure for the Constabulary for 2020/21 i.e. those under the direction and control of the Chief Constable.

#### Summary of Revenue Expenditure against budget at 31 March 2021

	Budget £'000	Year end Outturn £'000	Year end Outturn variance £'000
Local policing - Investigations and safeguarding	23,558	22,930	-628
Local Policing - Operations	68,519	68,672	154
Non -Operational	19,630	19,803	173
Collaborated and Partnerships	38,674	38,159	-515
<b>CHIEFS NET BUDGET REQUIREMENT</b>	<b>150,381</b>	<b>149,565</b>	<b>-816</b>
PCC Budget Requirement	2,087	2,715	628
<b>NET BUDGET REQUIREMENT</b>	<b>152,467</b>	<b>152,280</b>	<b>-188</b>

#### d. Capital Outturn 2019/20

Under the Police and Social Responsibility Act 2011 the physical estate from which the Constabulary operates is held by the PCC. The PCC therefore incurs capital expenditure on land and buildings, information technology and other items of plant and equipment of a capital nature to enable the Constabulary to operate effectively and meet operational policing requirements.

The capital outturn for the year is £4.88m compared to a revised budget of £11.0m providing an in year underspend against the capital budget of £6.14m. The following table shows the capital outturn position for 2020/21 compared to the approved capital budget for the year.

#### Summary of Capital Expenditure against budget at 31 March 2021

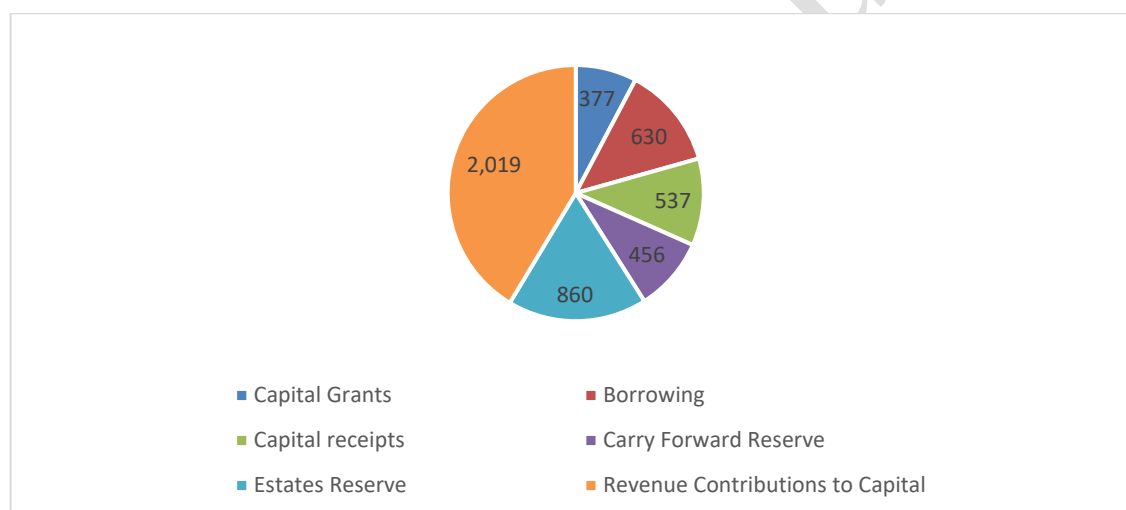
	B/Fwd from previous years	Original 2020/21 Capital Programme	Previously Authorised Programme Amendments	Revised 2020/21 Capital Budget	Final Outturn 2020/21	Variance to Budget	%
All figures £'000							
<b>Capital Payments:-</b>							
Land & Buildings	792	4,998	560	6,350	1,142	(5,208)	18%
Fleet	-	1,478	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%
<b>TOTAL</b>	<b>1,302</b>	<b>9,360</b>	<b>356</b>	<b>11,018</b>	<b>4,812</b>	<b>(6,206)</b>	<b>44%</b>

Of the Land and Buildings schemes the Cambridge Southern Police Station accounts for £3.75m of the variance. A proposed land purchase relating to the scheme that was anticipated in 2020/21 has not progressed due to planning permission only being confirmed in March 2021. The other main building schemes contributing to the variance are the refurbishment of Wisbech Police Station (£0.44m), the replacement of door readers (£0.37m) and upgrades to custody CCTV (£0.37m). These projects will all carry forward to 2021/22.

The ICT variance of £0.63m relates mainly to small underspends across a number of schemes. The major projects that have underspent against the budget for the year have been the Digital Interviewing project, Athena project and ESMCP devices.

The sources of capital financing applied to fund the total £4.88m of capital expenditure for the year is presented in the graph below.

#### Summary of £4.88m Capital Financing Applied for the Year Ended 31 March 2021

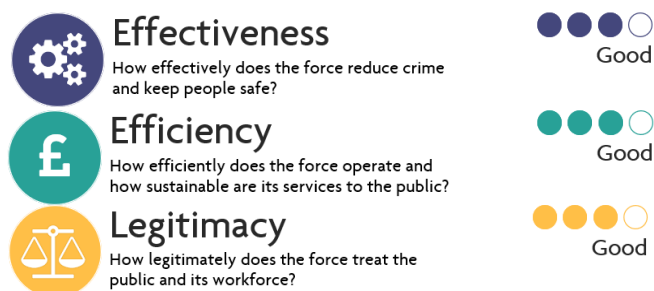


## 5. Non-Financial Performance

The Constabulary has a Corporate Framework in place which sets the structure and processes of the Constabulary to manage governance and drive performance, seeking to ensure senior managers are utilising resources to deliver first class policing across the county of Cambridgeshire.

The Constabulary received its latest Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection report in 2019/20, which provides an overall assessment of the Force's performance. Due to the covid pandemic a PEEL inspection was not

undertaken in 2020/21. Therefore the release date of the inspection report pre-dates the 2020/21. The PEEL inspection provided the following judgement on for the Constabulary as good across all areas inspected (from a range of possible judgements of inadequate, requires improvement, good to outstanding).



The HM Inspector of Constabulary, Zoe Billingham, in her report commended the good progress made by the Constabulary and observed that the “changes the force has made provide a strong foundation for continuing to keep communities across Cambridgeshire safe.”

### 2020/21 Performance Headlines

75,000 fewer telephone calls (999 and 101) were received in the 12 months ending March 2021 than in the previous financial year, but use of both web chat and online reporting tools increased year on year. While primary call handling performance improved, with higher grades of service for both 999 and 101 calls, and average waiting times holding stable, achieving sustainable reductions in abandonment rates on secondary lines has proved challenging

Daily call volumes in March were below average for this time of year, but an increase was seen at the end of the month following the easing of lockdown restrictions on 29th March. The implications of further increases will require careful monitoring.

As part of ongoing work to better understand the totality of police demand coming into the Demand Hub, a short survey was rolled out to all call handlers on 19th April. Aimed at capturing data about the nature of the calls received, the exercise was designed to run for a week, with the results intended to help shape future demand management strategies. A separate strand of demand management work involving the Demand Hub and local supervisors is looking at how to increase the use of appointments, with take up rates variable across the six districts.

Total incident volumes increased by 1.3% year on year, but the underlying grading profile changed, with a higher number and proportion of incidents graded response, and fewer dealt with by scheduled contact. COVID breach reports were a key driver behind the increase in prompt grade demand.

The median time to respond to immediate grade incidents has remained stable over the course of the last 12 months in both policing areas, but there have been notable improvements in prompt grade response performance; evident across all six districts in recent months.

Recorded crime levels decreased by 11.8% year on year, mirroring the direction of travel nationally. While the scale of change differed by district and crime type, East Cambridgeshire was the only district to record an increase. The Force Performance Board (FPB) has asked for a plan to be drawn up for activity over the forthcoming year aimed at understanding and reversing this position.

Stalking and harassment remains the only headline offence group where the long-term indicator has continued to trend upwards during lockdown. In other offence groups where demand has remained high (Domestic Abuse, Drugs Offences), the long-term trend is flat. Demand across other crime types is expected to start to increase as lockdown restrictions are further relaxed.

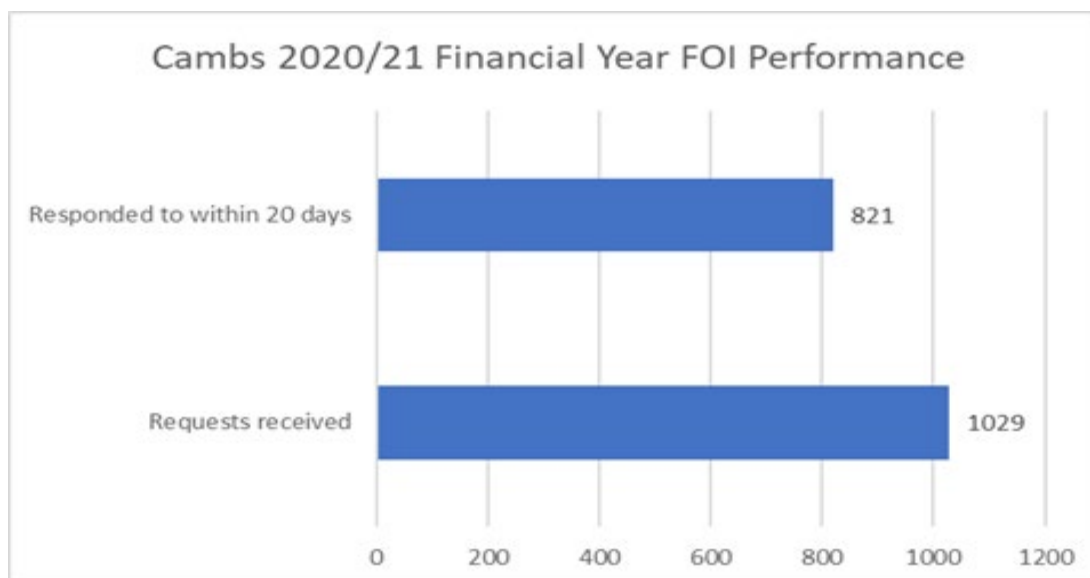
Significant progress has been made over the last 12 months in driving up crime management standards; improving supervisory oversight and Victim Care Contract compliance, and addressing data quality issues around suspect categorisation in order to better understand and manage risk. This remains a key focus going forward in order to achieve greater consistency and sustainability.

The prosecution possible outcome rate for the 12 months ending March 2021 was 13.0%; significantly higher than the long-term benchmark, with year on year improvements in both North and South policing areas. Out of Court Disposals accounted for one third of all prosecution possible outcomes, a year on year increase which mirrored the national direction of travel; however, increased use of Outcome 22 'Diversionary, Educational or Intervention Activity being undertaken' also evidences ongoing work to find alternative pathways to redress offender behaviour.

Work has continued over the past 12 months to improve the availability and breadth of management information available to officers and supervisors. Alongside changes to suspect management reports, recent developments also include the ability to drill down further into Stop Search data, with revised dashboards enabling a more detailed level of scrutiny. This will help in identifying opportunities to both learn and improve.

### **Freedom of Information (FOI) Compliance**

Throughout 2020/21 the Constabulary has responded to 1029 FOI requests. The chart below demonstrates that 80% of requests received have been responded to within 20 days, compared to the Information Commissioner's Office target of 90%.



## Complaints

In respect of complaints, during 2020/21 for Cambridgeshire the Professional Standards Department (PSD) recorded 343 public complaint cases that comprised a total of 818 allegations. Of the 818 allegations the top five complaint types were:

- 143 relating to the General Level of Service;
- 101 associated with Police action following contact;
- 88 due to use of force;
- 58 around other policies and procedures; and
- 57 linked to overbearing or harassing behaviour.

61 conduct cases were recorded involving a total of 51 police officers and 10 police staff. With regards to police officers gross misconduct cases numbered 20 and recorded practice requiring improvement were 12. For police staff 7 out of the 10 cases were for gross misconduct.

Overall for the year 74 matters were referred to the Independent Office for Police Complaints (IOPC), 11 of which were declared independent to be investigated by the IOPC, 45 were determined to be suitable for local investigation by PSD with the remaining 17 returned to the Force to manage.

The Policing and Crime Act 2017 made significant changes to the police complaints and disciplinary system. The Regulations that underpin the Act were laid in Parliament in January 2020 and implemented on 1st February 2020.

The Act and supporting Regulations introduced a number of changes designed to achieve a more customer-focused complaints system and for misconduct it aims to increase the focus on learning and improvement as misconduct proceedings will only be for serious breaches of the Standards of Professional Behaviour.

All public complaints are now initially handled by teams outside of PSD. This means that all complaints are triaged and if they are of a low level, they can be passed to a local supervisor to deal with. This means that a complaint can be 'logged' and dealt with outside of the formal legislation. Those more serious complaints will still be referred to PSD to be investigated. Cambridgeshire has established a Complaints Resolution Team to manage this process.

The European Electronic Communications Code (EECC) is an EU directive which defines the way emergencies are handled across the EU. The new legislation requires the Constabulary to communicate with the public via all of its communication channels, not simply telephony. In order to comply, and to allow the public to contact the Constabulary via its social media channels, the Force has established a Digital Desk within its Demand Hub. Trained staff now utilise a Social Media Management Platform to respond to comments and direct messaging via its social media channels. The Digital Desk, went live on a 24/7 basis on 8 February 2021.

## **6. Outlook**

The financial outlook continues to be turbulent although the increases in precept allowed in recent years has helped significantly. There continue to be various aspects of the economic and financial climate that are uncertain and pose risks to the Constabulary. These have been outlined earlier in this narrative report. In summary these are the continuing impacts due to Covid 19 and Brexit and the potential for another period of austerity, the absence of a multi-year funding settlement from the government, and the need to continue to lobby for a fairer funding settlement through the police funding formula review. These areas of uncertainty have remained constant over recent years.

The Constabulary is well placed with cash reserves and a strategy to protect these reserves and only use them where essential or for ear-marked purposes. Following the financial planning undertaken for the 2021/22 to 2024/25 MTFS refresh the revenue budget is in a strong position to manage these uncertainties for the next two year. However, budget savings do need to be identified from 2023/24 onwards which is the focus of financial planning to secure a truly balanced and sustainable MTFS. The Constabulary has the right mechanisms and leadership in place to achieve financial sustainability and resilience.

Despite the financial challenges the Constabulary continues to perform well and will drive further improvement through its STRA and governance processes. The delivery to date against the Constabulary's share of the 20,000 police officer Uplift Programme exceeded the target set for year one and is on track to deliver the target for year 2 during 2021/22. This will see a further 61 extra officers by 31 March 2022 for the Force to make Cambridgeshire safer. The Constabulary is also confident in maintaining this

trajectory to meet the Uplift Programme target in final year 2022/23 with an estimated further 82 officers to be recruited.

Whilst there are financial uncertainties the Constabulary is heading into some exciting times as it works with the PCC to develop the estate, such as the Southern Police Station project and the operational support unit specialist training facilities and firing range facilities. These projects will transform and modernise the policing services for Cambridgeshire and collaborated partners.

Whilst the Constabulary had to adjust to the covid pandemic in 2020/21, the organisation, officers and staff will similarly have to re-adjust as lockdown measures are eased. This will affect the Constabulary internally in terms of how the force continues to work in the future maintaining an approach to agile working where appropriate rationalising and optimising the use of the estate in doing so. Importantly also is the impact on the Constabulary as society returns to normal with the forecast increase in crime rates returning to and potentially exceeding pre-pandemic levels.

PCC elections took place on 6 May 2021 with a new PCC being elected for Cambridgeshire who has now taken up office. The PCC will develop their Police and Crime Plan, which the Constabulary will need to respond to support the PCC in its delivery. This will be developed during 2021/22.

## **7. Financial Statements**

This section summarises the key headlines from the financial statements for 2020/21.

### **The Expenditure and Funding Analysis (EFA)**

The EFA intends to show how the management accounts of the Constabulary relate to the financial accounts. It presents how the annual expenditure is used and funded from resources (Government grants and Council Tax) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Constabulary's Services.

Key point to note is that the EFA shows that there was no resulting charge to the General Fund Balance in 2020/21. This is because the General Fund is held by the PCC and therefore is nil for the Chief Constable.

### **The Comprehensive Income and Expenditure Statement (CIES)**

The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Constabulary receives its funding from the PCC. The PCC receives grant from central government and raises precept through local government bodies for policing services which provides the majority of the Constabulary's funding. The

funding is used to cover expenditure in accordance with regulations. This is different from the accounting cost, which will include costs in respect of asset revaluations, movements in pension valuations and other technical accounting entries.

Key points to note are:

- The Net Cost of Service for 2020-21 for the Constabulary was a surplus of £24.229m compared to a deficit of £4.651m in 2019-20, the majority of the difference related to pension adjustments.
- After taking into consideration other operating expenditure and Financing and Investment Expenditure the deficit on provision of services totalled £25.22m.

### **Movement in Reserves Statement (MiRS)**

The MiRS shows the movement from the start of the year to the end of the year on the different reserves held by the Constabulary. The Statement shows how the movements in year of the 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 Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

The key point to note is that the Constabulary Reserves are negative and ended 2020/21 at £1,735m, an increase of £186m, compared to the prior year figure of £1,549m. This reflects the fact that the reserves held by the Chief Constable are all unusable reserves and relate to liabilities held in the balance sheet.

### **Balance Sheet**

The Balance Sheet shows the value of assets and liabilities held at the 31 March 2020 which are recognised by the Constabulary. The net assets (assets less liabilities) are matched by the reserves held. The reserves held by the Constabulary are unusable reserves, and hold timing differences shown in the Movement in Reserves at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet is a snapshot of the Constabulary's assets, liabilities, cash balances and reserves at the balance sheet date.

The key point to note is that the Constabulary only has pay related liabilities, totalling £1,735m. All other assets and liabilities are reported in the Commissioners accounts.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

Excluding the pension liabilities, the Constabulary's Balance Sheet has negative net assets of £4.7million. This reflects the fact that the PCC owns all Property but that the Chief Constable has all the assets and liabilities in relation to operational policing.

## McCloud / Sargeant judgement

The Chief Constable of Cambridgeshire, 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.

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.

## 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.

## **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents (such as movements in debtors and creditors) during the reporting period. The statement shows how the Constabulary generates and uses cash by classifying cash flows as operating, investing and financing activities. However, the statement does not show any cash balances as all cash and cash equivalents are held by the PCC.

## **8. Summary and Conclusion**

Cambridgeshire Constabulary has a strong track record of effective financial and business management to support the delivery of the PCC's Police and Crime Plan. The Chief Constable's Management Team are fully engaged with the financial planning process to ensure resources are directed to priority areas and within the funding available. This is supported by the comments made on Efficiency in the last HMICFRS (PEEL) inspection.

This strength in financial management will be as important as ever as the impact as the covid lockdown is lifted. The Constabulary will continue to plan and manage its resources effectively to ensure service delivery, performance outcomes and value for money. Along with other economic and financial uncertainties the challenging financial environment will continue over the medium-term period. Progress has been made in securing financial sustainability and resilience and this continues to be a key priority for the Constabulary. This will be delivered whilst continuing to improve performance, bringing offenders to justice and keeping the people of Cambridgeshire safe.

The Constabulary will rise to this challenge with fairness, integrity, diligence and impartiality as determined by the Corporate Plan.

### **Receipt of further information**

You can also find information about Cambridgeshire Constabulary Police finances by looking at the Cambridgeshire Constabulary website at [www.cambs-police.co.uk](http://www.cambs-police.co.uk)

### **Acknowledgements**

The Statement of Accounts is a key statutory document providing transparency to the public on the financial performance of the Constabulary during the 2020/21 financial year. It takes an incredible amount of effort to produce these accounts. This would not have been possible without the commitment, dedication and hard work of staff in the finance team and others across the organisation and the tri-force collaboration. I would like to thank all colleagues involved in the preparation of these accounts.



Jon Lee CPFA  
Chief Finance Officer to the Chief Constable

## Statement of Responsibilities for the Statement of Accounts

### The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs;
- manage its affairs to secure the economic, efficient, 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 Chief Constable'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 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.



Jon Lee CPFA

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary  
16 JULY 2021

*These are unaudited draft Statement of Accounts which have been released for Public Inspection and external audit*

## 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 providing a link between the management accounts and the financial accounts.

	2019/20			2020/21		
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Police Services	150,025	20,197	170,222	158,186	(9,324)	148,862
Intra-Group Adjustment for financial resources consumed	(165,571)	-	(165,571)	(173,091)	-	(173,091)
<b>Net Cost of Services</b>	<b>(15,546)</b>	<b>20,197</b>	<b>4,651</b>	<b>(14,905)</b>	<b>(9,324)</b>	<b>(24,229)</b>
Other Income and Expenditure	15,546	40,674	56,220	14,905	34,539	49,444
<b>Deficit on Provision of Services</b>	<b>-</b>	<b>60,871</b>	<b>60,871</b>	<b>-</b>	<b>25,215</b>	<b>25,215</b>
Opening General Fund Balance	-			-		
<b>Closing General Fund Balance</b>	<b>-</b>			<b>-</b>		

## Comprehensive Income and Expenditure Statement

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
170,222	-	170,222	Police Services	148,862	-	148,862
(165,571)	-	(165,571)	Intra-Group Adjustment for financial resources consumed (note 6)	(173,091)	-	(173,091)
<b>4,651</b>	<b>-</b>	<b>4,651</b>	<b>Net Cost of Services</b>	<b>(24,229)</b>	<b>-</b>	<b>(24,229)</b>
15,546	-	15,546	Other Operating Expenditure (note 10)	14,905	-	14,905
40,674	-	40,674	Financing and Investment Income and Expenditure (note 11)	34,539	-	34,539
<b>60,871</b>	<b>-</b>	<b>60,871</b>	<b>Deficit on Provision of Services</b>	<b>25,215</b>	<b>-</b>	<b>25,215</b>
		(164,693)	Remeasurement of the net defined benefit liability (note 19)			160,285
		<b>(164,693)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>160,285</b>
		<b>(103,822)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>185,500</b>

The Chief does not recognise any income. This is all included in the Police and Crime Commissioner Annual Accounts.

## Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2019</b>	-	1,653,236	1,653,236
<b>Movement in reserves during 2019/20</b>			
Total Comprehensive Income and Expenditure	60,871	(164,693)	(103,822)
Adjustments between accounting basis & funding basis under regulations	(60,871)	60,871	-
Decrease in 2019/20	-	<b>(103,822)</b>	<b>(103,822)</b>
<b>Balance at 31 March 2020 carried forward</b>	-	<b>1,549,414</b>	<b>1,549,414</b>
<b>Movement in reserves during 2020/21</b>			
Total Comprehensive Income and Expenditure	25,215	160,285	185,500
Adjustments between accounting basis & funding basis under regulations	(25,215)	25,215	-
<b>Increase in 2020/21</b>	-	<b>185,500</b>	<b>185,500</b>
<b>Balance at 31 March 2021 carried forward</b>	-	<b>1,734,914</b>	<b>1,734,914</b>

This statement shows balances only for reserves in relation to staff under the direction and control of the Chief Constable for the financial years 2020/21 and 2019/20, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

## Balance Sheet

	Notes	2020/21		2019/20	
		£000	£000	£000	£000
<b>Long Term Assets</b>			-		-
<b>Current Assets</b>			-		-
Short Term Creditors	12	(4,748)		(1,826)	
<b>Current Liabilities</b>			(4,748)		(1,826)
Other Long Term Liabilities	19	(1,730,166)		(1,547,588)	
<b>Long Term Liabilities</b>			(1,730,166)		(1,547,588)
<b>Net Liabilities</b>			<u>(1,734,914)</u>		<u>(1,549,414)</u>
Usable Reserves			-		-
Unusable Reserves	13		1,734,914		1,549,414
<b>Net Reserves</b>			<u>1,734,914</u>		<u>1,549,414</u>

## Cash Flow Statement

	2020/21 £000	2019/20 £000
Net surplus/(deficit) on the provision of services	(25,215)	(60,871)
Adjusted net deficit or surplus on the provision of services for non cash movements (note 14)	25,215	60,871
Net cash flows from Operating Activities	-	-
Investing Activities	-	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	-	-

This statement does not show any cash balances for the financial years 2020/21 and 2019/20 as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

## Notes to the Accounts

### 1. Accounting Policies

#### (i) General Principles

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 Chief Constable. 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 Police and Crime Commissioner Group and the Chief Constable have adopted consistent accounting policies.

**(ii) 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.

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.

**(iii) Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits, being 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. Termination Benefits 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 2016 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 Chief Constable's Accounts include the cost of providing pensions to the staff under the direction and control of the Chief Constable only.

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.

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, for example 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, such as 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) 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.

**2. Accounting Standards that have been issued but have not yet been adopted**

Standards that have been issued but not yet adopted, which may require disclosure in 2021/22 accounts, are anticipated to be listed in Appendix C of the 2021/22 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 IFRS 9, IAS 39, IFRS 7, 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.

### **3. Critical judgements in applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Constabulary 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.

### **4. 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 of 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:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
<b>Pensions Liability</b>	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 advice for the Police Staff Pension Scheme	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 £227m as a result of changes in financial assumptions) and an increase of £48m for Police Staff Pensions as a result of changes in financial assumptions. See note 19.

---

(LGPS) administered by Cambridgeshire County Council.	A sensitivity analysis shown in Note 19 shows the impact that a 0.5% increase in Real Discount Rate will have or a 0.5% increase in Salary or Pension Increase would have on the 3 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).
---	--

---

#### 5. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 12<sup>th</sup> July 2021.

There are no events to report.

#### 6. 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 from.

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 through 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
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
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)

## 7. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2020/21		
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	£000
Police Services	(12,246)	2,922	(9,324)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(12,246)	2,922	(9,324)
Other Income and Expenditure	34,539	-	34,539
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<b>22,293</b>	<b>2,922</b>	<b>25,215</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2019/20		
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	0
Police Services	19,882	315	20,197
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	19,882	315	20,197
Other Income and Expenditure	40,674	-	40,674
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<b>60,556</b>	<b>315</b>	<b>60,871</b>

### 7.1 Adjustment 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 being the net interest on the defined benefit liability is charged to the CIES.

### 7.2 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.

## 8 Expenditure and Income Analysed by Nature

	2020/21 £'000	2019/20 £'000
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
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	15,802	14,961
Agency and Contracted Services	1,638	1,543
Funding to PCC (Re RCCO)		
Intra-Group Adjustment for financial resources consumed	(173,091)	(165,571)
Pension Top Up Grant Transferred to Pension Fund	14,905	15,546
Net interest on the net defined benefit liability	34,539	40,674
<b>(Surplus) or Deficit on Provision of Services</b>	<b><u>25,215</u></b>	<b><u>60,871</u></b>

## 9 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 Chief Constable in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure. The adjustments are made against the General Fund Balance.

	<b>2020/21</b>	<b>2019/20</b>
	<b><u>Usable Reserves</u></b>	<b><u>Usable Reserves</u></b>
	<b>General Fund</b>	<b>General Fund</b>
	<b>Balance</b>	<b>Balance</b>
	<b>£000</b>	<b>£000</b>
<b>Adjustments to the Revenue Resources</b>		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	22,293	60,556
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	2,922	315
<b>Total Adjustments to Revenue Resources</b>	<b><u>25,215</u></b>	<b><u>60,871</u></b>
<b>Total Adjustments</b>	<b><u>25,215</u></b>	<b><u>60,871</u></b>

## 10 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Pension Top Up Grant Transferred to Pension Fund	14,905	15,546
	<b><u>14,905</u></b>	<b><u>15,546</u></b>

Note – Pension Top Up Grant is received from the Home Office to meet the Constabulary's cost of police officer pensions.

## 11 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Net interest on the net defined benefit liability	34,539	40,674
	<b><u>34,539</u></b>	<b><u>40,674</u></b>

Note – this represents the interest costs associated with the LGPS pensions deficit.

## 12 Creditors

	2020/21 £000	2019/20 £000
Accumulated Absence Accrual	<u>(4,748)</u>	<u>(1,826)</u>
	<u><b>(4,748)</b></u>	<u><b>(1,826)</b></u>

The balance of creditors is a financial instrument, within the category of current other liabilities and is included in disclosure note 18 of the Group accounts.

## 13 Unusable Reserves

The unusable reserves comprise of the Pension and Accumulated Absence Reserve. Details below.

### Pension Reserve

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 Chief Constable accounts for post employment benefits:

- In the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service;
- 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 Chief Constable 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 Chief Constable 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 19.

	2020/21 £000	2019/20 £000
Balance at 1 April		
Pension reserve opening balance transfer to PCC	1,547,588	1,651,725
Remeasurements of the net defined benefit liability	160,285	(164,693)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	63,146	100,498
Employer's pensions contributions and direct payments to pensioners payable in the year	(40,853)	(39,942)
Balance at 31 March	<u><b>1,730,166</b></u>	<u><b>1,547,588</b></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.

	2020/21 £000	2019/20 £000
Balance at 1 April	1,826	1,511
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	315
Balance at 31 March	<u>4,748</u>	<u>1,826</u>

### 14 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2020/21 £000	2019/20 £000
Movement in Pension Liability	22,293	60,556
Other non-cash items charged to the net surplus or deficit on the provision of services	2,922	315
	<u>25,215</u>	<u>60,871</u>

### 15 Joint Operations

#### Eastern Region Special Operations Unit

The Eastern Region Special Operations Unit (ERSOU) was established on 1st April 2010 as 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.

Expenditure of £2.224m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement. As all assets, liabilities and reserves, except those relating to staff and officers under the direction and control of the Chief Constable, are held by the PCC only the operational policing costs of the ERSOU joint operation have been included in the Chief Constable's Comprehensive Income and Expenditure Statement. The full consolidation is included in the PCC and Group Statement of Accounts.

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	-4,796
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
<b>Surplus / Deficit</b>	<b>1,746</b>	<b>2,224</b>	<b>1,735</b>	<b>3,159</b>	<b>2,095</b>	<b>2,542</b>	<b>1,934</b>	<b>15,435</b>

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	-4,336
Running Costs	2,384	3,083	2,946	4,318	2,721	3,497	2,640	21,589
Depreciation	39	35	20	61	4	47	39	245
<b>Surplus / Deficit</b>	<b>1,997</b>	<b>2,567</b>	<b>1,953</b>	<b>3,607</b>	<b>2,249</b>	<b>2,918</b>	<b>2,207</b>	<b>17,498</b>

### 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 £28.327m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement. The table overleaf provides the breakdown across the functions that are collaborated for both 2020/21 and prior year.

### Seven 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.

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

<b>Beds 2019/20 £'000</b>	<b>Cambs 2019/20 £'000</b>	<b>Herts 2019/20 £'000</b>	<b>Total 2019/20 £'000</b>		<b>Beds 2020/21 £'000</b>	<b>Cambs 2020/21 £'000</b>	<b>Herts 2020/21 £'000</b>	<b>Total 2020/21 £'000</b>
<b>Joint Protective Services</b>								
2,809	2,471	2,816	<b>8,096</b>	Armed Policing Unit	3,467	3,110	3,686	<b>10,263</b>
731	913	1,221	<b>2,865</b>	Dogs	812	998	1,353	<b>3,163</b>
2,492	3,022	3,691	<b>9,205</b>	Major Crime Unit	2,495	2,980	3,690	<b>9,165</b>
280	362	506	<b>1,148</b>	Operational Planning & Public Order	313	396	565	<b>1,274</b>
245	318	444	<b>1,007</b>	Protective Services Command Team	258	327	466	<b>1,051</b>
95	123	171	<b>389</b>	Resilience	94	119	169	<b>382</b>
2,471	3,591	4,769	<b>10,831</b>	Roads Policing Unit	2,553	3,651	4,912	<b>11,116</b>
2,433	2,986	4,019	<b>9,438</b>	Scientific Services Unit	2,457	2,968	4,049	<b>9,474</b>
<b>11,556</b>	<b>13,786</b>	<b>17,637</b>	<b>42,979</b>	<b>Total Joint Protective Services</b>	<b>12,449</b>	<b>14,549</b>	<b>18,890</b>	<b>45,888</b>
<b>Operational Support</b>								
277	359	502	<b>1,138</b>	Criminal Justice & Custody Management Team	285	180	514	<b>979</b>
655	850	1,187	<b>2,692</b>	Criminal Justice	586	742	1,057	<b>2,385</b>
108	210	171	<b>489</b>	Firearms & Explosives Licensing	114	221	180	<b>515</b>
-356	-454	-593	<b>-1,403</b>	Camera, Tickets, Collisions	-201	-251	-333	<b>-785</b>
3,603	4,671	6,527	<b>14,801</b>	ICT	3,711	4,696	6,695	<b>15,102</b>
303	393	549	<b>1,245</b>	Public Contact Senior Leader Team	288	364	519	<b>1,171</b>
<b>4,590</b>	<b>6,029</b>	<b>8,343</b>	<b>18,962</b>	<b>Total Operational Support Expenditure</b>	<b>4,783</b>	<b>5,952</b>	<b>8,632</b>	<b>19,367</b>
<b>Organisational Support</b>								
455	590	825	<b>1,870</b>	Collaboration Team	415	525	748	<b>1,688</b>
4,056	5,257	7,345	<b>16,658</b>	HR / L&D	3,963	5,015	7,148	<b>16,126</b>
668	866	1,210	<b>2,744</b>	Information Management Department	796	1,007	1,435	<b>3,238</b>
1,104	1,149	1,659	<b>3,912</b>	Professional Standards Unit	1,249	1,279	1,873	<b>4,401</b>
279	362	506	<b>1,147</b>	Procurement	-	-	-	<b>-</b>
<b>6,562</b>	<b>8,224</b>	<b>11,545</b>	<b>26,331</b>	<b>Total Organisational Support Expenditure</b>	<b>6,423</b>	<b>7,826</b>	<b>11,204</b>	<b>25,453</b>
<b>22,708</b>	<b>28,039</b>	<b>37,525</b>	<b>88,272</b>	<b>Total BCH Net Operating Costs</b>	<b>23,655</b>	<b>28,327</b>	<b>38,726</b>	<b>90,708</b>
				Regional 7 Force Procurement	270	342	487	<b>1,099</b>
				<b>Total Net Operating Costs</b>	<b>23,925</b>	<b>28,669</b>	<b>39,213</b>	<b>91,807</b>

## 16 Officers' Remuneration

		Salaries, fees & allowances	Bonuses	Benefits in Kind	Total Remuneration excluding pension contributions	Employer's pension contributions	Total Remuneration including pension contributions
		£	£	£	£	£	£
<b>Chief Constable's Accounts</b>							
Chief Constable							
Nick Dean	<b>2020/21</b>	<b>151,899</b>		<b>4,616</b>	<b>156,515</b>	<b>46,001</b>	<b>202,516</b>
<i>Nick Dean</i>	2019/20	148,280	-	5,497	153,777	44,879	198,656
Deputy Chief Constable							
Jane Gyford	<b>2020/21</b>	<b>133,303</b>	-		<b>133,303</b>	<b>37,941</b>	<b>171,244</b>
<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	<b>2020/21</b>	<b>106,508</b>	-	<b>9,819</b>	<b>116,327</b>	<b>33,017</b>	<b>149,344</b>
<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	<b>2020/21</b>	<b>118,009</b>			<b>118,009</b>	<b>36,583</b>	<b>154,592</b>
<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	<b>2020/21</b>	<b>105,518</b>	-	<b>5,286</b>	<b>110,804</b>	<b>24,164</b>	<b>134,968</b>
<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)	<b>2020/21</b>	<b>74,685</b>		<b>1,246</b>	<b>75,931</b>	<b>13,958</b>	<b>89,889</b>
<i>Paul Fullwood</i>	2019/20	117,777	-	3,484	121,261	35,679	156,940
<b>Totals</b>	<b>2020/21</b>	<b>689,922</b>	<b>0</b>	<b>20,967</b>	<b>710,889</b>	<b>191,664</b>	<b>902,553</b>
	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 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:

	2020/21	2019/20
£50,000 to £54,999	8	13
£55,000 to £59,999	3	2
£60,000 to £64,999	2	1
£65,000 to £69,999	-	1
£70,000 to £74,999	1	1
£75,000 to £79,999	1	1
£80,000 to £84,999	1	3
£85,000 to £89,999	2	1
£90,000 to £94,999	4	3
£95,000 to £99,999	1	-
£100,000 to £104,999	-	-
£105,000 to £109,999	2	1
£110,000 to £114,999	1	-
£115,000 to £119,999	1	3
£130,000 to £134,999	1	1
£140,000 to £149,999	1	-
£145,000 to £149,999	-	1
£150,000 to £154,999	1	-
	<b>30</b>	<b>32</b>

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 16 where they earned over £50k.

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

## 17 Audit Costs

The Chief Constable 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:	<u>20</u>	<u>12</u>

## 18 Related Parties

The Chief Constable is required to disclose material transactions with related parties, being bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable 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 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 6).

### Central Government

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants 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 the PCC Group and the PCC Statement of Accounts 2020/21.

### Officers

During the year, the Chief Constable was a trustee 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 Office of the Police and Crime Commissioner, as part of the Group, had dealings with the Trust being a Victims Support grant contribution of £50,000 (2019/20 £50,000). We do not produce consolidated accounts for this as the amount is immaterial.

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

The Chief Constable 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 the PCC Group and the PCC Statement of Accounts 2020/21.

The Chief Constable 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 and 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. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and PPS 2015 are administered by XPS Pension Group. See Note 20 for details of transactions and balances outstanding.

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

**19 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 Chief Constable offers retirement benefits which are normally payable on retirement. The Chief Constable, however, is required to disclose the commitment to pay future retirement benefits as those benefits are earned by officers or employees.

The Chief Constable 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. As corporations sole 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 and 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. 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 Chief Constable. 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

	Police Pensions £000	2020/21 LGPS- Chief Constable £000	Total £000	Police Pensions £000	2019/20 LGPS- Chief Constable £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>						
<i>Cost of Services:</i>						
Current service cost	19,750	8,758	28,508	42,548	12,004	54,552
Past service costs	170	99	269	5,250	22	5,272
	<b>19,920</b>	<b>8,857</b>	<b>28,777</b>	<b>47,798</b>	<b>12,026</b>	<b>59,824</b>
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	33,100	1,439	34,539	38,390	2,284	40,674
	<b>33,100</b>	<b>1,439</b>	<b>34,539</b>	<b>38,390</b>	<b>2,284</b>	<b>40,674</b>
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>						
	<b>53,020</b>	<b>10,296</b>	<b>63,316</b>	<b>86,188</b>	<b>14,310</b>	<b>100,498</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets		(33,859)	(33,859)	-	13,974	13,974
Actuarial gains arising on changes in demographic assumptions		3,897	3,897	(47,160)	(6,087)	(53,247)
Actuarial (gains) and losses arising on changes in financial assumptions	177,520	75,742	253,262	(49,210)	(30,610)	(79,820)
Other	(60,850)	(2,165)	(63,015)	(28,500)	(17,100)	(45,600)
	<b>116,670</b>	<b>43,615</b>	<b>160,285</b>	<b>(124,870)</b>	<b>(39,823)</b>	<b>(164,693)</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>						
	<b>169,690</b>	<b>53,911</b>	<b>223,601</b>	<b>(38,682)</b>	<b>(25,513)</b>	<b>(64,195)</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(53,020)	(10,296)	(63,316)	(86,188)	(14,310)	(100,498)
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	<b>34,700</b>	<b>6,323</b>	<b>41,023</b>	<b>33,850</b>	<b>6,092</b>	<b>39,942</b>

### Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2020/21			2019/20		
	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000
Balance at 1 April	1,487,150	225,215	1,712,365	1,559,682	263,302	1,822,984
Current service cost	19,750	8,758	28,508	42,548	12,004	54,552
Past service costs	170	99	269	5,250	22	5,272
Interest cost	33,100	5,245	38,345	38,390	6,443	44,833
Contributions by scheme participants	7,650	1,772	9,422	7,210	1,693	8,903
Benefits paid	(42,350)	(4,169)	(46,519)	(41,060)	(4,452)	(45,512)
Remeasurement gain/loss:						
Actuarial gains arising from changes in demographic assumptions	-	3,897	3,897	(47,160)	(6,087)	(53,247)
Actuarial (gains)/losses arising from changes in financial assumptions	177,520	75,742	253,262	(49,210)	(30,610)	(79,820)
Other	(60,850)	(2,165)	(63,015)	(28,500)	(17,100)	(45,600)
<b>Balance at 31 March</b>	<b>1,622,140</b>	<b>314,394</b>	<b>1,936,534</b>	<b>1,487,150</b>	<b>225,215</b>	<b>1,712,365</b>

Reconciliation of fair value of the scheme assets:

	2020/21			2019/20		
	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	164,777	164,777	-	171,259	171,259
Interest Income	-	3,806	3,806	-	4,159	4,159
Remeasurement gain/loss:						
The return on plan assets, excluding the amount included in the net interest expense	-	33,859	33,859	-	(13,974)	(13,974)
Contributions from employer	34,700	6,323	41,023	33,850	6,092	39,942
Contributions from employees into the scheme	7,650	1,772	9,422	7,210	1,693	8,903
Benefits paid	(42,350)	(4,169)	(46,519)	(41,060)	(4,452)	(45,512)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>206,368</b>	<b>206,368</b>	<b>-</b>	<b>164,777</b>	<b>164,777</b>

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 £0	
	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	314,394	225,215	1,936,534	1,712,365
Fair Value of Plan Assets	-	-	(206,368)	(164,777)	(206,368)	(164,777)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,622,140</b>	<b>1,487,150</b>	<b>108,026</b>	<b>60,438</b>	<b>1,730,166</b>	<b>1,547,588</b>

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:

	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>£000</b>	<b>£000</b>
Cash and Cash Equivalents	3,185	2,094
Private Equity	15,546	11,749
Debt Securities		
UK Government	7,346	7,346
Equity Instruments:		
By industry type		
Consumer	-	-
Manufacturing	-	-
Energy and Utilities	-	-
Financial Institutions	-	-
Health and Care	-	-
Information Technology	-	-
Investment Funds and Unit Trusts		
Equities	123,951	108,348
Bonds	23,946	11,274
Infrastructure	18,681	12,701
Other	-	-
Real Estate	12,696	11,240
Derivatives	(850)	25
	<u>204,501</u>	<u>164,777</u>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,730m (£1,622m police officer pension scheme and £108m unfunded liabilities (net of scheme assets) in LGPS for police staff) has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,735m. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable 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 as at 31 March 2016.

The principal assumptions used by the actuary have been:

	<b>Local Government Pension Scheme</b>		<b>Police Pension Schemes</b>	
	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>
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 other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some 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 analyses below did not change from those used in the previous period.

	<b>Chief Constable Scheme Approximate</b>		<b>Police Pension Scheme Approximate</b>	
	<b>Increase in Liability (%)</b>	<b>monetary amount £'000</b>	<b>Increase in Liability (%)</b>	<b>monetary amount £000</b>
Change in assumptions at 31 March 2021				
0.5% increase in Real Discount Rate	-12.0%	(37,996)	-10.0%	(158,000)
0.5% increase in the Salary Increase Rate	1.0%	3,765	1.0%	18,000
0.5% Increase in the Pension Increase Rate	11.0%	33,468	9.5%	151,000
Life Expectancy (Pensioners assumed to be one year younger)			3.5%	55,000

### **Impact on Cash Flows**

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2022 is £6,134k (2020/21, £5,942k). Expected contributions for the Police Pension Scheme in the year to 31 March 2021 are £16,647k (2020/21 £16,128k).

### **McCloud / Sargeant judgement**

The Chief Constable of Cambridgeshire, 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 authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to

meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

### Compensation Claims

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.

## 20 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 £000	2019/20 £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>

## 21 Contingent Liability

### 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.

## **22 Pension Account**

The Chief Constable 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, administered 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 in Note 1, where applicable.

Full details of the Chief Constable as Scheme Administrator retirement benefits have been disclosed in Note 19.

**Fund Account**

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
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 for the year before top-up grant payable by sponsoring department	<b>14,905</b>	<b>15,547</b>
Amount from sponsoring department	<b>(14,905)</b>	<b>(15,547)</b>
<b>Balance on Fund at 31 March</b>	<u><u>-</u></u>	<u><u>-</u></u>

## 23 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.
Budget	A financial statement of the Group's plans for any given year.
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.
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 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 for a general purpose (see Revenue Support Grant).
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.
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.
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.
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.
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 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.
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