



Creating a safer  
**Cambridgeshire**

# The Chief Constable of Cambridgeshire Constabulary

## **DRAFT STATEMENT OF ACCOUNTS 2021/22**

## Table of Contents

	<b>Page</b>
Preface – Introduction to the 2020/21 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 2021/22 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary**

Preventing crime and therefore making Cambridgeshire a safer place to live and work, is at the heart of the Constabulary's mission. The Constabulary's Corporate Plan was refreshed during 2021/22 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 refresh in 2022/23, importantly includes a cultural statement with the Constabulary being one of the few forces to outline this so prominently within its Corporate Plan. The Plan also sets out the Constabulary's strategic ambitions and intent, regarding diversity, equality and inclusion. As a result of the refresh for 2022/23 and in response to some key national agendas, the Plan now includes the Constabulary's strategic ambitions and intent in respect of Violence Against Women and Girls (VAWG), the Harm to Hope Drug Strategy and our One More Step Prevention Strategy.

With a population of 0.89m representing a population increase of 11% over the last 10 years, Cambridgeshire is one of the fastest growing counties. This compares to the, all of England increase being 6.6%. 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. The use of 999 has increased in the last year resulting in the highest level seen (141,203 calls) with the decline of 101 calls plateauing, but use of both web chat and online reporting tools increased year on year. Recorded crime levels increased by 13% year on year, although comparable to the 12 month ending March 2020. The long-term trend in Violence Against the Person continues to increase,

with increases seen in violence with injury, violence without injury and stalking and harassment. The increase in violence with injury continues to be greatest with 22.7% more offences in the latest 12 months compared to the previous year. The all-crime outcome rate for the 12 months ending March 2022 was 12.1%, the highest since May 2021.

In 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 2022 was 124 additional officers. The Constabulary has achieved this target exceeding it by 21 officers based on headcount which increases officer numbers based on headcount at 31 March 2022 to 1,671. Within this however the percentage of police officers within the Force from Black, Asian and Minority Ethnic Groups has dropped slightly to 4.5% at the end of the year, which is disappointing. Work continues to recruit officers from these backgrounds to enhance our organisational representation from Black, Asian, Mixed or Other ethnic groups.

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 48p per person per day, against the national average of 59p (as per the Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (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. Similar cost pressures have not continued into 2021/22 with Covid-19 restrictions ultimately being eased and a return to a more normal operating environment. I am making permanent, through an Agile Working Strategy, new ways of working where appropriate, which were developed as part of our response to the pandemic.

I would like to offer my thanks and gratitude to all police officers and staff within the Constabulary and our partners again for another year in which we have collectively progressed many aspects of the Constabulary's operations. Despite the progress we continue to make there are and always will be new challenges to rise to. Violence Against Women and Girls and the Harm to Hope Strategy being recent examples.

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. We continue to link financial and business planning through our CAMSTRA (strategic threat and risk assessment) process, which has enabled a balanced 4 year financial plan to be put in place. However, we do not underestimate the challenge from the current cost of living crisis and the impact this will have on the organisation, officers and staff.

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.

A handwritten signature in black ink, appearing to read 'Nick Dean', with a horizontal line underneath.

Nick Dean Mst (Cantab)  
Chief Constable

Draft

# 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 Operating Model.....	9
Workforce.....	10
External Environment.....	11
Covid-19 Pandemic.....	12
Strategy and Resources.....	14
4. Financial Performance.....	17
5. Non-Financial Performance.....	23
6. Outlook.....	26
7. Financial Statements.....	27
8. Summary and Conclusion.....	30

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

The Narrative Report provides an overview of Cambridgeshire Constabulary's financial and non-financial performance for the 2021/22 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 must be a focus on economy, efficiency and effectiveness of policing with the resources available.

In addition, further requirements are placed on the Constabulary following tragic events in recent times. These include Violence Against Women and Girls (VAWG), from Harm to Hope – the Government's 10 year drugs plan, the Beating Crime Plan which is the Government's strategic approach to cutting crime, delivery of the National Police Chief's Council (NPCC) Policing Vision 2025, and importantly the diversity, equality and inclusion agenda.

The impact of the Covid-19 pandemic has gradually throughout 2021/22 subsided with police business for the Constabulary returning to normal. The opportunities created through new ways of working have been developed into an Agile Strategy that the Constabulary is in the process of delivering and continues to implement in 2022/23.

The 2021/22 financial year was the second full year of the Government's Police Uplift Programme to recruit an additional 20,000 police officers. Cambridgeshire's target number of officers was an extra 62 to be recruited in the financial year to the 31 March 2022. The Force rapidly responded to this initiative in 2020/21 and has maintained good momentum to achieve the year two target of 1,650 officers ending the year with 1,671 officers – again an overachievement against target of 21 officers. The final year of the Uplift Programme places a requirement on the Constabulary to recruit a further 82 officers by 31 March 2023 bringing the total number of officers to 1,732 – a record high for the force and a total of 206 more officers through the Uplift Programme. Critically from 2024/25 the expectation is that the increase in officers must be maintained which the Constabulary will remain accountable for.

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. Partnership working with the 7 Forces in the eastern region (BCH, Norfolk, Suffolk, Kent and Essex) has been repositioned as a network for sharing intelligence, knowledge and good practice as well as seeking to collaborate on services where a sound business case exists. The Constabulary has continued to work with other local partners within Cambridgeshire and the Fire and Rescue Service, notably progressing the co-location project at St. Neots. The Constabulary is also part of, and is proactive in, national policing initiatives for the good of the service as a whole. 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 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 that it 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 approximately 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 0.89m using the 2021 census data. 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. The county borders 8 other counties and is in a strategic collaboration with the police forces of two of those counties (Bedfordshire and Hertfordshire) for the delivery of some policing services.

Some of the key facts for the Constabulary are set out in the graphic below.

	PER DAY					PER MONTH	
	<b>369</b> 999 CALLS	<b>841</b> 101 CALLS	<b>64</b> ONLINE CONTACTS	<b>202</b> RECORDED CRIMES	<b>52</b> NON CRIME INVESTIGATION	<b>1116</b> DA CRIMES	<b>103</b> CSA/E CRIMES

### 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 Constable 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 2021/22 financial year, which sets out the Constabulary’s compliance with a small number of areas where improvements are ongoing.

## The Police and Crime Plan

The Police and Crime Plan (PCP) for Cambridgeshire sets the vision of the PCC for Cambridgeshire Constabulary - 'Tackling Crime and Keeping Communities Safe'. The Plan is structured on strategic themes set out in the diagram below, which are to put communities first, prevent crime, support victims and witnesses, ensure ethical policing and robust enforcement. These themes for preventing and reducing crime will shape policing and crime priorities for Cambridgeshire.



The PCP can be found at the following link: [The Police & Crime Commissioner for Cambridgeshire | Police and Crime Plan 2021-24 \(cambridgeshire-pcc.gov.uk\)](https://www.cambridgeshire-pcc.gov.uk/police-and-crime-plan/)

(Link address: <https://www.cambridgeshire-pcc.gov.uk/police-crime-plan/> )

## Corporate Plan

The vision of Cambridgeshire Constabulary is to create a safer Cambridgeshire. Our Corporate Plan for 2021/22 sets Organisational and Operational priorities. 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

- 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 2021/22 Corporate Plan importantly sets out the Constabulary's strategic ambitions and intent regarding diversity, equality and inclusion setting Equality Objectives for the period 2020-2025.

Our priorities have evolved even over the course of 2021/22 and the Corporate Plan has undergone a further refresh for 2022/23 in response to some key national agendas. The 2022/23 Plan now also includes the Constabulary's strategic ambitions and intent in respect of Violence Against Women and Girls (VAWG) and the Harm to Hope drug strategy. During 2021 the Constabulary undertook work to review our culture to form an evidence base to draw conclusions and identify areas to improve the culture through the development of a culture statement. Also, our Prevention Strategy to take One More Step to reduce harm in our communities has been developed.

The Corporate Plan can be found at the following link: [Corporate plan | Cambridgeshire Constabulary \(cambs.police.uk\)](https://www.cambs.police.uk/corporate-plan)

(Link address: <https://www.cambs.police.uk/police-forces/cambridgeshire-constabulary/areas/about-us/about-us/transparency/corporate-plan/> )

### **The Operating Model**

The Constabulary continues to enhance its tri-force collaboration with Bedfordshire and Hertfordshire (BCH) as well as wider networking and 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 two organisations are successfully pursuing a co-location project which is anticipated to complete in 2022/23 and are sharing information and approaches in other common areas such as the sustainability agenda.

The Constabulary is also part of national policing arrangements and initiatives where these are put in place for the benefit and consistency of policing nationally and to deliver the Strategic Policing Requirement.

An annual planning process is undertaken to determine whether the operating model and resources remain appropriate and a change in focus to a sustainable operating model is at the fore of the business planning approach. 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 priorities contained in the Corporate Plan. To achieve this the Constabulary undertakes an annual Strategic Threat and Risk Assessment (STRA) through the CAMSTRA 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 upon which the Medium Term Financial Strategy is subsequently based.

### **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 2021/22 included 1,632 budgeted full time equivalent (FTE) police officers, which included 62 officers from year two of the Government's 20,000 Uplift Programme. The actual officer strength (FTE) at 31 March 2022 was 1,640 demonstrating the Constabulary's continued success against the Uplift Programme.

On headcount the Constabulary had 1,671 officers at 31 March 2022, which is an increase of 22 officers compared to the starting position for the year of 1,649 officers. During the course of 2021/22 the Constabulary has been successful in recruiting 142 additional officers in total. Of these, 16 were transferees with the remaining 126 being new to the organisation. The net increase of new recruits is 22 as there were 116 officers (with 2 officers also on secondment) that left the organisation during the year. The turnover rate for the Constabulary is 7.2% which has deteriorated for the year compared to the 2020/21 rate of 5.5%.

The Black, Asian, Mixed and Other ethnic group population in the county of Cambridgeshire is 9.7% (based on Home Office force data). The percentage of police officers within the Force from Black, Asian, Mixed and Other Ethnic Groups is 4.5% at the end of the year, which has decreased from 4.9% in the prior year. Unfortunately, during the year 8.6% of leavers but just 1.6% of the new recruits were from these groups resulting in an overall reduction in representation. The Constabulary is also below the national average of 7.6% of officers being from these groups.

Based on headcount female police officers total 580 (34.7%) at the 31 March 2022, an increased compared to 33% at the end of the prior year. The table below shows the headcount of female and male officers by rank at 31 March 2022.

Headcount Rank	Sex		Grand Total
	Male	Female	
Constable	834	490	1324
Sergeant	174	67	241
Ins/Ch. Insp	66	19	85
Supt/Ch. Supt	14	2	16
Chief Officer	3	2	5
<b>Grand Total</b>	<b>1091</b>	<b>580</b>	<b>1671</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 2022 totaled 942 of which 63% were female.

Overall, the headcount at the end of the year for the whole workforce (police officers and police staff) was 2,613 with 1,172 (45%) female employees and 1,441 (55%) 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 to 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 work is evident through various initiatives and in particular the Constabulary's involvement in the Local Resilience Forum (LRF) and Strategic Coordinating Group (SCG) for 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 and the Beating Crime Plan.

2021/22 brings the end of the first two years of the Uplift Programme with the Constabulary's target of recruiting 124 more officers by 31 March 2022 being

achieved. The final year target for 2022/23 is a further 82 officers for Cambridgeshire which will put the budget FTE at 1,714 and headcount at 1,732 officers. The Constabulary is working collaboratively with Bedfordshire and Hertfordshire police forces within the BCH collaboration through the Uplift Programme Board chaired by the Constabulary's Deputy Chief Constable, which has proved successful. However, with the end of the restrictions in response to the covid pandemic and businesses operating as normal the recruitment pipeline for potential candidates has slowed with the impact of making the achievement of the year three target far more challenging. This is a trend being experienced by a number of other forces across the country.

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 is in its second year of the revised charging model to police forces nationally. Cambridgeshire continues to work with forces in the Eastern region to define the user requirement and the cost allocation model.

Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. It features clearly in the governance arrangements, 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 impact significantly throughout 2020/21 and for the early part of 2021/22. During this time the Constabulary managed the impacts operationally and financially ensuring policing for 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 was a key player in the Local Resilience Forum (LRF) and the Strategic Coordinating Group (SCG) through the attendance Chief Officers and other subject matter experts within the Force as required.

The Constabulary has also maintained appropriate Command structures to manage the impacts of the pandemic internally. As lockdown measures and the impacts have

eased the Command structures have been stood down. With regards personal protective equipment (PPE) the national procurement and supply arrangements for police PPE has been continued throughout 2021/22 with the costs of PPE being covered by government through the national arrangements. The arrangements continue into 2022/23 and are expected to cease on 31 March 2023.

The increase in agile working has modernised the approach to working within the Constabulary and with our collaborated partners. The Constabulary has during 2021/22 consulted on an organisational wide Agile Strategy to maintain the new ways of working and which will be implemented on a permanent basis throughout 2022/23. However, given the nature of policing not all functions and teams are suited to agile working. Neighbourhood policing teams, response teams and other frontline services have been maintained throughout the period of the pandemic.

The Constabulary has experienced comparable sickness levels throughout the Covid-19 pandemic to pre-covid levels reflecting the measured approach and diligence of our staff and officers in conducting their duties.

Unlike the prior year no significant financial implications have resulted directly for the Constabulary from the impact of the pandemic in 2021/22. However, increases in work around Protecting Vulnerable People (PVP), Criminal Justice in the way of case backlogs with a subsequent impact on victims and witness support and increases of incidents and crime in the night time economy are areas where demand has increased for the Constabulary as restrictions have ended.

## **Strategy and Resources**

### **Cambridgeshire Strategic Threat and Risk Assessment (CAMSTRA)**

The Constabulary continues to develop and refine the innovative CAMSTRA process, which was first introduced into its force and business planning process in 2019. The CAMSTRA 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 CAMSTRA 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.

The CAMSTRA process also includes additional financial information that the strategic leads are required to consider. This information is used to inform the MTFs (Medium Term Financial Strategy) refresh referred to in the next section.

The Constabulary's latest Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection undertaken in 2021/22 by HMICFRS stated that:

“The constabulary's strategic, threat and risk assessment (known as CAMSTRA) is a well co-ordinated and comprehensive corporate planning cycle that combines analysis of current demand and forecasting of future demand

effectively. It allows the constabulary to manage the expected future demand and risk and to understand the costs of doing so. This is an area of innovation”.

Elements of the CAMSTRA process are also being used within the business planning process within our tri-force collaboration with Bedfordshire and Hertfordshire for future year planning cycles. This is expected to improve the medium term financial planning within the collaboration through embedding a more robust business planning process.

The Constabulary has an Enterprise Strategy with four pillars of innovation, income generation, savings and efficiencies and optimising funding sources. As part of this work the Constabulary has a Memorandum of Agreement with the Home Office to provide insight, training and good practise into strategic elements of policing. This is to ensure global influence under the Government’s current vision to build international safety and security delivered and supporting by policing.

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

The 2021/22 MTFS was approved by the PCC on 16 March 2021 at the Business Coordination Board, which included the revenue and capital budgets for 2021/22.

During 2021/22 the MTFS for the period 2022/23 to 2025/26 including the revenue and capital budget plans and the reserves strategy was approved by the PCC on 10 February 2022.

The current 2022/23 MTFS can be accessed at the following link: [2022-23 Medium Term Financial Strategy](#)

(Link Address [The Police & Crime Commissioner for Cambridgeshire | BCB 10th February 2022 \(cambridgeshire-pcc.gov.uk\)](#) )

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 2021/22*

	Planned Budget	Forecast Budget	Forecast Budget	Forecast Budget
	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
<b>Total In-House Expenditure</b>	108,253	112,752	115,915	118,885
<b>Net Cost of Police Pensions</b>	17,572	18,115	19,380	19,883
<b>Total BCH Collaboration</b>	36,198	37,274	38,119	38,981
<b>Total Other Collaborations &amp; Partnership</b>	5,893	5,849	5,910	6,016
<b>Constabulary Expenditure</b>	167,916	173,989	179,324	183,765
<b>Total Income</b>	-1,407	-1,407	-1,407	-1,407
<b>Total Constabulary Budget</b>	166,510	172,583	177,918	182,358
<b>Total OPCC Office Expenditure</b>	1,269	1,309	1,343	1,377
<b>Total Corporate Costs and Grants</b>	-1,021	-121	-751	-751
<b>Total Capital Financing Costs</b>	4,754	4,326	5,340	5,741
<b>Savings Plan</b>	0	0	0	-956
<b>NET BUDGET REQUIREMENT (NBR)</b>	171,513	178,097	183,849	187,769
<b>Financed by:</b>				
Formula Grant	95,100	96,140	97,700	98,677
Uplift Grant (baseline of ringfenced grant)		1,400	1,400	1,414
Precept	76,323	80,582	84,762	87,679
Local Council Tax Earmarked Reserve	440	515	-	-
Contribution (to)/from Reserves	-549	-59	-13	-
Collection Fund - (Deficit) / +Surplus	199	-482	-	-
<b>TOTAL FINANCING</b>	171,513	178,097	183,849	187,770

There are inherent risks in the preparation of this MTFS reflecting the level of various unknown factors, particularly in quantifying cost and uncertainty in respect of future cost pressures such as inflation, pay awards and regularity or statutory requirements that the Constabulary must respond to. However, there is more certainty in the funding from the Comprehensive Spending Review (CSR) published in 2021. Whilst the detail of the police settlement at force level was only provided for 2022/23, some more confident assumptions have been estimated for core funding in 2023/24 and 2024/25. The 2021 CSR also confirmed the limits PCCs are allowed to raise the precept by over the same period. The maximum increase in each year is a £10 increase on a band D property. The MTFS presented is based on the full use of this flexibility, which has helped to balance the MTFS over the 4 year period. However, the precept increase will still be subject to annual consultation and approval by the PCC.

Overall the impact is that a more certain MTFS is place for the Constabulary and importantly again it does not include 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 Government have provided some grant funding in this regard and met some of the initial costs centrally. It is assumed that these costs will continue to 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.

Shortly after the approval of the MTFS the war in Ukraine broke out and the cost of living crisis has escalated. The Constabulary, like private individuals, will feel the impacts of the economic turbulence through increased utility costs, record inflation and the cost increases caused by supply shortages in areas such as fleet management and construction projects. The 2022/23 financial year is set to be an extremely challenging year financially.

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 £80.8m 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 has continued into 2021/22 to reach RIBA 4 design stage and to execute the purchase of the land at Milton (which completed in April 2022). However, complexities on the site in respect of archaeological investigations has slowed progress with more extensive research now being required. The additional archaeological work is likely to continue well into 2022/23.

The specialist training facilities required for the BCH Joint Protective Services (JPS) and a firing range training facility are the other major capital construction projects with the planning application being submitted in 2021/22 for the former and work progressing to identify and purchase the required land for the latter.

The remaining areas of significant capital investment are in ICT developments (£2.64m in 2022/23), the vehicle fleet (£1.57m in 2022/23) and the St. Neots co-location scheme with the Fire Authority (£1.00m in 2022/23). Also, for the first time capital budget for the estate and vehicles has been included to take forward the Constabulary's Sustainability Strategy to work towards net zero carbon emissions.

The financing of the proposed capital programme requires higher levels of external borrowing with £47.2m planned across the 4 year MTFS period representing 58% of the total programme of £80.7m to 2025/26. The costs of borrowing will impact on the revenue budget especially with the interest rate rises now being experienced which will affect the future cost of borrowing.

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

	Budget Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Total Forecast Capex Spend 2022/23 to 2025/26 £
Projects where Funding Approved in Previous years	23,000	2,300	0	0	25,300
Estate Programme	5,145,093	17,293,185	22,597,074	11,057,682	56,093,034
Fleet Programme	1,568,387	2,615,439	3,663,902	1,713,819	9,561,547
ICT Enabling Programme	2,638,028	5,657,303	3,611,186	1,200,518	13,107,035
Operational Programme	496,968	495,000	495,000	495,000	1,981,968
Totals for All Schemes	9,871,476	26,063,227	30,367,161	14,467,019	80,768,884

## 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 because 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 2022/23. Any revenue underspends in future years will be used to build further resilience in the reserves held where appropriate through the general reserve or by earmarking 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 holds earmarked reserves to meet known risks and areas of uncertainty including the McCloud pensions remedy, the Uplift Programme, a transformation reserve and the Emergency Services Mobile Communications Programme. From the 2021/22 revenue underspend the General reserve was increased from £7.5m to £8.6m as at 31 March 2022 and new reserves were created for the revenue costs associated with the Agile Strategy and a county initiative with other public sector authorities to increase the collection rates over a three year period. The MTFs plans to increase the General reserve to £9.4m by 2025/26 to reflect the increasing net revenue budget over the same period. The total of all reserves at the end of 2021/22 stood at £21.2m.

## 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 cost of living crisis being experienced, culminating from the impacts of Brexit, Covid-19 and the war in Ukraine, is creating significant inflationary pressures coupled with interest rate rises by the Bank of England in response. 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 and the ability to secure fixed price contracts.

Since 2018/19 the PCC has been able to raise additional precept, which has helped to meet the costs of policing. In 2021/22 the precept was raised by just under £15 per annum on a band D property. This was the maximum increase to the precept allowed.

The Constabulary, again, only received a one-year funding settlement heading into the 2021/22 financial year making financial planning in the medium term difficult. The 3 year CSR published in 2021 has provided more certainty in the funding outlook in the 2022/23 MTFS.

These issues taken together provide an uncertain economic climate which will need to be kept under review, managed and planned for in future budgets. The continual need to find savings is therefore likely to remain in the medium term.

## **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 2021/22. Cambridgeshire Constabulary is judged to be good by HMICFRS in Strategic Planning, Organisational Management and Value for Money, with the most recent inspection report stating that:

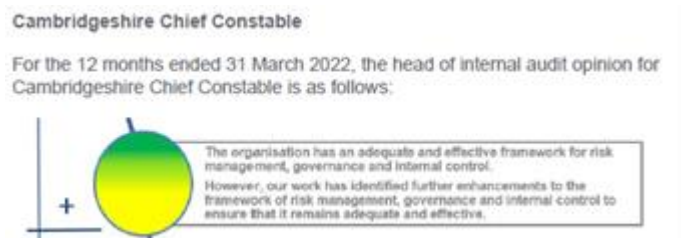
“Financial planning and management are well-aligned with the overall management of the constabulary. Senior leaders throughout the organisation are appropriately involved. Budgets are delegated to the right level, promoting effective budgetary responsibility and accountability among service managers.

The constabulary is in an improved financial position since our previous inspection and the current medium-term financial plan shows a balanced budget each year through to 2025/26. Its reserves are to be maintained at healthy levels and not used to support revenue spending. It made savings of over £5m in 2021/22, and its planning processes help it to continue to identify areas where efficiency can be improved and savings can be made”.

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 Budgetary

Control, Capital Accounting and Fixed Assets along with a substantial assurance opinion for Payroll arrangements within the Constabulary. For 2021/22 the Internal Audit Opinion based on the overall adequacy and effectiveness of the risk management, control and governance processes was a positive assurance assessment as demonstrated below.



During the year the Force has worked on an action plan to improve its Financial Management Capability Review (FMCR) rating of 3 out of 5 stars. The FMCR assessment was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Achieving Financial Excellence in Policing (AFEP) Programme. Cambridgeshire rating of 3 stars represents a relatively good performance in comparison to other forces assessed by CIPFA. An independent assessment by CIPFA in March 2023 commented that good progress had been made with the action plan with work underway on those areas not yet fully implemented.

CIPFA have also introduced a Financial Management Code of Practice with compliance being mandatory from 2021/22. The Constabulary has undertaken an assessment against the 6 principles and 17 financial management standards based on the arrangements in place during 2021/22. 13 of the standards are assessed as green with 4 rated as amber with some improvements that can be made, which continue to be worked on. The assessment was reported to the Joint Audit Committee on 28 April 2022.

### c. Revenue Outturn 2021/22

The outturn variance for the year for the budgets under the control of the Chief Constable was an under spend of £0.6m. Including those budgets under the control of the Office of the PCC the Constabulary underspent by a total of £1.162m (0.7%) for the year against the total budget of £161.65m.

Commentary on the main areas of the budget contributing to the outturn position is provided below:

- Local Policing – Investigations and Safeguarding where the main areas of this service are Investigation Standards and Development, Intelligence and Specialist Crime and Protecting Vulnerable People. The budget was under spent by £1.82m for the year attributable to police staff vacancies, police officer pay and

allowances being underspent although police officer overtime was over budget. Income relating to Out of Court Disposals was received from the OPCC to support resources in this area and there were overspend relating to software licensing, hardware and training costs.

- Local Policing – Operations which includes the Demand Hub, the Northern and Southern response hubs, Partnerships and Prevention, Operational Support, Command and Business Support. The overall outturn variance for this service area was an overspend of £1.53m. The main overspends occurred in the North and South response hubs (£0.64m and £0.65m respectively) and the Command budget (£1.76m). The most significant cost driving the overspend in these services relate to the new officer recruits through the Uplift Programme and police officer overtime. These were partially mitigated through police staff and Police Community Support Officer (PCSO) underspends. The total overspend for the budget area was offset by a substantial under spend of £1.13m in the Demand Hub predominantly the result of being under establishment for police staff posts and police officers.
- Non-operational services under spent by £2k overall. There are a range of services contained within this category of the budget including Estates, Finance, Corporate Communications, the Organisational Improvement Centre, Insurance, Legal, People and Professionalism, Fleet and Corporate costs. The majority of services ended the year under spent with the larger under spends reported in People and Professionalism (£0.27m) due to police officer costs being less than budget, the OIC (£0.11m) where police staff costs were under budget and the Corporate budget (£0.10m) where various over and under spends have been reported.
- Collaboration and Partnership budgets ended the year on budget with only a trivial variance. The Cambridgeshire share of the BCH tri-force collaboration under spend was £965k. The main areas of overspend were the Armed Policing Unit due to reduced income from policing of Luton airport, increased kennelling costs in the Dog unit and increased staffing costs and unexpected costs from the Cabinet Officer in the Professional Standards Department. These were offset by underspends in the Roads Policing, Major Crime Unit and Criminal Justice units largely the result of vacancies. The ICT budget under spent from the result of contract savings. Other collaborations, which include the National Police Air Service (NPAS), the Kings Lynn PIC and the Regional Organised Crime Unit amongst others under spent by £0.9m. This was largely the result of expected costs not materialising in respect of some initiatives.
- Additional revenue contributions to capital expenditure of £0.9m was approved over the course of the year to fund new projects and capital requirements that were not forecast in the capital budget. These were reported and approved through both the Force Executive Board and the PCC's Business Coordination Board.

- The Office for the PCC under spent by £0.6m due to the cumulative impact of small variances and other Corporate costs were £0.40m below the budget set resulting from unexpected grant income being received.

The following table provides a high-level comparison between the approved budget and the actual expenditure for the Constabulary for 2021/22.

#### Summary of Revenue Expenditure against budget at 31 March 2022

	Budget	Year end Outturn	Year end Outturn variance
	£'000	£'000	£'000
Total LP - Inv& Safeguarding	28,020	26,201	-1,819
Total LP - Ops	66,298	67,825	1,527
Total Non -Operational	22,361	22,363	2
Total Collaborated and Partnerships RCCO	39,883	38,917	-965
		683	683
<b>CHIEFS BUDGET</b>	<b>156,563</b>	<b>155,990</b>	<b>-573</b>
<b>OPCC BUDGET</b>	<b>5,091</b>	<b>4,503</b>	<b>-588</b>
<b>TOTAL BUDGET</b>	<b>161,654</b>	<b>160,492</b>	<b>-1,161</b>

#### d. Capital Outturn 2021/22

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 £7.2m of spend compared to a revised budget of £19.5m providing an in year underspend against the capital budget of £11.7m. The following table shows the capital outturn position for 2021/22 compared to the approved capital budget for the year.

#### Summary of Capital Expenditure against budget at 31 March 2022

All figures in £000	Budget	Capital changes in year	Adjusted Capital Budget	Outturn	Variance
Estates	16,795	(2,424)	14,371	3,581	(10,790)
IT	2,642	28	2,668	2,212	(456)
Fleet	1,523	287	1,810	1,716	(94)
Other Projects	100	224	324	293	(31)

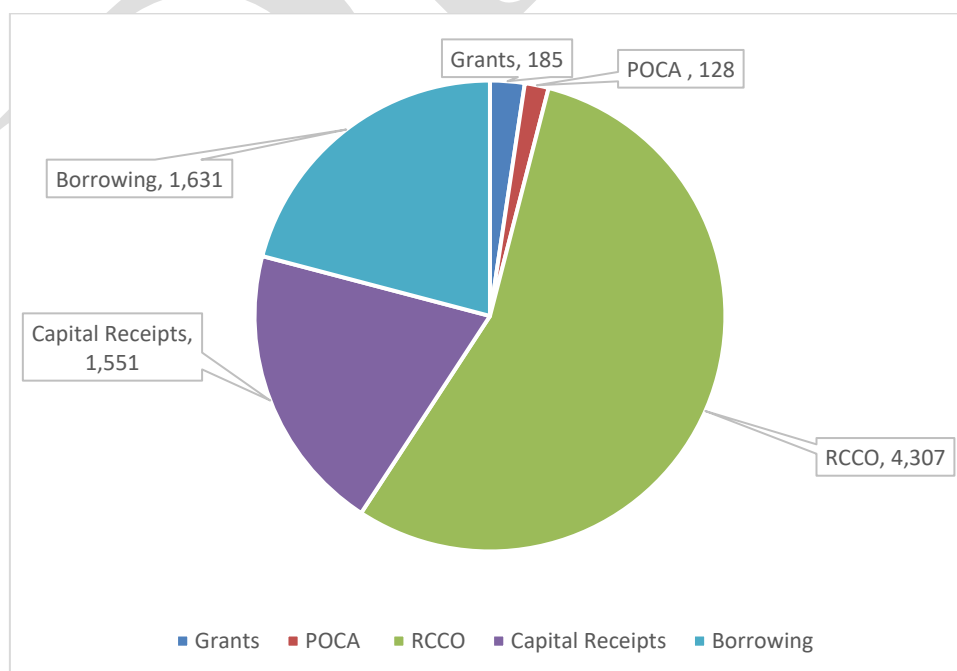
Schemes approved by chief	300	-	300	0	(300)
<b>Total</b>	<b>21,360</b>	<b>(1,887)</b>	<b>19,473</b>	<b>7,802</b>	<b>(11,671)</b>

Of the Land and Buildings schemes the Cambridge Southern Police Station accounts for £8.2m of the variance. The land purchase relating to the scheme was expected to complete by the 31 March 2022 which finally completed on 1 April 2022 (the new financial year). In addition, the construction start was profiled in 2021/22 but contracts have not yet been confirmed due to more extensive archaeology work that has been required and will continue into 2022/23. The other main building scheme contributing to the variance is the new training facilities for the BCH Operational Support Unit at Monks Wood. Again, work has not progressed as quickly as anticipated resulting in an £0.75m underspend against the budget for the year.

The ICT variance of £0.46m relates mainly to small underspends across a number of schemes.

The sources of capital financing applied to fund the total £7.8m of capital expenditure for the year is presented in the graph below.

**Summary of Capital Financing Applied for the Year Ended 31 March 2022 (figures are in £k)**



## 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 had its Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection undertaken by HMICFRS in 2021/22. This provides an overall assessment of the Force's performance. The PEEL inspection framework has had some key changes. The process is now a more intelligence led continual assessment rather than an annual assessment. There are now five graded judgements which are outstanding, good, adequate, requires improvement and inadequate. Importantly instead of rating the three areas of effectiveness, efficiency and legitimacy under the previous approach, the PEEL inspection now provides judgements against 10 areas of review with graded judgements against 9 of these areas. The new approach enables more precise findings in the inspection on where HMICFRS consider the Force to be and where improvement is needed. The Constabulary's HMICFRS judgments from the 2021/22 inspection are provided below.

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

### 2021/22 Performance Headlines

The use of 999 has increased throughout the last 12 months and the total in the 12 months ending March 2022 is the highest seen (141,203 calls) and makes up over 32.6% of all calls for service. Nationally the demand on 999 calls remains high with the number of calls higher than 2019. The decline in 101 calls has plateaued in Cambridgeshire with the rolling 12-month total now stable with 253,152 calls. Online crime reporting continues to see high usage in recent months apart from February and March where there were technical issues for Iphone users. This issue was fixed at the end of March and webchats are expected to return to previous levels. In the last 12 months there were 38,506 webchats. Nationally online crime reporting continues to increase. The increase in 999 calls has seen a deterioration in grades of service in both 999 and 101 calls with the average wait time in March 2022 for 999 calls at 7 seconds compared to 4 seconds in March 2021. The average wait time for 101 in March 2022

was 25 seconds. Plans are in place to improve call handling and in April 2022 the average wait time for non-emergency calls improved.

Total incident volumes decreased by 1% year on year, but the underlying grading profile changed, with a lower number and proportion of incidents graded response compared to the previous year. Although the proportion of incidents graded response was comparable to year ending March 2020.

The median time to respond to immediate grade incidents has remained stable over the course of the last 12 months in both policing areas. The new priority grade was introduced on the 15th of June 2021 and the aspiration is to respond to these incidents within one hour. Since the 15th of June 2021 43.1% of priority calls were responded to within 60 minutes. In recent months there has been improvement seen in the response time to priority grade domestic incidents compared to the summer months.

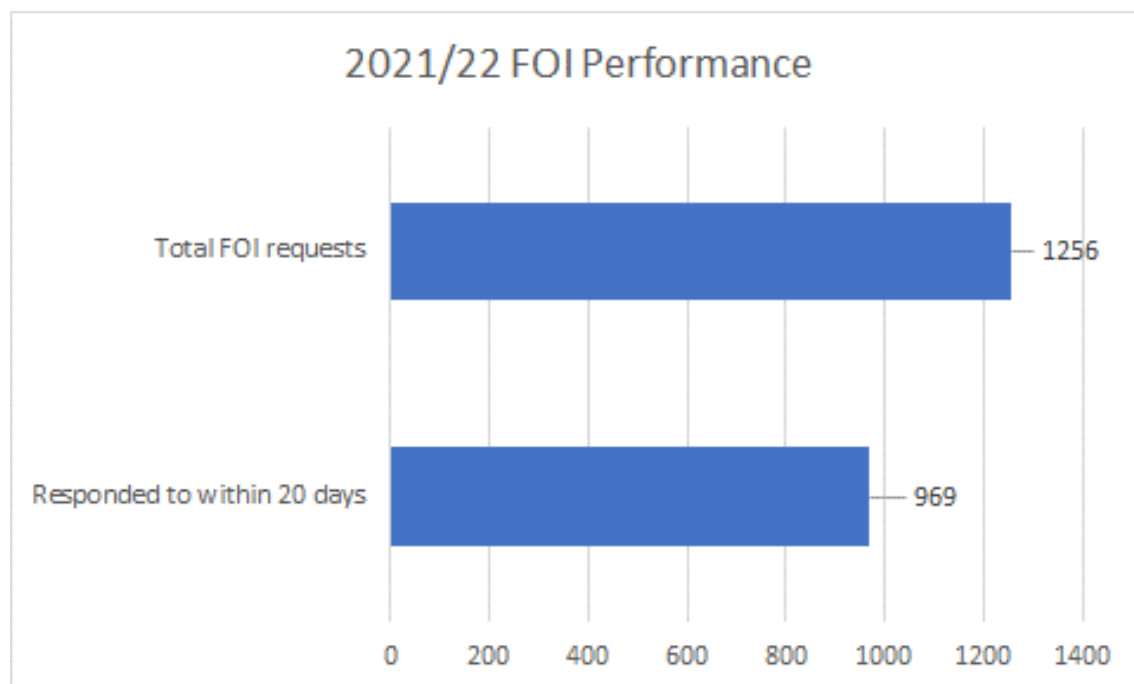
For the Constabulary the 12-months to March saw 13% more crime recorded than the 12-months to March 2021 although it is comparable to the 12 months ending March 2020 when crime was 0.3% higher. The long-term indicator for all recorded crime continues to trend upwards on both policing areas with the North recording more crime than the previous two financial year totals bringing overall crime back to pre-COVID levels. While the scale of change differed by district and crime type, East Cambridgeshire was the only district to record a decrease in crime in the last 12 months.

The long-term trend in Violence Against the Person continues to increase, with increases seen in violence with injury, violence without injury and stalking and harassment. The increase in violence with injury continues to be greatest with 22.7% more offences in the latest 12 months compared to the previous year. In March there were 508 offences, the highest of any March in the previous 3 years and the highest since July 2021. Sexual offence numbers continue to trend upwards with the 12 months to February 2022 recording 28.3% more sexual offences than the 12 months to March 2021 and 28.2% more than year ending March 2020. The long-term trend for domestic abuse is flat after the increase seen in 2020/21. There are several crime types that continue to record fewer offences than pre-COVID levels this includes dwelling burglary, shoplifting, theft of pedal cycles, theft from the person and vehicle crime. However, these offences numbers are now starting to rise.

The all-crime outcome rate for the 12 months ending March 2022 was 12.1%, the highest since May 2021. This was due to a high outcome rate in January driven by a high number of both charge/summons and Out of Court Disposal outcomes in January. The proportion of positive outcomes which were a result of out of court disposals continues to increase and in the 12 months ending March 2022, 40.1% of all prosecution possible were an out of court disposal.

## Freedom of Information (FOI) Compliance

Throughout 2021/22 the Constabulary has responded to 1,256 FOI requests. The chart below demonstrates that 77% of requests received have been responded to within 20 days, compared to the Information Commissioner's Office target of 90%.



## Complaints

With respect to complaints during 2021/22 for Cambridgeshire, the Professional Standards Department (PSD) recorded 365 public complaint cases which comprised a total of 871 allegations. Of the 871 allegations, the top five complaint allegation types were:

- General level of service: 242
- Use of force: 64
- Other policies and procedures: 56
- Unprofessional attitude and disrespect: 55
- Police action following contact: 50

A total of 58 conduct cases were recorded, involving 46 police officers and 12 police staff. Gross misconduct cases numbered 17 amongst police officers, while those recorded as reflective practice review process numbered 14. For police staff, 8 out of the 12 cases were assessed as gross misconduct.

Of the 65 matters referred to the Independent Office for Police Complaints (IOPC) in 2021/22, 11 were declared as warranting independent investigation by the IOPC,

39 were determined to be suitable for local investigation by PSD, with the remaining 24 returned to the Force to manage.

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 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 in the MTFs has improved in the context of the multi-year CSR including the increases in precept allowed. If future year growth can be contained the financial plan is becoming more sustainable over the medium-term period. However, since the MTFs was approved the economic conditions have significantly deteriorated with the cost of living crisis, inflation at records highs and an increasing interest rate environment. The combination of these factors will be felt in the 2022/23 financial year and will need to be assessed in the MTFs refresh for 2023/24 onwards. It is likely that budget gaps will materialise in the MTFs which will require cashable savings and efficiencies to be made as the funding envelope is now largely set.

There are ongoing impacts affecting the supply of materials and components around fleet vehicles, ICT equipment and construction projects. The supply issues are creating increased competition in some markets driving costs up. In addition, due to the uncertainty in supply of materials fixed price construction contracts are becoming more difficult to secure. The risks of such projects are increasingly leaning back towards the client, which will be a key consideration for projects in the Constabulary's capital programme. Action is being taken where possible, for example our Chiltern Transport Consortium is working with suppliers to hold stocks of frequently used parts to ensure the operational capacity of the fleet is maintained.

Whilst funding through the police core grant has become more certain, the finer detail for 2023/24 and 2024/25 is still awaited. There is a risk that the MTFs assumptions vary adversely to the final settlement figures for these years. The Constabulary has successfully delivered its Uplift Programme targets for years 1 and 2 securing the ring-fenced grant in 2020/21 and 2021/22. As explained earlier in this narrative statement the delivery of the year 3 target is becoming much more challenging which is being seen across numerous forces. The Government is changing the conditions of the ring-fenced grant of £1.4m in 2022/23 are expected to link the payment of grant to the

percentage achievement against the Constabulary's targeted number of officers. This poses a further funding risk in 2022/23 and future years if the target is not met.

Government work is progressing on a review of the police funding formula. Consultation on a revised formula is expected in 2022/23, the impacts of which will need to be understood by the Constabulary. The ultimate timeframe for implementation, including any kind of transition will also be included in the consultation.

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 2022/23 to 2025/26 MTFS refresh the revenue budget is in a strong position to manage these uncertainties. However, further budget savings will need to be identified for future years 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 continues to deliver against national initiatives and challenges as well as the needs of the communities across Cambridgeshire.

## **7. Financial Statements**

This section summarises the key headlines from the financial statements for 2021/22.

### **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 2021/22. 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 income from central government and raises precept through local government bodies for policing services. 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 2021-22 for the Constabulary was a surplus of £142k compared to a surplus of £22.53m in 2020-21, 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 £50.29m.

### **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 2021/22 at £1,729m, an decrease of £7m, compared to the prior year figure of £1,737m. 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 2022 which are recognised by the Constabulary. The net liabilities (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 £1,729m. 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 net liabilities of £5.5million. 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.

### **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.

### **McCloud / Sargeant judgement**

The Chief Constable of Cambridgeshire continues to work to implement the pension remedy requirements following the findings of discrimination from national pension scheme changes. The National Police Chief's Council (NPCC) continues to operate a central team coordinating the police work around this matter, which by its nature is complex. The 1 April 2022 meant that all active members of the police pension scheme were required to be moved into the reformed 2015 career average scheme. The actual correction for the remedy period is still from 2015 to 2022 continues to be worked through in line with regulation and statute as it is updated and released.

Any impact on scheme liabilities arising from the 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.

Compensation claims arising from the Leigh Day class action are not impacting on the force as they are being met by central government.

## **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 Strategic Planning, Organisational Management and Value for Money in the last HMICFRS (PEEL) inspection.

This strength in financial management will be as important as ever as the economic conditions tighten. The Constabulary will continue to plan and manage its resources effectively to ensure service delivery, performance outcomes and value for money. 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 2021/22 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 Draft Statement of Accounts presents a true and fair view of the financial position of the Constabulary at 31 March 2022 and its income and expenditure for the year then ended.



Jon Lee CPFA

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary  
29 July 2022

*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.

	2020/21			2021/22		
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis Note 7	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Police Services	158,186	(7,620)	150,566	167,531	15,468	182,999
Intra-Group Adjustment for financial resources consumed	(173,091)	-	(173,091)	(183,141)	-	(183,141)
<b>Net Cost of Services</b>	<b>(14,905)</b>	<b>(7,620)</b>	<b>(22,525)</b>	<b>(15,610)</b>	<b>15,468</b>	<b>(142)</b>
Other Income and Expenditure	14,905	34,539	49,444	15,610	34,828	50,438
<b>Deficit on Provision of Services</b>	<b>-</b>	<b>26,919</b>	<b>26,919</b>	<b>-</b>	<b>50,296</b>	<b>50,296</b>
Opening General Fund Balance	-			-		
<b>Closing General Fund Balance</b>	<b>-</b>			<b>-</b>		

## Comprehensive Income and Expenditure Statement

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000		2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
150,566	-	150,566	Police Services	182,999	-	182,999
(173,091)	-	(173,091)	Intra-Group Adjustment for financial resources consumed (note 6)	(183,141)	-	(183,141)
<b>(22,525)</b>	<b>-</b>	<b>(22,525)</b>	<b>Net Cost of Services</b>	<b>(142)</b>	<b>-</b>	<b>(142)</b>
14,905	-	14,905	Other Operating Expenditure (note 10)	15,610	-	15,610
34,539	-	34,539	Financing and Investment Income and Expenditure (note 11)	34,828	-	34,828
<b>26,919</b>	<b>-</b>	<b>26,919</b>	<b>Deficit on Provision of Services</b>	<b>50,296</b>	<b>-</b>	<b>50,296</b>
		160,285	Remeasurement of the net defined benefit liability (note 19)			(57,415)
		<b>160,285</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(57,415)</b>
		<b>187,204</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(7,119)</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 2020</b>	-	(1,549,414)	(1,549,414)
<b>Movement in reserves during 2020/21</b>			
Total Comprehensive Income and Expenditure	(26,919)	(160,285)	(187,204)
Adjustments between accounting basis & funding basis under regulations (note 7)	26,919	(26,919)	-
Increase in 2020/21	-	<b>(187,204)</b>	<b>(187,204)</b>
<b>Balance at 31 March 2021 carried forward</b>	-	<b>(1,736,618)</b>	<b>(1,736,618)</b>
<b>Movement in reserves during 2021/22</b>			
Total Comprehensive Income and Expenditure	(50,296)	57,415	7,119
Adjustments between accounting basis & funding basis under regulations (note 7)	50,296	(50,296)	-
<b>Decrease/Increase in 2021/22</b>	-	<b>7,119</b>	<b>7,119</b>
<b>Balance at 31 March 2022 carried forward</b>	-	<b>(1,729,499)</b>	<b>(1,729,499)</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 2021/22 and 2020/21, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

## Balance Sheet

	Notes	2021/22 £000	2020/21 £000
<b>Long Term Assets</b>		<u>-</u>	<u>-</u>
<b>Current Assets</b>		<u>-</u>	<u>-</u>
Short Term Creditors	12	<u>(5,504)</u>	<u>(6,452)</u>
<b>Current Liabilities</b>		<u>(5,504)</u>	<u>(6,452)</u>
<b>Long Term Liabilities</b>	19	<u>(1,723,995)</u>	<u>(1,730,166)</u>
<b>Net Liabilities</b>		<u><u>(1,729,499)</u></u>	<u><u>(1,736,618)</u></u>
Usable Reserves		-	-
Unusable Reserves	13	<u>1,729,499</u>	<u>1,736,618</u>
<b>Net Reserves</b>		<u><u>1,729,499</u></u>	<u><u>1,736,618</u></u>

## Cash Flow Statement

	2021/22 £000	2020/21 £000
Net deficit on the provision of services	(50,296)	(26,919)
Adjusted net deficit or surplus on the provision of services for non cash movements (note 14)	50,296	26,919
Net cash flows from Operating Activities	<u>-</u>	<u>-</u>
Investing Activities	-	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>-</u>

This statement does not show any cash balances for the financial years 2021/22 and 2020/21 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**

The standards introduced by the 2022/23 Code that have been issued but not yet adopted, which are required to be disclosed in these Financial Statements as per paragraph 3.3.4.3 of the Code are:

- IFRS 16 Leases – this may be adopted by the Constabulary in 2022/23
- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 2 changed Standards that are relevant to the Constabulary:
  - IAS 37 (Onerous Contracts) – clarified the intention of the standard.
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

These changes come into effect for financial year 2022/23 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:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<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 Government 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 (LGPS) administered by Cambridgeshire County Council.	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>However, the assumptions interact in complex ways. During 2021/22, the Group's actuaries advised that the net pension liability had increased by £21.9m for Police Pension Schemes (including a decrease of £135m as a result of changes in financial assumptions) and a decrease of £28m for Police Staff Pensions as a result of changes in financial assumptions. See note 19.</p> <p>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 4 pension schemes.</p>

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The highest impact likely is on the Police Pension Scheme if the Real Discount Rate was reduced with a potential impact of £33m (2% reduction in liability).

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## 5. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 29 July 2022.

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.

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
PCC resources consumed at the request of the CC	183,141	173,091
PCC funding for resources consumed at the request of the CC	(183,141)	(173,091)

## 7. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2021/22		Total Adjustments
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	
	£000	£000	
Police Services	16,416	(948)	15,468
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	16,416	(948)	15,468
Other Income and Expenditure	34,828	-	34,828
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	<b>51,244</b>	<b>(948)</b>	<b>50,296</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2020/21		Total Adjustments
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	
	£000	£000	
Police Services	(12,246)	4,626	(7,620)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(12,246)	4,626	(7,620)
Other Income and Expenditure	34,539	-	34,539
Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit	<b>22,293</b>	<b>4,626</b>	<b>26,919</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

	2021/22 £'000	2020/21 £'000
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
Police Pay and Allowances	74,570	73,102
Police Staff Pay and Allowances	47,817	44,190
Other Pay and Allowances	479	-12,416
Other Employee Expenses	1,942	2,451
Police Pensions	28,720	17,945
Premises	5,535	4,896
Transport	3,873	2,960
Supplies and Services	18,411	15,800
Agency and Contracted Services	1,652	1,638
Intra-Group Adjustment for financial resources consumed	(183,141)	(173,091)
Pension Top Up Grant Transferred to Pension Fund	15,610	14,905
Net interest on the net defined benefit liability	34,828	34,539
<b>Deficit on Provision of Services</b>	<b>50,296</b>	<b>26,919</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.

	2021/22 <u>Usable Reserves</u> General Fund Balance £000	2020/21 <u>Usable Reserves</u> General Fund Balance £000
<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)	51,244	22,293
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(948)	4,626
<b>Total Adjustments to Revenue Resources</b>	<b>50,296</b>	<b>26,919</b>
<b>Total Adjustments</b>	<b>50,296</b>	<b>26,919</b>

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

	2021/22 £000	2020/21 £000
Pension Top Up Grant Transferred to Pension Fund	15,610	14,905
	<u>15,610</u>	<u>14,905</u>

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

	2021/22 £000	2020/21 £000
Net interest on the net defined benefit liability	34,828	34,539
	<u>34,828</u>	<u>34,539</u>

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

## 12 Creditors

	2021/22 £000	2020/21 £000
Accumulated Absence Accrual	(5,504)	(6,452)
	<u>(5,504)</u>	<u>(6,452)</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.

	2021/22 £000	2020/21 £000
Pensions Reserve	1,723,995	1,730,166
Accumulating Compensated Absence Adjustment Account	5,504	6,452
	<u>1,729,499</u>	<u>1,736,618</u>

### **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.

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April		
Pension reserve opening balance transfer to PCC	1,730,166	1,547,588
Remeasurements of the net defined benefit liability	(57,415)	160,285
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	94,371	63,316
Employer's pensions contributions and direct payments to pensioners payable in the year	(43,127)	(41,023)
Balance at 31 March	<u><b>1,723,995</b></u>	<u><b>1,730,166</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.

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	6,452	1,826
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	(948)	4,626
Balance at 31 March	<u><b>5,504</b></u>	<u><b>6,452</b></u>

## 14 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2021/22 £000	2020/21 £000
Movement in Pension Liability	51,244	22,293
Increase in Creditors	(948)	4,626
	<b>50,296</b>	<b>26,919</b>

## 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 £2.572m 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:

2021/22	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Revenue Grants	-626	-803	-1561	-1137	-888	-905	-690	-6,608
Capital Grants	-15	-19	-38	-27	-41	-21	-16	-177
Running Costs	2,596	3,331	3,603	4,718	3,381	3,754	2,861	24,244
Depreciation	61	63	54	101	36	79	64	459
<b>Surplus / Deficit</b>	<b>2,017</b>	<b>2,572</b>	<b>2,059</b>	<b>3,655</b>	<b>2,488</b>	<b>2,908</b>	<b>2,220</b>	<b>17,918</b>
2020/21	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	(460)	(583)	(1,131)	(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>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>

### 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 £29.589m 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 2021/22 and prior year.

### **7 Force Commercial Services (formerly 7 forece 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 2021/22 were £240k. Total costs during 2020/21 were £342k, which was the first full year of the single 7 Force unit.

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

<b>Beds</b> <b>2020/21</b> <b>£'000</b>	<b>Cambs</b> <b>2020/21</b> <b>£'000</b>	<b>Herts</b> <b>2020/21</b> <b>£'000</b>	<b>Total</b> <b>2020/21</b> <b>£'000</b>		<b>Beds</b> <b>2021/22</b> <b>£'000</b>	<b>Cambs</b> <b>2021/22</b> <b>£'000</b>	<b>Herts</b> <b>2021/22</b> <b>£'000</b>	<b>Total</b> <b>2021/22</b> <b>£'000</b>
				<b>Joint Protective Services</b>				
3,467	3,110	3,686	<b>10,263</b>	Armed Policing Unit	3,502	3,149	3,700	<b>10,351</b>
812	998	1,353	<b>3,163</b>	Dogs	849	1,053	1,420	<b>3,322</b>
2,495	2,980	3,690	<b>9,165</b>	Major Crime Unit	2,265	2,728	3,364	<b>8,357</b>
313	396	565	<b>1,274</b>	Operational Planning & Public Order	286	366	519	<b>1,171</b>
258	327	466	<b>1,051</b>	Protective Services Command Team	330	423	599	<b>1,352</b>
94	119	169	<b>382</b>	Resilience	96	124	175	<b>395</b>
2,553	3,651	4,912	<b>11,116</b>	Roads Policing Unit	2,658	3,838	5,141	<b>11,637</b>
2,457	2,968	4,049	<b>9,474</b>	Scientific Services Unit	2,456	2,993	4,065	<b>9,514</b>
<b>12,449</b>	<b>14,549</b>	<b>18,890</b>	<b>45,888</b>	<b>Total Joint Protective Services</b>	<b>12,442</b>	<b>14,674</b>	<b>18,983</b>	<b>46,099</b>
				<b>Operational Support</b>				
285	180	514	<b>979</b>	Criminal Justice & Custody Management Team	312	183	566	<b>1,061</b>
586	742	1,057	<b>2,385</b>	Criminal Justice	542	695	984	<b>2,221</b>
114	221	180	<b>515</b>	Firearms & Explosives Licensing	102	196	160	<b>458</b>
-201	-251	-333	<b>-785</b>	Camera, Tickets, Collisions	-194	-246	-324	<b>-764</b>
3,711	4,696	6,695	<b>15,102</b>	ICT	4,226	5,423	7,681	<b>17,330</b>
288	364	519	<b>1,171</b>	Public Contact Senior Leader Team (Split between ICT & Collaboration Team in 2021/22)	-	-	-	-
<b>4,783</b>	<b>5,952</b>	<b>8,632</b>	<b>19,367</b>	<b>Total Operational Support Expenditure</b>	<b>4,988</b>	<b>6,251</b>	<b>9,067</b>	<b>20,306</b>
				<b>Organisational Support</b>				
415	525	748	<b>1,688</b>	Collaboration Team	423	543	769	<b>1,735</b>
3,963	5,015	7,148	<b>16,126</b>	HR / L&D	4,124	5,292	7,496	<b>16,912</b>
796	1,007	1,435	<b>3,238</b>	Information Management Department	810	1,039	1,472	<b>3,321</b>
1,249	1,279	1,873	<b>4,401</b>	Professional Standards Unit	1,419	1,466	2,139	<b>5,024</b>
205	260	370	<b>835</b>	Regional 7 Force Procurement	187	240	340	<b>767</b>
65	82	117	<b>264</b>	Uniform Stores Team	66	84	119	<b>269</b>
<b>6,693</b>	<b>8,168</b>	<b>11,691</b>	<b>26,552</b>	<b>Total Organisational Support Expenditure</b>	<b>7,029</b>	<b>8,664</b>	<b>12,335</b>	<b>28,028</b>
<b>23,925</b>	<b>28,669</b>	<b>39,213</b>	<b>91,807</b>	<b>Total BCH Net Operating Costs</b>	<b>24,459</b>	<b>29,589</b>	<b>40,385</b>	<b>94,433</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><u>Chief Constable's Accounts</u></b>							
Chief Constable							
Nick Dean	<b>2021/22</b>	<b>153,423</b>		<b>4,624</b>	<b>158,047</b>	<b>46,473</b>	<b>204,520</b>
<i>Nick Dean</i>	2020/21	151,899	-	4,616	156,515	46,001	202,516
Deputy Chief Constable							
Jane Gyford	<b>2021/22</b>	<b>134,559</b>	-	-	<b>134,559</b>	<b>38,331</b>	<b>172,890</b>
<i>Jane Gyford</i>	2020/21	133,303	-	-	133,303	37,941	171,244
Assistant Chief Constables**							
Victoria Evans	<b>2021/22</b>	<b>119,220</b>	-	<b>4,184</b>	<b>123,404</b>	<b>36,958</b>	<b>160,362</b>
<i>Victoria Evans from 11/5/2020</i>	2020/21	106,508	-	9,819	116,327	33,017	149,344
Dan Vajzovic	<b>2021/22</b>	<b>120,459</b>	-	-	<b>120,459</b>	<b>36,958</b>	<b>157,417</b>
<i>Dan Vajzovic ERSOU 01/4/20 -31/3/21</i>	2020/21	118,009	-	-	118,009	36,583	154,592
Chief Finance Officer (Constabulary)							
Jon Lee	<b>2021/22</b>	<b>106,602</b>	-	<b>6,184</b>	<b>112,786</b>	<b>24,412</b>	<b>137,198</b>
<i>Jon Lee</i>	2020/21	105,518	-	5,286	110,804	24,164	134,968
Assistant Chief Constable - BCH Joint Protective Services							
<i>Paul Fullwood (1/4/2020 - 20/8/2020)**</i>	2020/21	74,685	-	1,246	75,931	13,958	89,889
<b>Totals</b>	<b>2021/22</b>	<b>634,263</b>	-	<b>14,992</b>	<b>649,255</b>	<b>183,132</b>	<b>832,387</b>
	2020/21	689,922	-	20,967	710,889	191,664	902,553

\*\* Paul Fullwood retired 20.8.20 and was replaced by J Sabire in Bedfordshire Constabulary

The number of staff 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:

	2021/22	2020/21
£50,000 to £54,999	18	14
£55,000 to £59,999	7	3
£60,000 to £64,999	6	2
£65,000 to £69,999	-	-
£70,000 to £74,999	-	1
£75,000 to £79,999	-	1
£80,000 to £84,999	1	1
£85,000 to £89,999	1	2
£90,000 to £94,999	5	4
£95,000 to £99,999	1	1
£100,000 to £104,999	-	-
£105,000 to £109,999	1	2
£110,000 to £114,999	1	1
£115,000 to £119,999	1	1
£120,000 to £124,999	1	-
£125,000 to £129,999	-	-
£130,000 to £134,999	2	1
£135,000 to £139,999	-	-
£140,000 to £144,999	-	1
£145,000 to £149,999	-	-
£150,000 to £154,999	1	1
	<u>46</u>	<u>36</u>

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 16 where they earned over £50k and also includes those seconded out of force at present.

The numbers of exit packages with total cost per band and the total cost of redundancies agreed are set out below. Our Human Resource Team was restructured and there has been a reduction in the number of PCSO's which have resulted in the number of redundancies in 2020/21. All redundancies were compulsory.

Exit package cost band	Number of redundancies		in each band	
	2021/22 No.	2020/21 No.	2021/22 £'000	2020/21 £'000
£0 - £20,000	1	40	8	379
£20,001 - £40,000	3	2	50	52
	<u>4</u>	<u>42</u>	<u>58</u>	<u>431</u>

## 17 Audit Costs

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

	2021/22	2020/21
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<u>18</u>	<u>20</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 2021/22.

### 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 2022, the Group had dealings with the Trust being a Victims Support grant contribution of £50,000 (2020/21 £50,000) and a Safer Streets Grant for £29,360 (2020/21 £12,000).

#### **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 2021/22.

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 19 for details of transactions and balances outstanding.

During the year the Chief Constable made payments totalling £1,591k to the six local authorities for National Non-Domestic Rates Bills (2020/21 £1,585k).

### **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

	2021/22			2020/21		
	Police Pensions £000	LGPS- Chief Constable £000	Total £000	Police Pensions £000	LGPS- Chief Constable £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>						
<i>Cost of Services:</i>						
Current service cost	44,329	14,735	59,064	32,850	9,173	42,023
Past service costs	-	479	479	(12,930)	(316)	(13,246)
	<b>44,329</b>	<b>15,214</b>	<b>59,543</b>	<b>19,920</b>	<b>8,857</b>	<b>28,777</b>
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	32,530	2,298	34,828	33,100	1,439	34,539
	<b>32,530</b>	<b>2,298</b>	<b>34,828</b>	<b>33,100</b>	<b>1,439</b>	<b>34,539</b>
<i>Total Post Employment Benefit Charged to the Deficit on the Provision of Services</i>						
	<b>76,859</b>	<b>17,512</b>	<b>94,371</b>	<b>53,020</b>	<b>10,296</b>	<b>63,316</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets	-	(11,843)	(11,843)	-	(33,859)	(33,859)
Actuarial (gains) and losses arising on changes in demographic assumptions	-	(1,449)	(1,449)	-	3,897	3,897
Actuarial (gains) and losses arising on changes in financial assumptions	(21,690)	(26,064)	(47,754)	177,520	75,742	253,262
Other	3,030	601	3,631	(60,850)	(2,165)	(63,015)
	<b>(18,660)</b>	<b>(38,755)</b>	<b>(57,415)</b>	<b>116,670</b>	<b>43,615</b>	<b>160,285</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>						
	<b>58,199</b>	<b>(21,243)</b>	<b>36,956</b>	<b>169,690</b>	<b>53,911</b>	<b>223,601</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Deficit for the Provision of Services for post employment benefits in accordance with the Code						
	<b>(76,859)</b>	<b>(17,512)</b>	<b>(94,371)</b>	<b>(53,020)</b>	<b>(10,296)</b>	<b>(63,316)</b>
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	<b>36,252</b>	<b>6,875</b>	<b>43,127</b>	<b>34,700</b>	<b>6,323</b>	<b>41,023</b>

## Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2021/22			2020/21		
	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	1,622,140	314,394	1,936,534	1,487,150	225,215	1,712,365
Current service cost	44,329	14,735	59,064	32,850	9,173	42,023
Past service costs	-	479	479	(12,930)	(316)	(13,246)
Interest cost	32,530	6,569	39,099	33,100	5,245	38,345
Contributions by scheme participants	7,790	1,817	9,607	7,650	1,772	9,422
Benefits paid	(44,042)	(4,388)	(48,430)	(42,350)	(4,169)	(46,519)
Remeasurement gain/loss:						
Actuarial gains arising from changes in demographic assumptions	-	(1,449)	(1,449)	-	3,897	3,897
Actuarial (gains)/losses arising from changes in financial assumptions	(21,690)	(26,064)	(47,754)	177,520	75,742	253,262
Other	3,030	601	3,631	(60,850)	(2,165)	(63,015)
<b>Balance at 31 March</b>	<b>1,644,087</b>	<b>306,694</b>	<b>1,950,781</b>	<b>1,622,140</b>	<b>314,394</b>	<b>1,936,534</b>

Reconciliation of fair value of the scheme assets:

	2021/22			2020/21		
	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	206,368	206,368	-	164,777	164,777
Interest Income	-	4,271	4,271	-	3,806	3,806
Remeasurement gain/loss:						
The return on plan assets, excluding the amount included in the net interest expense	-	11,843	11,843	-	33,859	33,859
Contributions from employer	36,252	6,875	43,127	34,700	6,323	41,023
Contributions from employees into the scheme	7,790	1,817	9,607	7,650	1,772	9,422
Benefits paid	(44,042)	(4,388)	(48,430)	(42,350)	(4,169)	(46,519)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>226,786</b>	<b>226,786</b>	<b>-</b>	<b>206,368</b>	<b>206,368</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 £000	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Present value of the defined benefit obligation	1,644,087	1,622,140	306,694	314,394	1,950,781	1,936,534
Fair Value of Plan Assets	-	-	(226,786)	(206,368)	(226,786)	(206,368)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,644,087</b>	<b>1,622,140</b>	<b>79,908</b>	<b>108,026</b>	<b>1,723,995</b>	<b>1,730,166</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>31/03/2022</b> <b>£000</b>	<b>31/03/2021</b> <b>£000</b>
Cash and Cash Equivalents	2,193	3,185
Private Equity	24,204	15,546
UK Government	11,130	9,212
Investment funds and unit trusts:		
Equities	130,750	123,951
Bonds	24,105	23,946
Infrastructure	18,019	18,681
Real Estate	15,926	12,697
Derivatives	459	(850)
	<u>226,786</u>	<u>206,368</u>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,724m (£1,644m police officer pension scheme and £80m 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 £1,729m. 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 2019.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2021/22	2020/21	2021/22	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.0	22.2	22.1	22.0
Women	24.2	24.4	23.8	23.7
Longevity at 65 for future pensioners:				
Men	22.9	23.2	23.8	23.7
Women	26.0	26.2	25.4	25.3
Rate of increase in salaries	3.7	3.3	4.8	4.2
Rate of increase in pensions	3.2	2.8	3.0	2.4
Rate for discounting scheme liabilities	2.8	2.1	2.7	2.0
CARE revaluation rate	-	-	4.3	3.7

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.

Change in assumptions at 31 March 2022	Chief Constable Scheme		Police Pension Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £000
0.1% increase in Real Discount Rate	2.0%	7,114	-2.0%	(32,600)
0.1% increase in the Salary Increase Rate	0.0%	688	0.2%	3,000
0.1% Increase in the Pension Increase Rate	2.0%	6,379	1.8%	30,400
Life Expectancy (Pensioners assumed to be one year younger)	4.0%	12,268	0.7%	11,000

### Impact on Cash Flows

The total contributions 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) contributions for the Police Pension Scheme in the year to 31 March 2022 are £16,647k (2020/21 £16,128k).

## **Legal Claims**

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

### Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims are due to be heard by the Employment Tribunal in December 2022. The settlement of the injury to feelings claims for Aarons sets a helpful precedent. Therefore no liability in respect of compensation claims is recognised in these accounts.

### Penningtons

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

## **Remedy**

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

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

### Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Cambridgeshire Constabulary this effects 1,066 members. Scheme actuaries originally estimated the increase in scheme liabilities for Cambridgeshire Constabulary to be 4.4% or £67.5 of pension scheme liabilities.

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.

## 20 Transport Consortium

The PCC for Cambridgeshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Cambridgeshire's contribution for 2021/22 was £2.6m (£2.5m in 20/21). Costs are allocated to the forces in proportion to the size of their fleet. The total costs of the consortium are shown below:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Employee Costs	2,901	2,759
Premises	431	430
Running Costs	5,195	4,831
Insurance	2,352	2,352
Vehicles	9,538	9,692
Income	(1,913)	(1,480)
	<hr/> <b>18,504</b> <hr/>	<hr/> <b>18,584</b> <hr/>

## 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, administrated and governed by The Police Pension Fund Regulations 2007.

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

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

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

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

A statement of account for the Pension Account, together with its net current assets and liabilities at 31 March 2022, 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

	2021/22 £000	2020/21 £000
Contributions receivable:		
From employer:		
Normal	(17,695)	(17,053)
Early retirements	(247)	(191)
From members	(7,597)	(7,303)
Transfers in	(220)	(373)
	<u>(25,758)</u>	<u>(24,920)</u>
Benefits payable:		
Pensions	33,940	33,166
Commutations and lump sum retirement benefits	7,336	6,303
	<u>41,276</u>	<u>39,469</u>
Payments to and on account of leavers:		
Refunds of contributions	92	356
Individual transfers out to other schemes	-	-
	<u>92</u>	<u>356</u>
Net amount for the year before top-up grant payable by sponsoring department	<b>15,610</b>	<b>14,905</b>
Amount from sponsoring department	<b>(15,610)</b>	<b>(14,905)</b>
<b>Balance on Fund at 31 March</b>	<u>-</u>	<u>-</u>
<b>Net Assets Statement</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Net current assets and liabilities		
Amounts owed from General Fund	1,065	2,353
Remaining top-up grant due from the Home Office	(1,065)	(2,353)
Net current assets / (liabilities) at 31 March	<u>-</u>	<u>-</u>

## Glossary of Terms

Accrual	The recognition in the correct accounting period of income and expenditure as it is earned or incurred rather than as cash is received or paid.
Accrued Retirement Benefits (Pensions)	The retirement benefits for service up to a given point in time, whether vested rights or not.
Actuarial Gains And Losses (Pensions)	For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.
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.

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.

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