



Police and Crime Commissioner  
**CAMBRIDGESHIRE AND PETERBOROUGH**

**STATEMENT OF  
ACCOUNTS  
2020/21**

# **CAMBRIDGESHIRE POLICE AND CRIME COMMISSIONER STATEMENT OF ACCOUNTS 2020/21**

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# Preface by the Police and Crime Commissioner for Cambridgeshire

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

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

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

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

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

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

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

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

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

# Narrative Statement by the Chief Finance Officer

## Message from the Chief Finance Officer – Matthew Warren

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

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

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

This Narrative Report provides information about the performance of the Cambridgeshire PCC, both financially and in delivering other objectives, including the key issues affecting the PCC and Group and their accounts. Further information on the performance for 2020/21 can be found in the Annual Report 2020/21. The narrative statement also provides a summary of the financial position as at 31 March 2021 and is structured as follows:

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

## 1. Explanation of the PCC and Group

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

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

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

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

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

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

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

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

## 2. Financial Performance

### Revenue – Budget and Outturn 2020/21

The Police and Crime Commissioner approved a budget of £152.5m. At the end of the year, spending was £152.6m, using £0.4m of reserves.

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

**Table 1: PCC Revenue Budget and Outturn 2020/21**

	Budget	Year end Outturn	Year end outturn Variance
	£'000	£'000	£'000
Constabulary	150,381	149,565	(816)
OPCC Office Costs	1,270	1,025	(245)
Grants and Corporate Costs	(1,351)	(726)	625
Capital Financing	2,176	2,771	595
<b>Non-Operational Estate Held for Investment</b>	(9)	(4)	5
<b>Total Budget</b>	<b>152,467</b>	<b>152,631</b>	<b>164</b>
Contribution from Reserves	<b>0</b>	<b>(352)</b>	<b>(352)</b>
<b>Net Budget Requirement</b>	<b>152,467</b>	<b>152,279</b>	<b>(188)</b>

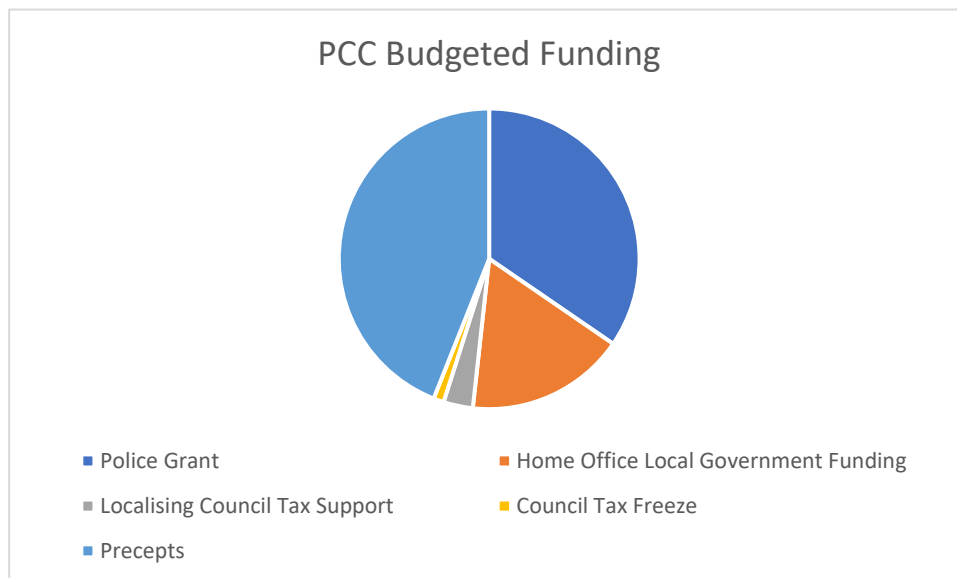
### **Reconciliation of Outturn to Net Expenditure Chargeable to the General Fund Balance (EFA Statement)**

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

### **Funding**

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

	£'000
Police Grant	52,704
Home Office Local Government Funding	26,185
Localising Council Tax Support	4,823
Council Tax Freeze	1,702
Precepts	67,053
<b>Total</b>	<b>152,467</b>



### **Capital 2020/21**

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

**Table 3: 2020/21 Capital Programme and Financing**

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

	B/Fwd from previous years*	Original 2020/21 Capital Programme	Previously Authorised Programme Amendments	Revised 2020/21 Capital Budget	Applied
All figures £'000					
<b>Capital Financing:-</b>					
Capital Grants	280	136	123	<b>539</b>	<b>388</b>
Carry Forward Reserve	1,022	-	-	<b>1,022</b>	<b>456</b>
Capital Receipts	-	537	-	<b>537</b>	<b>537</b>
Estates Reserve	-	862	(2)	<b>860</b>	<b>860</b>
RCCO	-	1,440	633	<b>2,073</b>	<b>2,073</b>
Borrowing	-	6,385	(398)	<b>5,987</b>	<b>498</b>
<b>TOTAL</b>	<b>1,302</b>	<b>9,360</b>	<b>356</b>	<b>11,018</b>	<b>4,812</b>

\* The Carry forward reserve was funded by the Estates Reserve £699k and the Capital Receipts reserve £323k in 2019/20

## Reserves

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

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

£000

- Uplift Reserve	30
- Pension Reserve	75
- Emergency Services Mobile Communication Programme	100
- Major Incident Victim Support	25
- Eastern Region Serious Organised Crime Building Maintenance Fund	110

**Table 4: Usable Reserves as at 31 March 2021**

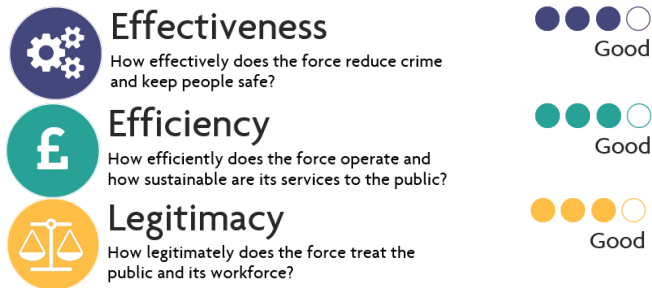
	Balance at	2020/21		Balance at
	31 March 2020	Added to Reserve	Applied	31 March 2021
	£000	£000	£000	£000
Carry Forward Projects Reserve	1,075	1,158	(1,075)	1,158
Insurance Reserve	976	700	-	1,676
Ill-Health Retirement Reserve	398	-	-	398
Drug Forfeiture (Operational) Reserve	372	79	(53)	398
Budget Assistance Reserve	1,887	-	-	1,887
Capital Carry Forward Reserve	1,464	-	(456)	1,008
Asset Incentivisation Reserve	466	66	(8)	524
Road Casualty Reduction & Support Fund	1,050	251	(204)	1,097
Collaboration & Commissioning Reserve	564	37	(350)	251
Estates Development Reserve	860	-	(860)	-
Uplift Reserve	-	30	-	30
Major Incident Victim Support	-	25	-	25
Eastern Region Serious Organised Crime Building Maintenance Fund	-	110	-	110
Emergency Service Mobile Communication Programme Reserve	-	100	-	100
Pension Reserve (McCloud & Revaluation Smoothing)	-	75	-	75
<b>Total Earmarked Reserves</b>	<b>9,112</b>	<b>2,631</b>	<b>(3,006)</b>	<b>8,737</b>
General Reserve	7,198	294	-	7,492
<b>Total General and Earmarked Reserves</b>	<b>16,310</b>	<b>2,925</b>	<b>(3,006)</b>	<b>16,229</b>
Capital Receipts Reserve	537	-	(537)	-
Unapplied Capital Receipts Reserve	282	-	(95)	187
<b>Total Usable Reserves</b>	<b>17,129</b>	<b>2,925</b>	<b>(3,638)</b>	<b>16,416</b>

### 3. Non Financial Performance

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

In addition, the force received its latest Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection report in 2019/20, which provides an overall assessment of the Force's performance. Due to the Covid-19 pandemic a PEEL inspection was not undertaken in 2020/21. Therefore, the release date of the inspection report pre-dates the 2020/21 year. The PEEL inspection provided the following judgement on the Constabulary as good across all areas inspected (from a range of possible judgements of inadequate, requires improvement, good to outstanding).





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

**Police and Crime Plan**

**VICTIMS**

In Cambridgeshire and Peterborough, victims and witnesses are placed at the heart of the criminal justice system and have access to clear pathways of support.

Victims and witnesses of crime can access appropriate and proportionate needs-led emotional and practical support at all stages of the criminal justice process. Victims have access to an integrated model of support services provided through a Constabulary-led Victim and Witness Hub and local contracts with specialist providers.

As the pandemic hit, staff from the OPCC supported all services to develop operational contingency plans and to change to virtual ways of working, including moving from face-to-face to telephone-based, online or virtual services. The Countywide Sexual Violence Support Service changed its entire method of support delivery within weeks of lockdown being announced. The service continued to provide Independent Sexual Violence Adviser (ISVA) with staff working from home and even ran its helpline and email support service from volunteers’ homes.

Several new pathways of support were created as services embraced different ways of working and stepped in to support each other. For example, the Victim and Witness Hub provided emotional support to elderly victims of burglary while the ‘Bobby Scheme’ moved to new ways of working. The existing strong partnership working arrangements ensured a seamless provision throughout the year. During the summer months as lockdown eased many services started ‘Walk and Talk’ emotional support, rather than build up waiting lists with people keen to meet in person. Young people had counselling sessions in a camper van parked on their drive and secure online counselling rooms became the norm.

The OPCC and Local Authority hosted weekly calls with refuge managers and supported local problem solving to keep them and the Domestic Abuse Outreach Service up and running. The county’s Sexual Assault Referral Centre (SARC) also remained open quickly coming up with ways to limit contact with survivors but also capture vital evidence and provide holistic support.

However, staff across the system found working from home and providing emotional support to often highly anxious and traumatised victims a challenge. The OPCC worked with a clinical psychologist to develop virtual training and support sessions for staff initially in the Victim and Witness Hub and then wider services. These sessions reinforced their knowledge on trauma-

informed practice but also enabled them to deal with their own welfare and put coping mechanisms in place. The feedback was amazing with staff appreciating the investment in them professionally and personally. Over the year, all commissioned services reported rising numbers of victims of crime accessing support. Support sessions increased in length and complexity with victims reporting heightened anxiety and a lack of access to positive coping mechanisms.

### ***Extraordinary Domestic Abuse and Sexual Violence Funding***

During the year the OPCC led successful partnership bids for additional funding worth more than £700k to help services flex and respond to the pandemic. This included:

- Three additional Independent Sexual Violence Advisor (ISVAs) funded for two years – worth £220k.
- Awarding more than £375k to 12 organisations, eight of whom had not previously been receiving funding, including two organisations that specifically support victims from protected groups; and
- Additional Rape Support Fund monies – worth £123k.

### ***Victims and witnesses are treated with respect and their needs are acknowledged during the criminal process***

The Cambridgeshire Criminal Justice Board (CCJB) has continued to bring criminal justice agencies together through the pandemic to work through issues that would otherwise act as a barrier to effective justice. This has required the CCJB to bring partners together more frequently, to work through the challenges in delivering an efficient and effective criminal justice system.

The roll out of a new video platform has enabled the Courts to remain open for business and has played a vital role in keeping justice moving, whilst protecting court users.

A core focus of the CCJB has been the impact of the pandemic on victims and witnesses. Victim and Witness Care Co-ordinators in the Victim and Witness Hub continued to support victims and witness and provide updates in relation to the progress of the case. The Victim and Witness Coordinators have continued to liaise with witnesses to secure their availability for court and ensure any special measures are put in place. These staff work in partnership with their CPS colleagues and the Witness Service.

The criminal justice system has not been able to progress cases at the same rate and as such there is a backlog of cases waiting to be heard. This has led to an increase of victims and witnesses within the system. Recognising the challenges, the Acting Commissioner provided an additional £90k of funding to provide additional resources to ensure that victim and witnesses are kept up to date and engaged with the criminal justice process whilst backlog caused by the pandemic is reduced.

## **OFFENDERS**

Over the reporting year, staff from the OPCC provided leadership and support to ensure effective partnership working for the safe resettlement of those leaving prison, making sure

that people re-entering communities have had access to vital services to help prevent them from re-offending. They liaised closely with partners to ensure effective information sharing and that emerging issues were addressed. The OPCC continued to support the partnership forum enabling it to meet as regularly as weekly when needed during the pandemic to respond to the constantly changing landscape. For example, supporting effective links between services so that people can access accommodation on release from prison if they would otherwise be homeless. Accommodation is a key pathway to preventing reoffending and throughout the pandemic it has been important to ensure people can follow the health advice. An example of innovative partnership working includes enabling access to prison video technology so that housing assessments can be undertaken remotely. This close working has also enabled continuity from prison into the community whilst addressing individual health needs.

The new force approach to out of court disposals (OOCs) introduced at the end of 2019 has been fully embedded as business as usual this year. OOCs are used to divert low level offending out of the court system by offering referrals to partner agencies to support people from reoffending by addressing their needs. These include housing, drug or alcohol misuse and financial management. The process has been supported with funding from the Commissioner to provide additional officers in the Constabulary's Out of Court Diversion suite and ongoing support from Outside Links (a service providing continued support for both men and women who have resided at HMP Peterborough, or those in the community) to support those identified in needing support through the Out of Court Disposal process. Between 1<sup>st</sup> October and 31<sup>st</sup> December 2020, 234 referrals were made by the Constabulary to the Outside Links Service.

***All agencies coming into contact with offenders ensure they address the causes of criminality***  
With several new strategies being introduced over the reporting year by government, including in the areas of sentencing, offender management and probation, local work has reflected this national focus on preventing reoffending.

An updated local needs assessment was commissioned to provide an evidence base for the incoming Commissioner's Police and Crime Plan and to inform future commissioning and partnership working. The results reinforced the need for focus on key areas such as accommodation, substance misuse, and education, training and employment. It also highlighted the complex needs of people within the criminal justice system and the need to work effectively across the whole system.

The OPCC has continued to support the Mental Health Treatment Requirement project for females in Peterborough which has been in place since September 2019. This diverts vulnerable offenders at risk of short prison sentences towards community sentences, requiring and supporting them to access treatment for their mental health issues to reduce their reoffending.

Partnership working is underway to implement the new national Integrated Offender Management (IOM) strategy locally. The aim of the IOM Strategy is to make communities safer by reducing reoffending. There is a particular focus on Neighbourhood crimes: robbery; burglary; theft of vehicles; theft from person. Each Police Force area will work with partners to ensure two core pillars of activity are undertaken: joint supervision of offenders by Police & Probation; Access for offenders to rehabilitative services. Cambridgeshire is well-placed to deliver against the new strategy.

The OPCC continued to work with colleagues in Jobcentre Plus, the prison and probation to identify new opportunities to support people as they leave prison with education, training and employment opportunities.

## **COMMUNITIES**

One of the Acting Commissioner's key responsibilities was to listen and respond to the concerns of people living in Cambridgeshire and Peterborough. Throughout the reporting year, and in line with social restrictions, members of the public were encouraged to voice their concerns through 1-1 surgeries held virtually, surveys, telephone calls and online meetings. Regular briefing sessions were also offered to local councillors, community representatives and local MPs online so that issues could be shared. A new standing agenda item: 'Views from the Public' was established at the Acting Commissioner's monthly Business Co-ordination Board for public concerns to be put to the Chief Constable. The responses provided are made available on the Acting Commissioner's website for the public to view.

Following the Chief Constable's announcement in October 2020 regarding proposed changes to Neighbourhood Policing, the Commissioner proactively engaged with the public and key stakeholders including Community Safety Partnerships (CSPs) to seek their views in several ways including through direct correspondence and via a radio phone-in.

Other examples of targeted engagement include a Hate Crime Virtual Round Table, co-chaired with the Chief Constable in October 2020 for those representing minority and hard to reach communities; and a virtual event for people living and working in rural communities co-hosted with the Regional Crown Prosecution Service to discuss hare coursing, machinery and livestock theft as well as reassuring people about available victim support services.

The Acting Commissioner listened and responded to members of the public in several ways:

- Ensuring the voice of the public is evident in the Police and Crime Plan;
- Influencing, challenging and supporting national, regional and local policies and initiatives;
- Enabling and supporting volunteers;
- Finding solutions to complex problems through partnership working; and
- Ensuring that all information is easily accessible and transparent

A new accessibility tool, Recite Me, was added to the Acting Commissioner's website to enhance accessibility allowing users to customise content in a way that works best for them. The website was subsequently awarded the CoPaCC Open and Transparent Quality Award 2021 in March for meeting the statutory requirements on openness and transparency. Award criteria included the availability of information, the timeliness of its publication and its ease of use.

- 1,075 pieces of correspondence received
- 125 Facebook posts reaching 125,335 people
- 15 Instagram posts reaching 365 followers
- 3 radio interviews
- 2 briefings with local MPs
- 3 seasonal newsletters reaching approximately 20,000 people each time
- 11 public surgeries (held online due to Covid-19 restrictions)

- 7 Police and Crime Panel meetings and 1 Confirmation Hearing
- 30 Freedom of Information requests
- 282,172 Twitter impressions with over 3,500 followers
- 18 media interviews

***Increase public involvement to improve community understanding and resilience***

Local issues such as road safety cannot always be solved by policing alone therefore the Acting Commissioner continued to work with partners and volunteers in the community to find solutions and resources. July 2020 saw the adoption of Vision Zero, a countywide road safety strategy based on the principle that no person should be killed or seriously injured as a result of a road collision. A key element of the strategy is the involvement of local road users and communities across the county.

Countywide Watch Schemes are supported by the Acting Commissioner to enable local issues to be flagged by volunteers so that action can be taken where it is most needed. A Watch Coordinator, funded by the Acting Commissioner continues to sit within the Constabulary to support communities to set up both Speedwatch and Neighbourhood Watch schemes. There are now 184 Speedwatch groups with 2,100 volunteers across the county. The schemes were suspended in October 2020 due to Covid-19 restrictions. An HGV Watch scheme, still in its infancy now has 12 groups and 84 volunteers.

Police and Crime Commissioners have a legal duty to monitor all complaints against the Constabulary's officers and staff, whilst also handling any complaints made against the Chief Constable. Over the reporting year, the Acting Commissioner's office undertook a series of random sampling of complaints to monitor the way in which the Constabulary responds to these, and the lessons learnt. Further assurance regarding complaint handling was gained during the year through the Acting Commissioner being represented on the Professional Standards Department (PSD) Governance Board.

During the year, six complaints were received against the Chief Constable, none of which related to conduct matters, and none of which were upheld. All the complaints related to the handling of operational policing. No complaints were recorded by the Police and Crime Panel (the body responsible for handling complaints against the Acting Commissioner) for matters relating to the Acting Commissioner Ray Bisby. A total of 36 complaint reviews were received and reviewed by the OPCC during the period. Most complaints received and recorded by PSD related to Police powers, policies and procedures and delivery of duties and service. The OPCC did not uphold any of the reviews as it considered, the outcome (the rationale with regards to the handling of the complaint provided by the Constabulary to the complainant) was both reasonable and proportionate.

**TRANSFORMATION**

The advent of the pandemic created an unprecedented year for all those delivering public services requiring the Commissioner and his team to work differently within each of their statutory powers and remits. Throughout the reporting year, the team has moulded and flexed itself with input and actions at the right pace and right time within the framework of the Police and Crime Plan.

### ***Drive efficiency and effectiveness in policing through local, regional and national collaboration***

Whilst Cambridgeshire has a strong and established history of collaboration with Bedfordshire Police and Hertfordshire Constabulary, (known as the BCH Strategic Alliance), it was recognised that the approach to commissioning of services from BCH collaboration needed to be strengthened. An integrated planning cycle was therefore agreed in May 2020 to enable Cambridgeshire service requirements to be more effectively fed into the planning process for the separate BCH units. Through BCH, each of the three local forces continue to receive outstanding support across a range of functions. The functions provided to Cambridgeshire by BCH collaboration are Joint Protective Services, Operational Support and organisational support functions such as human resources and ICT.

There are also well-established arrangements across the region for collaboration with a 7Force structure (including Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk). In January 2020, procurement across all forces went live and benefits are already starting to be seen through projects such as PEQF, a new, professional framework for the training of police officers and staff.

In response to a national College of Policing change to recruit training, all forces were required to deliver and recruit degree training in partnership with a Higher Education Institution partner. This represented a significant change for all police services which required consideration and planning beyond just recruitment and training. Sharing this procurement process across the 7 forces reduced time and improved the quality of the final contract which was awarded to Anglia Ruskin University. The value of the Bedfordshire, Cambridgeshire and Hertfordshire element of the contract, known as Lot 2 was £18.1m over 5 years.

A programme to align vetting across 7Force was developed and implemented with a new cloud hosted Case Management System to standardise the process. Other programmes running over the reporting year included a driver management system to record all drivers of police vehicles, their training and driving history; new anti-corruption software; a small team of Chief Firearms Instructors; a new forensic case management system and a Digital Asset Management System (DAMS) to enable the transfer of digital material from members of the public or other 3rd parties into the investigative and criminal justice system.

## **4. Outlook**

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

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

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

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

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

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

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

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

Whilst the PCC had to adjust to the Covid-19 pandemic in 2020/21, the organisation, officers and staff will similarly have to re-adjust as lockdown measures are eased. This will affect the Constabulary internally in terms of how the force continues to work in the future maintaining an approach to agile working where appropriate rationalising and optimising the use of the estate in doing so. Importantly also is the impact on the Constabulary as society returns to normal with the forecast increase in crime rates returning to and potentially exceeding pre-pandemic levels.

## **5. Financial Statements & EFA Disclosure**

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

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

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

for the year. The Net Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

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

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

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

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

### **Balance Sheet**

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

The Balance Sheet position at 31 March 2021 is negative £1.684b as shown below (31 March 2020 £1.493b). At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Constabulary continues to remain healthy.

	31/03/2021
	£m
Long Term Assets	59
Current Assets	49
Current Liabilities	(43)
Long Term Liabilities	(1,749)
<b>Net Liabilities</b>	<b>(1,684)</b>
Usable Reserves	(16)
Unusable Reserves	1,700
	<b>1,684</b>



### The Cash Flow Statement

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

	31/03/2021
Net cashflows from	£m
Operating Activities	6.3
Investing Activities	(3.8)
Financing Activities	(0.5)
<b>Net increase in cash and cash equivalents</b>	<b>2.0</b>
Cash & Cash Equivalents	
At the beginning of the reporting period	7.2
<b>At the end of the reporting period</b>	<b>9.2</b>

### Further information

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

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

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

### Acknowledgements

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

A handwritten signature in black ink, appearing to read 'M Warren'.

Matthew Warren CPFA  
Chief Finance Officer to the Cambridgeshire Police and Crime Commissioner  
27 January 2022

# Statement of Responsibilities for the Statement of Accounts

## The Commissioner's Responsibilities

The Group is required to:

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

## The Chief Finance Officer's Responsibilities

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

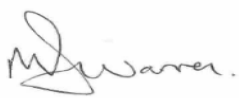
In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

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



Matthew Warren CPFA  
Chief Finance Officer to Cambridgeshire Police and Crime Commissioner  
27 January 2022

## Group Expenditure and Funding Analysis

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

Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement		2020/21 Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
144,586	20,894	165,480	Police Services	150,607	(3,981)	146,626
3,545	101	3,646	Corporate, Democratic and Commissioning Services	2,635	62	2,697
<b>148,131</b>	<b>20,995</b>	<b>169,126</b>	<b>Net Cost of Services</b>	<b>153,242</b>	<b>(3,919)</b>	<b>149,323</b>
(145,233)	40,350	(104,883)	Other Income and Expenditure	(153,161)	35,829	(117,332)
<b>2,898</b>	<b>61,345</b>	<b>64,243</b>	Deficit on Provision of Services	<b>81</b>	<b>31,910</b>	<b>31,991</b>
19,208			Opening General Fund Balance	16,310		
(2,898)			Less Deficit on General Fund in Year	(81)		
<b>16,310</b>			<b>Closing General Fund Balance</b>	<b>16,229</b>		

## Police and Crime Commissioner's Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	2020/21 Adjustments between the Funding and Accounting Basis Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(5,439)	699	(4,740)	Police Services	(7,580)	3,639	(3,941)
3,545	101	3,646	Corporate, Democratic and Commissioning Services	2,636	62	2,698
165,571	-	165,571	Intra-group Adjustment for financial resources consumed	173,091	-	173,091
<b>163,677</b>	<b>800</b>	<b>164,477</b>	<b>Net Cost of Services</b>	<b>168,147</b>	<b>3,701</b>	<b>171,848</b>
(160,779)	(324)	(161,103)	Other Income and Expenditure	(168,066)	1,290	(166,776)
<b>2,898</b>	<b>476</b>	<b>3,374</b>	Deficit on Provision of Services	<b>81</b>	<b>4,991</b>	<b>5,072</b>
19,208			Opening General Fund Balance	16,310		
(2,898)			Less Deficit on General Fund in Year	(81)		
<b>16,310</b>			<b>Closing General Fund Balance</b>	<b>16,229</b>		

## Comprehensive Income and Expenditure Statement – Group

2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000		2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
176,540	(11,060)	165,480	Police Services	158,277	(11,651)	146,626
5,269	(1,623)	3,646	Corporate, Democratic and Commissioning Services	5,108	(2,411)	2,697
<b>181,809</b>	<b>(12,683)</b>	<b>169,126</b>	<b>Net Cost of Services</b>	<b>163,385</b>	<b>(14,062)</b>	<b>149,323</b>
414	-	414	Other Operating Expenditure (note 13)	333	-	333
41,152	-	41,152	Financing and Investment Income and Expenditure (note 14)	35,092	-	35,092
-	(146,449)	(146,449)	Taxation and Non-Specific Grant Income (note 15)	-	(152,757)	(152,757)
<b>223,375</b>	<b>(159,132)</b>	<b>64,243</b>	<b>Deficit on Provision of Services</b>	<b>198,810</b>	<b>(166,819)</b>	<b>31,991</b>
		(2,551)	Surplus on revaluation of Property, Plant and Equipment (note 24)			(2,104)
		(165,757)	Remeasurement of the net defined benefit liability (note 33)			160,990
		<b>(168,308)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>158,886</b>
		<b>(104,065)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>190,877</b>

## Comprehensive Income and Expenditure Statement – Police and Crime Commissioner

2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000		2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
6,320	(11,060)	(4,740)	Police Services	7,710	(11,651)	(3,941)
5,269	(1,623)	3,646	Corporate, Democratic and Commissioning Services	5,109	(2,411)	2,698
165,571	-	165,571	Intra-Group Adjustment for financial resources consumed (note 7)	173,091	-	173,091
<b>177,160</b>	<b>(12,683)</b>	<b>164,477</b>	<b>Net Cost of Services</b>	<b>185,910</b>	<b>(14,062)</b>	<b>171,848</b>
414	(15,546)	(15,132)	Other Operating Expenditure (note 13)	333	(14,905)	(14,572)
478	-	478	Financing and Investment Income and Expenditure (note 14)	553	-	553
-	(146,449)	(146,449)	Taxation and Non-Specific Grant Income (note 15)	-	(152,757)	(152,757)
<b>178,052</b>	<b>(174,678)</b>	<b>3,374</b>	<b>Deficit on Provision of Services</b>	<b>186,796</b>	<b>(181,724)</b>	<b>5,072</b>
		(2,551)	Surplus on revaluation of Property, Plant and Equipment (note 24)			(2,104)
		(1,064)	Remeasurement of the net defined benefit liability (note 33)			705
		<b>(3,615)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(1,399)</b>
		<b>(241)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>3,673</b>

## Group Movement in Reserves Statement

	General Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2019</b>	19,208	2,641	21,849	(1,619,286)	(1,597,437)
<b>Movement in reserves during 2019/20</b>					
Total Comprehensive Income and Expenditure	(64,243)	-	(64,243)	168,308	104,065
Adjustments between accounting basis & funding basis under regulations (note 10)	61,345	(1,822)	59,523	(59,523)	-
<b>(Decrease)/Increase in 2019/20</b>	<b>(2,898)</b>	<b>(1,822)</b>	<b>(4,720)</b>	<b>108,785</b>	<b>104,065</b>
<b>Balance at 31 March 2020</b>	<b>16,310</b>	<b>819</b>	<b>17,129</b>	<b>(1,510,501)</b>	<b>(1,493,372)</b>
<b>Movement in reserves during 2020/21</b>					
Total Comprehensive Income and Expenditure	(31,991)	-	(31,991)	(158,886)	(190,877)
Adjustments between accounting basis & funding basis under regulations (note 10)	31,910	(632)	31,278	(31,278)	-
<b>(Decrease) in 2020/21</b>	<b>(81)</b>	<b>(632)</b>	<b>(713)</b>	<b>(190,164)</b>	<b>(190,877)</b>
<b>Balance at 31 March 2021</b>	<b>16,229</b>	<b>187</b>	<b>16,416</b>	<b>(1,700,665)</b>	<b>(1,684,249)</b>



## Police and Crime Commissioner Movement in Reserves Statement

	General Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2019</b>	19,208	2,641	21,849	33,952	55,801
<b>Movement in reserves during 2019/20</b>					
Total Comprehensive Income and Expenditure	(3,374)	-	(3,374)	3,615	241
Adjustments between accounting basis & funding basis under regulations (note 11)	476	(1,822)	(1,346)	1,346	-
<b>(Decrease)/Increase in 2019/20</b>	<b>(2,898)</b>	<b>(1,822)</b>	<b>(4,720)</b>	<b>4,961</b>	<b>241</b>
<b>Balance at 31 March 2020</b>	<b>16,310</b>	<b>819</b>	<b>17,129</b>	<b>38,913</b>	<b>56,042</b>
<b>Movement in reserves during 2020/21</b>					
Total Comprehensive Income and Expenditure	(5,072)	-	(5,072)	1,399	(3,673)
Adjustments between accounting basis & funding basis under regulations (note 11)	4,991	(632)	4,359	(4,359)	-
<b>(Decrease) in 2020/21</b>	<b>(81)</b>	<b>(632)</b>	<b>(713)</b>	<b>(2,960)</b>	<b>(3,673)</b>
<b>Balance at 31 March 2021</b>	<b>16,229</b>	<b>187</b>	<b>16,416</b>	<b>35,953</b>	<b>52,369</b>

## Group and Police and Crime Commissioner's Balance Sheet

	Notes	31 March 2021			31 March 2020		
		Chief £000	PCC £000	Group £000	Chief £000	PCC £000	Group £000
Property, Plant and Equipment	16	-	55,911	55,911	-	56,216	56,216
Investment Property		-	122	122	-	122	122
Intangible Assets	17	-	3,287	3,287	-	4,112	4,112
<b>Long Term Assets</b>		-	<b>59,320</b>	<b>59,320</b>	-	<b>60,450</b>	<b>60,450</b>
Short Term Investments	18	-	4,000	4,000	-	4,000	4,000
Inventories		-	1,037	1,037	-	1,100	1,100
Short Term Debtors	19	-	34,790	34,790	-	16,940	16,940
Cash and Cash Equivalents	20	-	9,167	9,167	-	7,156	7,156
<b>Current Assets</b>		-	<b>48,994</b>	<b>48,994</b>	-	<b>29,196</b>	<b>29,196</b>
Short Term Borrowing	18	-	(562)	(562)	-	(517)	(517)
Short Term Creditors	21	(6,452)	(36,449)	(42,901)	(1,826)	(13,915)	(15,741)
<b>Current Liabilities</b>		<b>(6,452)</b>	<b>(37,011)</b>	<b>(43,463)</b>	<b>(1,826)</b>	<b>(14,432)</b>	<b>(16,258)</b>
Long Term Creditors		-	(43)	(43)	-	(43)	(43)
Provisions	22	-	(1,312)	(1,312)	-	(1,738)	(1,738)
Long Term Borrowing	18	-	(16,740)	(16,740)	-	(17,322)	(17,322)
Other Long Term Liabilities	33	(1,730,166)	(839)	(1,731,005)	(1,547,588)	(69)	(1,547,657)
<b>Long Term Liabilities</b>		<b>(1,730,166)</b>	<b>(18,934)</b>	<b>(1,749,100)</b>	<b>(1,547,588)</b>	<b>(19,172)</b>	<b>(1,566,760)</b>
<b>Net Assets/(Liabilities)</b>		<b>(1,736,618)</b>	<b>52,369</b>	<b>(1,684,249)</b>	<b>(1,549,414)</b>	<b>56,042</b>	<b>(1,493,372)</b>
Usable Reserves	23	-	(16,416)	(16,416)	-	(17,129)	(17,129)
Unusable Reserves	24	1,736,618	(35,953)	1,700,665	1,549,414	(38,913)	1,510,501
<b>Total Reserves</b>		<b>1,736,618</b>	<b>(52,369)</b>	<b>1,684,249</b>	<b>1,549,414</b>	<b>(56,042)</b>	<b>1,493,372</b>

These financial statements replace the unaudited financial statements confirmed by the Chief Finance Office Matthew Warren on 27 January 2022.

## Group and Police and Crime Commissioner's Cash Flow Statement

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Net deficit on the provision of services	(5,072)	(31,991)	(3,374)	(64,243)
Adjust net deficit on the provision of services for non cash movements (note 25)	11,447	38,366	14,786	75,655
Net cash flows from Operating Activities	<b>6,375</b>	<b>6,375</b>	<b>11,412</b>	<b>11,412</b>
Investing Activities				
Purchase of Property, Plant and Equipment and Intangible Assets	(3,827)	(3,827)	(9,013)	(9,013)
Purchase of Short Term Investments	(4,000)	(4,000)	(4,000)	(4,000)
Proceeds from the Sale of Short Term Investments	4,000	4,000	6,000	6,000
Financing Activities				
Repayments of long term borrowing	(537)	(537)	(728)	(728)
Net increase in cash and cash equivalents	<b>2,011</b>	<b>2,011</b>	<b>3,671</b>	<b>3,671</b>
Cash and cash equivalents at the beginning of the reporting period	7,156	7,156	3,485	3,485
Cash and cash equivalents at the end of the reporting period (Note 20)	<b>9,167</b>	<b>9,167</b>	<b>7,156</b>	<b>7,156</b>

# Notes to the Accounts

## 1. Accounting Policies

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

The Statement of Accounts has been prepared with reference to:

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

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

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

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

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

### **(i) Accruals of Income and Expenditure**

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

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

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

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

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

### **(ii) Cash and Cash Equivalents**

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

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

### **(iii) Charges to Revenue for Non-Current Assets**

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

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

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a

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

#### **(iv) Employee Benefits**

##### Benefits Payable During Employment

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

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits relating to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### Post Employment Benefits

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

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

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

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

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

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

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

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

#### *Current Service Cost*

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

#### *Interest Cost*

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

#### *Expected Return on Assets*

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

The expected return is based on:

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

#### *Actuarial Gains and Losses*

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

#### *Past Service Costs*

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

#### *Settlements and Curtailments*

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

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

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

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

#### *Contributions paid to defined benefit schemes*

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

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

Revenue charges in respect of current and past service costs, interest costs and the expected return on assets are reversed in order that actual employer's contributions and retirement benefits payable are recognised in the General Fund Balance. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove notional debits and credits for the cash paid to the pension fund and pensioners and any such



amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

#### **(v) Events After the Balance Sheet Date**

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

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

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

#### **(vi) Financial Liabilities**

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

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

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

#### **(vii) Government Grants and Contributions**

Government grants and contributions are accounted for on an accruals basis and credited when the conditions for their receipt have been complied with and there is a reasonable assurance that the grant or contribution will be received. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

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

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

#### **(viii) Intangible Assets**

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. Therefore, gains and losses are reversed out of the General

Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **(ix) Joint Operations**

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

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

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

#### **(x) Property, Plant and Equipment**

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

##### Recognition

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

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

##### Measurement

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

- Assets under construction are included in the Balance Sheet at historical cost;

- Operational land and properties and other operational assets are included in the Balance Sheet at current value. Non-specialised operational properties are valued on the basis of “Existing Use Value” (EUV);
- Non-operational land and properties and other non-operational assets, including any assets surplus to requirements, are included in the Balance Sheet at fair value, estimated at highest and best use from a market participant’s perspective; and
- Land and Buildings that are jointly owned between forces are bought onto our Balance Sheet in line with our agreed % share of the property and revalued on the same basis as our other property.

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

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

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

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

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

#### Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance; or

- where there is no balance or insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Disposal

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

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

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

#### Depreciation

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

#### **(xi) Provisions**

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

**(xii) Reserves**

Amounts set aside for purposes falling outside the definition of provisions are considered to be reserves. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure which is to be financed by a reserve is incurred, it is charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

**(xiii) Value Added Tax (VAT)**

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

**(xiv) Fair Value Measurement**

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

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

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

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

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

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

## **2. Accounting Standards adopted during the year**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. We have engaged the Governments Actuary Department to provide the Group with expert advice about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same expert advice for the Police Staff Pension Scheme (the LGPS via the LGPS Administering Authority).</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. During 2020/21, the Group's actuaries advised that the net pension liability had increased by £135m for Police Pension Schemes (including an increase of £178m as a result of changes in financial assumptions) and an increase of £48m for Police Staff Pensions (including a decrease of £79m as a result of changes in financial assumptions). A sensitivity analysis shown in Note 33 shows the impact that a 0.5% decrease in Real Discount Rate will have or a 0.5% increase in Salary or Pension Increase would have on the pension schemes. The highest impact likely is on the Police Pension Scheme if the Real Discount Rate was reduced with a potential impact of £158m (10% reduction in liability).</p>
<b>Property, Plant &amp; Equipment</b>	<p>PPE is depreciated over the useful lives of the assets which are dependent on assumption regarding the length of time the asset will be in operational use for, these vary for different classes of assets. In addition our highest value Land &amp; Buildings are formally revalued on an annual basis with the remainder being part of a 5 year rolling programme and so the potential exists for variations in value and changes in useful life. Valuations are calculated by qualified valuers in accordance with RICS valuation Standards and values are based on recent actual prices achieved in the market for comparable land and buildings in the relevant area.</p>	<p>Our total land and buildings are valued at £43.5m. A 0.5% adjustment to the yield upwards and downwards to the PCC's Land &amp; Buildings would result in an approximate -£2.3m and a £2.5m change respectively to the value shown in the PCC's Balance Sheet.</p>



## 6. Events after the Reporting Period

The Statement of Accounts were authorised for issue by the Chief Finance Officer on 27 January 2022.

There are no events to report.

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

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

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

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

## 8. Group Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	Total Adjustments
	£000	£000	£000	£000
Police Services	3,639	(12,246)	4,626	(3,981)
Corporate, Democratic and Commissioning Services	-	62	-	62
<b>Net Cost of Services</b>	<b>3,639</b>	<b>(12,184)</b>	<b>4,626</b>	<b>(3,919)</b>
Other Income and Expenditure	-	34,542	1,287	35,829
<b>Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>3,639</b>	<b>22,358</b>	<b>5,913</b>	<b>31,910</b>
				<b>2019/20</b>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	Total Adjustments
	£000	£000	£000	£000
Police Services	699	19,882	313	20,894
Corporate, Democratic and Commissioning Services	-	101	-	101
<b>Net Cost of Services</b>	<b>699</b>	<b>19,983</b>	<b>313</b>	<b>20,995</b>
Other Income and Expenditure	-	40,700	(350)	40,350
<b>Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>699</b>	<b>60,683</b>	<b>(37)</b>	<b>61,345</b>

**Police and Crime Commissioner’s Note to the Expenditure and Funding Analysis**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	2020/21 Total Adjustments
	£000	£000	£000	£000
Police Services	3,639	-	-	3,639
Corporate, Democratic and Commissioning Services	-	62	-	62
<b>Net Cost of Services</b>	<b>3,639</b>	<b>62</b>	<b>-</b>	<b>3,701</b>
Other Income and Expenditure	-	3	1,287	1,290
<b>Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>3,639</b>	<b>65</b>	<b>1,287</b>	<b>4,991</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments relating to Capital Items (Note 8.1)	Adjustments relating to Pensions (Note 8.2)	Other Adjustments (Note 8.3)	2019/20 Total Adjustments
	£000	£000	£000	£000
Police Services	699	-	-	699
Corporate, Democratic and Commissioning Services	-	101	-	101
<b>Net Cost of Services</b>	<b>699</b>	<b>101</b>	<b>-</b>	<b>800</b>
Other Income and Expenditure	-	26	(350)	(324)
<b>Difference between the General Fund Deficit and Comprehensive Income and Expenditure Deficit</b>	<b>699</b>	<b>127</b>	<b>(350)</b>	<b>476</b>

### 8.1 Adjustments relating to Capital Items

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

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

### 8.2 Adjustments relating to Pensions

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

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

### 8.3 Other Adjustments

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

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

## 9. Expenditure and Income Analysed by Nature

<u>Group</u>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
Police Pay and Allowances	73,101	66,130
Police Staff Pay and Allowances	44,190	45,063
Other Pay and Allowances	(12,416)	65
Other Employee Expenses	2,450	1,906
Police Pensions	17,945	32,252
Premises	4,896	5,052
Transport	2,960	3,250
Supplies and Services	15,803	14,961
Agency and Contracted Services	1,638	1,541
Depreciation and Impairment of Fixed Assets	7,710	6,320
<b>Total Police Services</b>	<b>158,277</b>	<b>176,540</b>
Other Operating Expenditure	333	414
Financing and Investment Income and Expenditure	35,092	41,152
<b>Total Expenditure</b>	<b>193,702</b>	<b>218,106</b>
<b>Income</b>		
Government Grants	(2,168)	(1,424)
Income from Fees and Charges	(9,483)	(9,636)
Taxation and Non-Specific Grant Income	(152,757)	(146,449)
<b>Total Income</b>	<b>(164,408)</b>	<b>(157,509)</b>
<b>CORPORATE, DEMOCRATIC AND COMMISSIONING SERVICES</b>		
<b>Expenditure</b>		
Police Staff Pay and Allowances	847	969
Other Employee Expenses	2	3
Premises	-	57
Transport	-	10
Supplies and Services	4,259	4,230
<b>Total Expenditure</b>	<b>5,108</b>	<b>5,269</b>
<b>Income</b>		
Other Income	(15)	(5)
Government Grants	(2,396)	(1,618)
<b>Total Income</b>	<b>(2,411)</b>	<b>(1,623)</b>
<b>Deficit on Provision of Services</b>	<b>31,991</b>	<b>64,243</b>

<b><u>PCC</u></b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
Depreciation and Impairment of Fixed Assets	7,710	6,320
Intra-Group Adjustment for financial resources consumed	173,091	165,571
<b>Total Police Services</b>	<b>180,801</b>	<b>171,891</b>
Financing and Investment Income and Expenditure	553	478
Other Operating Expenditure	333	414
<b>Total Expenditure</b>	<b>181,687</b>	<b>172,783</b>
<b>Income</b>		
Government Grants	(2,168)	(1,424)
Income from Fees and Charges	(9,483)	(9,636)
Other Operating Income	(14,905)	(15,546)
Taxation and Non-Specific Grant Income	(152,757)	(146,449)
<b>Total Income</b>	<b>(179,313)</b>	<b>(173,055)</b>
 <b>CORPORATE, DEMOCRATIC AND COMMISSIONING SERVICES</b>		
<b>Expenditure</b>		
Police Staff Pay and Allowances	847	969
Other Employee Expenses	2	3
Premises	-	57
Transport	-	10
Supplies and Services	4,260	4,230
<b>Total Expenditure</b>	<b>5,109</b>	<b>5,269</b>
<b>Income</b>		
Income from Fees and Charges	(15)	(5)
Government Grants	(2,396)	(1,618)
<b>Total Income</b>	<b>(2,411)</b>	<b>(1,623)</b>
 <b>Deficit on Provision of Services</b>	<b>5,072</b>	<b>3,374</b>

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

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

	2020/21		2019/20	
	Usable Reserves		Usable Reserves	
	General Fund Balance	Capital Receipts Reserve	General Fund Balance	Capital Receipts Reserve
	£000	£000	£000	£000
<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 the Pensions Reserve)	22,358	-	60,683	-
Council tax (transfers to (or from) Collection Fund)	1,287	-	(350)	-
Holiday pay (transferred to the Accumulated Absences Reserve)	4,626	-	313	-
Reversal of entries included in the deficit on the Provision of Services in relation to capital expenditure (the items are charged to the Capital Adjustment Account)	6,727	-	4,195	-
<b>Total Adjustments to Revenue Resources</b>	<b>34,998</b>	<b>-</b>	<b>64,841</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(722)	-	(714)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,073)	-	(493)	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(2,795)</b>	<b>-</b>	<b>(1,207)</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(537)	-	(1,863)
Addition of unapplied Capital Grant	-	(95)	(282)	282
Application of capital grants & Compulsory Purchase compensation to finance capital expenditure	(293)	-	(2,007)	-
Cash payments in relation to deferred capital receipts	-	-	-	82
Transfer from the Capital Receipts Reserve to the Capital Carry Forward Reserve	-	-	-	(323)
<b>Total Adjustments to Capital Resources</b>	<b>(293)</b>	<b>(632)</b>	<b>(2,289)</b>	<b>(1,822)</b>
<b>Total Adjustments</b>	<b>31,910</b>	<b>(632)</b>	<b>61,345</b>	<b>(1,822)</b>

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

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

	2020/21		2019/20	
	Usable Reserves		Usable Reserves	
	General Fund Balance	Capital Receipts Reserve	General Fund Balance	Capital Receipts Reserve
	£000	£000	£000	£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 the Pensions Reserve)	65	-	127	-
Council tax (transfers to (or from) Collection Fund)	1,287	-	(350)	-
Reversal of entries included in the deficit on the Provision of Services in relation to capital expenditure (the items are charged to the Capital Adjustment Account)	6,727	-	4,195	-
<b>Total Adjustments to Revenue Resources</b>	<b>8,079</b>	<b>-</b>	<b>3,972</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(722)	-	(714)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,073)	-	(493)	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(2,795)</b>	<b>-</b>	<b>(1,207)</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(537)	-	(1,863)
Addition of unapplied Capital Grant	-	(95)	(282)	282
Application of capital grants & Compulsory Purchase compensation to finance capital expenditure	(293)	-	(2,007)	-
Cash payments in relation to deferred capital receipts	-	-	-	82
Transfer from the Capital Receipts Reserve to the Capital Carry Forward Reserve	-	-	-	(323)
<b>Total Adjustments to Capital Resources</b>	<b>(293)</b>	<b>(632)</b>	<b>(2,289)</b>	<b>(1,822)</b>
<b>Total Adjustments</b>	<b>4,991</b>	<b>(632)</b>	<b>476</b>	<b>(1,822)</b>



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

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

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

### ***Carry Forward Projects***

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

### ***Insurance***

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

### ***Ill-Health Retirement***

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

### ***Capital***

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

### ***Drug Forfeiture (Operational)***

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

### ***Budget Assistance***

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

### ***Capital Carry Forward***

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

### ***Asset Incentivisation Reserve***

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

### ***Road Casualty Reduction and Support Fund***

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

### ***Collaboration and Commissioning***

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

### ***Estates Development***

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

### ***Uplift Reserve***

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

### ***Major Incident Victim Support***

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

***ERSOU Building Maintenance Fund***

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

***ESMCP Reserve***

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

***Pension Reserve***

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

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

	2020/21		2019/20	
	PCC £000	Group £000	PCC £000	Group £000
Pension Top Up Grant Received from Home Office	(14,905)	(14,905)	(15,546)	(15,546)
Pension Top Up Grant Transferred to Pension Fund	-	14,905	-	15,546
Losses on the disposal of non-current assets	333	333	414	414
	<b>(14,572)</b>	<b>333</b>	<b>(15,132)</b>	<b>414</b>

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

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

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

	2020/21 £000	2019/20 £000
Council tax income	(65,768)	(64,465)
Non-domestic Rates, Council Tax Support & Freeze	(32,710)	(31,053)
Non-ringfenced government grants	(52,704)	(48,868)
Capital grants	(177)	(1,766)
Pension Top Up Grant	(1,398) *	-
Police Uplift Grant	-	(297) **
	<b>(152,757)</b>	<b>(146,449)</b>

\* re-categorised from Grants Income Credited to Services in 2019/20 to Taxation and Non-Specific Grant Income in 2020/21

\*\* The Police Uplift Grant shown separately in 2019/20 for £297k has been re-categorised in 2020/21 to Grants Credited to Services at £1.7m

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

Surplus assets has increased due to moving the separated commercial based land from the main Huntingdon HQ land held under PPE. As such we have reclassified £1,185k from Land and Buildings to Surplus assets. All other reclassifications are from Assets under Construction.

In addition we hold one investment property with a fair value of £122k

	Land and Buildings £000	Plant and Equipment £000	Vehicles £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2020	44,988	23,286	7,511	743	3,135	79,663
Additions	-	-	-	-	4,543	4,543
Disposals	(24)	(196)	(871)	-	10	(1,081)
Reclassifications	384	2,426	1,395	1,185	(5,389)	1
Revaluation increases recognised in the Revaluation Reserve	618	-	-	1,486	-	2,104
Impairments recognised in the Deficit on the Provision of Services	(3,833)	-	-	-	-	(3,833)
Revaluation increase recognised in the Provision of Services	-	-	-	-	(5)	(5)
At 31 March 2021	<b>42,133</b>	<b>25,516</b>	<b>8,035</b>	<b>3,414</b>	<b>2,294</b>	<b>81,392</b>
<b>Accumulated depreciation</b>						
At 1 April 2020	(2,070)	(18,324)	(3,053)	-	-	(23,447)
Charge for 2020/21	(981)	(1,486)	(908)	-	-	(3,375)
Disposals	6	169	573	-	-	748
Reclassifications	-	1	-	-	-	1
Revaluation decreases recognised in the Provision of Services	592	-	-	-	-	592
At 31 March 2021	<b>(2,453)</b>	<b>(19,640)</b>	<b>(3,388)</b>	<b>-</b>	<b>-</b>	<b>(25,481)</b>
<b>Net book value</b>						
31 March 2021	<b>39,680</b>	<b>5,876</b>	<b>4,647</b>	<b>3,414</b>	<b>2,294</b>	<b>55,911</b>
31 March 2020	<b>42,918</b>	<b>4,962</b>	<b>4,458</b>	<b>743</b>	<b>3,135</b>	<b>56,216</b>

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

### *Recognition*

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

### *Depreciation*

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

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

Land and assets under construction are not depreciated.

### *Residual Values*

The following residual values have been applied:

- Vehicles – 25% of cost.

### *Capital Commitments*

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

### *Revaluations*

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

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



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

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

#### Breakdown of overall asset value

The following table details a breakdown of our assets at historic cost and impact following valuation as at 31 March each year is as follows:

	Intangible	Property, Plant & Equipment					Investment	Total
	Assets	Land and	Surplus	Plant and	Vehicles	AUC	Assets	
	Software	Buildings		Equipment				
	Licenses							
	£000	£000	£000	£000	£000	£000	£000	£000
Assets valued at Historical Cost:	9,527	2,208	-	25,516	8,035	2,294	-	47,580
Valued at Current Value in:								
2020/21	-	30,644	2,671	-	-	-	122	33,437
2019/20	-	2,180	-	-	-	-	-	2,180
2018/19	-	2,247	-	-	-	-	-	2,247
2017/18	-	3,257	743	-	-	-	-	4,000
2016/17	-	1,597	-	-	-	-	-	1,597
	<b>9,527</b>	<b>42,133</b>	<b>3,414</b>	<b>25,516</b>	<b>8,035</b>	<b>2,294</b>	<b>122</b>	<b>91,041</b>

#### Transfers between Levels of the Fair Value Hierarchy

There has been one transfer this year between Levels 1 and 2 during the year. Our Land and Building and Investment assets fall within Level 1 (£757k) & Level 2 (£42,704) hierarchy.

#### Valuation Techniques

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

#### Valuation Process for Investment Properties

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

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

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

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

The movement of assets are as follows:

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

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

### Categories of Financial Instruments

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

2020/21

#### Financial Assets

	Non Current		Current			Total £000
	Investments £000	Debtors £000	Cash £000	Investments £000	Debtors £000	
Fair Value through Profit and loss	-	-	-	-	-	-
Amortised Cost	-	-	9,167	4,000	9,628	22,795
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>9,167</b>	<b>4,000</b>	<b>9,628</b>	<b>22,795</b>

#### Financial Liabilities

	Non Current		Current			Group Creditors £000	Total £000
	Borrowings £000	Creditors £000	Borrowings £000	Creditors Chief £000	Creditors PCC £000		
Fair Value through Profit and loss	-	-	-	-	-	-	-
Amortised Cost	16,740	-	562	6,452	9,517	15,969	33,271
<b>Total Financial Assets</b>	<b>16,740</b>	<b>-</b>	<b>562</b>	<b>6,452</b>	<b>9,517</b>	<b>15,969</b>	<b>33,271</b>

2019/20

#### Financial Assets

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

#### Financial Liabilities

	Non Current		Current			Group Creditors £000	Total
	Borrowings	Creditors	Borrowings	Creditors Chief £000	Creditors PCC £000		
Fair Value through Profit and loss	-	-	-	-	-	-	-
Amortised Cost	17,322	-	517	1,826	6,624	8,450	26,289
<b>Total Financial Assets</b>	<b>17,322</b>	<b>-</b>	<b>517</b>	<b>1,826</b>	<b>6,624</b>	<b>8,450</b>	<b>26,289</b>

### *Fair Values of Financial Assets and Financial Liabilities*

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

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

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

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

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

### **19. Group and Police and Crime Commissioner's Debtors**

	2020/21	2019/20
	£000	£000
Trade Receivables	459	325
Prepayments	5,447	4,484
Other Receivables	28,884	12,131
	<b>34,790</b>	<b>16,940</b>

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

	2020/21	2019/20
	£000	£000
Cash held by the Commissioner	16	30
Bank current accounts	(1,229)	196
Short term deposits	10,380	6,930
	<u>9,167</u>	<u>7,156</u>

The current accounts were not in overdraft at year end but are showing as a negative balance as the 31 March 2021 weekly BACS payment had cleared the payments account, but this entry had not been reflected on the General Ledger.

## 21. Group and Police and Crime Commissioner's Creditors

	2020/21		2019/20	
	PCC	Group	PCC	Group
	£000	£000	£000	£000
Trade Creditors	-	-	(1,224)	(1,224)
Other Creditors	(36,449)	(42,901)	(12,691)	(14,517)
	<u>(36,449)</u>	<u>(42,901)</u>	<u>(13,915)</u>	<u>(15,741)</u>

## 22. Group and Police and Crime Commissioner's Provisions

### Insurance

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

	2020/21	2019/20
	£000	£000
<b>Insurance</b>		
Balance at 1 April	1,459	888
Increase (Decrease) in year	<u>(352)</u>	<u>571</u>
Balance at 31 March	<u>1,107</u>	<u>1,459</u>
	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Legal Provision</b>		
Balance at 1 April	279	300
Amounts used in year	(74)	(32)
Increase in year	<u>-</u>	<u>11</u>
Balance at 31 March	<u>205</u>	<u>279</u>
<b>Total Provision</b>	<u>1,312</u>	<u>1,738</u>

### 23. Group and Police and Crime Commissioner's Usable Reserves

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

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

	2020/21		2019/20	
	Group £000	PCC £000	Group £000	PCC £000
Revaluation Reserve	16,697	16,697	14,841	14,841
Capital Adjustment Account	20,615	20,615	23,374	23,374
Pensions Reserve	(1,731,005)	(839)	(1,547,657)	(69)
Collection Fund Adjustment Account	(546)	(546)	741	741
Accumulated Absences Account	(6,452)	-	(1,826)	-
Deferred Capital Receipts Reserve	26	26	26	26
	<b>(1,700,665)</b>	<b>35,953</b>	<b>(1,510,501)</b>	<b>38,913</b>

#### ***Revaluation Reserve (Group and Police and Crime Commissioner)***

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

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

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

	2020/21 £000	2019/20 £000
Balance at 1 April	14,841	12,533
Upward revaluation of assets	2,104	2,551
Difference between fair value depreciation and historical cost depreciation	(248)	(243)
Balance at 31 March	<b>16,697</b>	<b>14,841</b>

#### ***Capital Adjustment Account (Group and Police and Crime Commissioner)***

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

The Account contains accumulated gains and losses on Investment Properties.

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

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	23,374	21,926
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(2,783)	(2,163)
Revaluation losses on Property, Plant and Equipment	(3,833)	(3,015)
Amortisation of intangible assets	(1,094)	(1,142)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(333)	(414)
Difference between fair value depreciation and historical cost depreciation	248	243
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	537	2,186
Use of the Reserves to finance new capital expenditure	860	2,512
Use of Capital Carry Forward Reserve to finance new capital expenditure	456	27
Capital grants credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	269	1,484
Compulsory Purchase Compensation applied to capital financing	119	523
Statutory provision for the financing of capital investment charged against the General Fund	722	714
Capital expenditure charged against the General Fund	2,073	493
Balance at 31 March	<b><u>20,615</u></b>	<b><u>23,374</u></b>

### ***Pension Reserve (Group and Police and Crime Commissioner)***

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Group accounts for post employment benefits:

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

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

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

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

### ***Accumulated Absences Account (Group)***

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The increase in 2020/21 of £4.6m was expected due to a higher levels of leave being agreed to carry forward due to the Covid-19 pandemic.



	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(1,826)	(1,513)
Amount by which employer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<u>(4,626)</u>	<u>(313)</u>
Balance at 31 March	<u><b>(6,452)</b></u>	<u><b>(1,826)</b></u>

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

The cash flows for operating activities include the following items:

	<b>2020/21</b>		<b>2019/20</b>	
	<b>PCC</b>	<b>Group</b>	<b>PCC</b>	<b>Group</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Depreciation	2,783	2,783	2,163	2,163
Amortisation	1,094	1,094	1,142	1,142
Impairment and downward valuations	3,836	3,836	2,885	2,885
Increase in creditors	20,262	24,888	1,954	1,954
Decrease/(Increase) in debtors	(17,850)	(17,850)	6,032	6,032
Decrease/(Increase) in inventories	63	63	(132)	(132)
Movement in Pension Liability	65	22,358	127	60,683
Carrying value of non-current assets sold or derecognised	333	333	414	414
Other non-cash items charged to the net surplus or deficit on the provision of services	861	861	201	514
	<u><b>11,447</b></u>	<u><b>38,366</b></u>	<u><b>14,786</b></u>	<u><b>75,655</b></u>

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

### Eastern Region Special Operations Unit

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

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

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

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

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

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

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

<b>2020/21</b>	<b>Beds £'000</b>	<b>Cambs £'000</b>	<b>Essex £'000</b>	<b>Herts £'000</b>	<b>Kent £'000</b>	<b>Norfolk £'000</b>	<b>Suffolk £'000</b>	<b>Total £'000</b>
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>1,850</b>	<b>2,324</b>	<b>1,799</b>	<b>3,325</b>	<b>2,117</b>	<b>2,670</b>	<b>2,040</b>	<b>16,125</b>

<b>2019/20</b>	<b>Beds £'000</b>	<b>Cambs £'000</b>	<b>Essex £'000</b>	<b>Herts £'000</b>	<b>Kent £'000</b>	<b>Norfolk £'000</b>	<b>Suffolk £'000</b>	<b>Total £'000</b>
Home Office Grant	(426)	(551)	(1,013)	(772)	(476)	(626)	(472)	(4,336)
Running Costs	2,384	3,083	2,946	4,318	2,721	3,497	2,640	21,589
Depreciation	39	35	20	61	4	47	39	245
<b>Deficit</b>	<b>1,997</b>	<b>2,567</b>	<b>1,953</b>	<b>3,607</b>	<b>2,249</b>	<b>2,918</b>	<b>2,207</b>	<b>17,498</b>

### Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Collaboration

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

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

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

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

## **7 Force Procurement**

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

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

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

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

		Salaries, fees & allowances £	Bonuses £	Benefits in Kind £	Total Remuneration excluding pension contributions £	Employer's pension contributions £	Total Remuneration including pension contributions £
<b><u>Chief Constable's Accounts</u></b>							
Chief Constable							
Nick Dean	<b>2020/21</b>	<b>151,899</b>	-	<b>4,616</b>	<b>156,515</b>	<b>46,001</b>	<b>202,516</b>
<i>Nick Dean</i>	2019/20	148,280	-	5,497	153,777	44,879	198,656
Deputy Chief Constable							
Jane Gyford	<b>2020/21</b>	<b>133,303</b>	-	-	<b>133,303</b>	<b>37,941</b>	<b>171,244</b>
<i>Jane Gyford from 13/05/2019</i>	2019/20	115,453	-	-	115,453	32,799	148,252
<i>Alan Baldwin until 17/06/2019</i>	2019/20	33,063	-	-	33,063	7,804	40,867
Assistant Chief Constables*							
Victoria Evans from 11/5/2020	<b>2020/21</b>	<b>106,508</b>	-	<b>9,819</b>	<b>116,327</b>	<b>33,017</b>	<b>149,344</b>
Dan Vajzovic - ROCU	<b>2020/21</b>	<b>118,009</b>	-	-	<b>118,009</b>	<b>36,583</b>	<b>154,592</b>
<i>Dan Vajzovic</i>	2019/20	116,370	-	-	116,370	35,690	152,060
Chief Finance Officer (Constabulary)							
Jon Lee	<b>2020/21</b>	<b>105,518</b>	-	<b>5,286</b>	<b>110,804</b>	<b>24,164</b>	<b>134,968</b>
<i>Jon Lee from 11/12/2019</i>	2019/20	31,871	-	-	31,871	7,298	39,169
<i>Niki Howard until 30/09/2019</i>	2019/20	52,028	-	-	52,028	11,914	63,942
Assistant Chief Constable - BCH Joint Protective Services							
Paul Fullwood (1/4/2020 - 20/8/2020)**	<b>2020/21</b>	<b>74,685</b>	-	<b>1,246</b>	<b>75,931</b>	<b>13,958</b>	<b>89,889</b>
<i>Paul Fullwood</i>	2019/20	117,777	-	3,484	121,261	35,679	156,940
<b>Totals</b>	<b>2020/21</b>	<b>689,922</b>	-	<b>20,967</b>	<b>710,889</b>	<b>191,664</b>	<b>902,553</b>
	2019/20	614,842	-	8,981	623,823	176,063	799,886

\* Our ACC Nav Malik has been seconded to a role outside of Cambridgeshire Police during the year. His post is being covered through a secondment by Sharn Basra from Bedfordshire Police from 22 October 2019 to 11 May 2019. During 2020/21 we paid Bedfordshire Police £61,511 to cover the secondment costs

\*\* Paul Fullwood retired from his post on 20/8/2020 and his successor is a Bedfordshire Constabulary Officer.

		Salaries, fees & allowances £	Bonuses £	Benefits in Kind £	Total Remuneration excluding pension contributions £	Employer's pension contributions £	Total Remuneration including pension contributions £
<b><u>Police and Crime Commissioner Accounts</u></b>							
Police & Crime Commissioner							
(Acting PCC) Ray Bisby	<b>2020/21</b>	<b>72,650</b>	-	-	<b>72,650</b>	<b>16,637</b>	<b>89,287</b>
(Acting PCC) Ray Bisby from 27.11.2019	2019/20	25,024	-	-	25,024	5,730	30,754
Jason Ablewhite (01/04/2019-11.11.2019)	2019/20	44,084	-	-	44,084	10,083	54,167
Deputy Police & Crime Commissioner							
No Deputy	<b>2020/21</b>	-	-	-	-	-	-
Ray Bisby (0.5FTE) (01/04/2019- 26/11/2019)	2019/20	18,392	-	-	18,392	4,203	22,595
Chief Executive (0.9 FTE) D Gregson (1/4/20 - 31/01/2021)*	<b>2020/21</b>	<b>92,047</b>	-	-	<b>92,047</b>	<b>21,155</b>	<b>113,202</b>
Chief Executive James Haylett (Acting Chief Exec from 11/05/20 and Chief Exec from 10/02/2021)	<b>2020/21</b>	<b>76,872</b>	-	-	<b>76,872</b>	<b>17,604</b>	<b>94,476</b>
Dorothy Gregson	2019/20	97,337	-	-	97,337	22,284	119,621
Chief Finance Officer (OPCC)**							
Matthew Warren	<b>2020/21</b>	<b>8,515</b>	-	-	<b>8,515</b>	-	<b>8,515</b>
	2019/20	9,526	-	-	9,526	-	9,526
<b>Totals</b>	<b>2020/21</b>	<b>250,084</b>	-	-	<b>250,084</b>	<b>55,396</b>	<b>305,480</b>
	2019/20	194,363	-	-	194,363	42,300	236,663

\* Our Chief Executive Dorothy Gregson was seconded to Public Health England (PHE) during the Covid-19 Pandemic and James Haylett became acting Chief Exec during that period. Salary costs incurred during the secondment period were recharged to PHE totalling £110,036.

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

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

	Group		PCC		Chief	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£50,000 to £54,999	14	15	-	2	14	13
£55,000 to £59,999	4	3	1	1	3	2
£60,000 to £64,999	2	1	-	-	2	1
£65,000 to £69,999	-	1	-	-	-	1
£70,000 to £74,999	2	1	1	-	1	1
£75,000 to £79,999	1	1	-	-	1	1
£80,000 to £84,999	2	3	1	-	1	3
£85,000 to £89,999	2	1	-	-	2	1
£90,000 to £94,999	5	3	1	-	4	3
£95,000 to £99,999	1	1	-	1	1	-
£105,000 to £109,999	2	1	-	-	2	1
£110,000 to £114,999	1	-	-	-	1	-
£115,000 to £119,999	1	3	-	-	1	3
£130,000 to £134,999	1	1	-	-	1	1
£140,000 to £144,999	1	-	-	-	1	-
£145,000 to £149,999	-	1	-	-	-	1
£150,000 to £154,999	1	-	-	-	1	-
	<b>40</b>	<b>36</b>	<b>4</b>	<b>4</b>	<b>36</b>	<b>32</b>

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 have undergone a restructure 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 in both years.

Exit package cost band	Group			
	Number of redundancies		in each band	
	2020/21	2019/20	2020/21	2019/20
	No.	No.	£'000	£'000
£0 - £20,000	40	5	379	62
£20,001 - £40,000	2	-	52	-
	<b>42</b>	<b>5</b>	<b>431</b>	<b>62</b>

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

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

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

There is an additional fee of £26k (£9k Chief and £17k PCC) agreed during 2021/22 to be added to the 2019/20 fee which has yet to be invoiced. This will be included in 2021/22 accounts.

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

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

*Credited to Services*



	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Other Government Grants	91	143
Victims Commissioning	1,327	979
Early Intervention youth Fund	-	384
Violence Against Women	-	138
Covid-19 Grant	1,004	-
Safer Streets	407	-
Uplift Grant	1,735 **	-
Pension Top up Grant	-	1,398 *
	<u><b>4,564</b></u>	<u><b>3,042</b></u>

#### Credited to Taxation and Non-Specific Grants

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Police Grant	52,704	48,868
Precepts	65,768	64,465
Home Office Local Government Funding	26,185	24,528
Localising Council Tax Support	4,823	4,822
Council Tax Freeze	1,702	1,703
Capital Grants	177	1,766
Pension Top up Grant	1,398 *	-
Police Uplift Grant	-	297 **
	<u><b>152,757</b></u>	<u><b>146,449</b></u>

\* re-categorised from Grants Income Credited to Services in 2019/20 to Taxation and Non-Specific Grant Income in 2020/21

\*\* The Police Uplift Grant shown separately in 2019/20 for £297k has been re-categorised in 2020/21 to Grants Credited to Services at £1.7m

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

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

#### **Chief Constable (Police and Crime Commissioner)**

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

### **Central Government**

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

### **Officers**

During the year, the Chief Constable was a trustee of the Shrieverly Trust.

### **Cambridgeshire Police Shrieverly Trust**

The Cambridgeshire Police Shrieverly 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 a trustee throughout the period are set out below:

Officers:

N Dean, Chief Constable

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

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

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

The Group participates in four pension schemes the Local Government Pension Scheme (LGPS) for Police Staff, the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and PPS 2015 are administered by XPS Pension Group; see Note 33 for details of transactions and balances outstanding.

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

### **31. Group and Police and Crime Commissioner’s Third Party Funds**

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

#### *Police Property Act*

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

### *Misuse of Drugs Act*

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

The amount held under the two Acts, as at 31 March 2021, was £888,536 (31 March 2020: £547,197).

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

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

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<i>Opening Capital Financing Requirement</i>	22,206	21,027
<i>Capital Investment</i>		
Property, Plant and Equipment	4,543	7,963
Intangible Assets	269	1,155
<i>Source of Finance</i>		
Capital Receipts	(537)	(2,186)
Government Grants	(269)	(1,484)
Compulsory Compensation	(119)	(523)
<i>Sums set aside from revenue</i>		
Direct revenue contributions	(2,073)	(493)
Transfer from Capital Reserve	-	(669)
Transfer from Capital Carry Forward Reserve	(456)	(27)
Transfer from Budget Assistance Reserve	-	(38)
Transfer from Estates Development Reserve	(860)	(1,805)
Minimum Revenue Provision	(722)	(714)
<i>Closing Capital Financing Requirement</i>	<b><u>21,982</u></b>	<b><u>22,206</u></b>

### **33. Group's Retirement Benefits**

#### ***Participation in Pension Schemes***

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

The Group participates in four pension schemes:

- i) the Local Government Pension Scheme (LGPS) for Police Staff, administered by Cambridgeshire County Council. This is a defined benefit, funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Police and Crime

Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and

- ii) the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes, administered by XPS Pension Group, meaning that there are no investment assets built up to meet the pension liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Group. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

***Transactions relating to post employment benefits***

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

	2020/21				2019/20			
	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total £000	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>								
<i>Cost of Services:</i>								
Current service cost	32,850	9,173	212	42,235	42,548	12,004	245	54,797
Past service costs	(12,930)	(316)	-	(13,246)	5,250	22	-	5,272
	<b>19,920</b>	<b>8,857</b>	<b>212</b>	<b>28,989</b>	<b>47,798</b>	<b>12,026</b>	<b>245</b>	<b>60,069</b>
<i>Financing and Investment Income and Expenditure:</i>								
Net interest expense	33,100	1,439	3	34,542	38,390	2,284	26	40,700
	<b>33,100</b>	<b>1,439</b>	<b>3</b>	<b>34,542</b>	<b>38,390</b>	<b>2,284</b>	<b>26</b>	<b>40,700</b>
<i>Total Post Employment Benefit Charged to the Deficit on the Provision of Services</i>								
	<b>53,020</b>	<b>10,296</b>	<b>215</b>	<b>63,531</b>	<b>86,188</b>	<b>14,310</b>	<b>271</b>	<b>100,769</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>								
Return on plan assets	-	(33,859)	(535)	(34,394)	-	13,974	1,204	15,178
Actuarial (gains)/losses arising on changes in demographic assumptions	-	3,897	62	3,959	(47,160)	(6,087)	(72)	(53,319)
Actuarial (gains)/losses arising on changes in financial assumptions	177,520	75,742	1,207	254,469	(49,210)	(30,610)	(296)	(80,116)
Other	(60,850)	(2,165)	(29)	(63,044)	(28,499)	(17,100)	(1,900)	(47,499)
	<b>116,670</b>	<b>43,615</b>	<b>705</b>	<b>160,990</b>	<b>(124,869)</b>	<b>(39,823)</b>	<b>(1,064)</b>	<b>(165,756)</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>								
	<b>169,690</b>	<b>53,911</b>	<b>920</b>	<b>224,521</b>	<b>(38,681)</b>	<b>(25,513)</b>	<b>(793)</b>	<b>(64,987)</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	(53,020)	(10,296)	(215)	(63,531)	(86,188)	(14,310)	(271)	(100,769)
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>								
Employer's contributions payable to the schemes	<b>34,700</b>	<b>6,323</b>	<b>150</b>	<b>41,173</b>	<b>33,850</b>	<b>6,092</b>	<b>144</b>	<b>40,086</b>

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

Reconciliation of present value of the scheme liabilities:

	2020/21				2019/20			
	Police Pensions £000	Unfunded Liabilities LGPS- Chief Constable £000	Unfunded Liabilities LGPS- Police Commissioner £000	Total Liabilities £000	Police Pensions £000	Unfunded Liabilities LGPS- Chief Constable £000	Unfunded Liabilities LGPS- Police Commissioner £000	Total Liabilities £000
Balance at 1 April	1,487,150	225,215	2,605	1,714,970	1,559,682	263,302	4,461	1,827,445
Current service cost	32,850	9,173	212	42,235	42,548	12,004	245	54,797
Past service costs	(12,930)	(316)	-	(13,246)	5,250	22	-	5,272
Interest cost	33,100	5,245	63	38,408	38,390	6,443	115	44,948
Contributions by scheme participants	7,650	1,772	53	9,475	7,210	1,693	53	8,956
Benefits paid	(42,350)	(4,169)	(1)	(46,520)	(41,060)	(4,452)	(1)	(45,513)
Remeasurement gain/loss:								
Actuarial (gains) and losses arising on changes in demographic assumptions	-	3,897	62	3,959	(47,160)	(6,087)	(72)	(53,319)
Actuarial (gains) and losses arising on changes in financial assumptions	177,520	75,742	1,207	254,469	(49,210)	(30,610)	(296)	(80,116)
Other	(60,850)	(2,165)	(29)	(63,044)	(28,500)	(17,100)	(1,900)	(47,500)
<b>Balance at 31 March</b>	<b>1,622,140</b>	<b>314,394</b>	<b>4,172</b>	<b>1,940,706</b>	<b>1,487,150</b>	<b>225,215</b>	<b>2,605</b>	<b>1,714,970</b>

Reconciliation of fair value of the scheme assets:

	2020/21				2019/20			
	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	LGPS- Police Commissioner £000	Total Assets £000
Balance at 1 April	-	164,777	2,536	167,313	-	171,259	3,455	174,714
Interest Income	-	3,806	60	3,866	-	4,159	89	4,248
Remeasurement gain/loss:								
The return on plan assets, excluding the amount included in the net interest expense	-	33,859	535	34,394	-	(13,974)	(1,204)	(15,178)
Contributions from employer	34,700	6,323	150	41,173	33,850	6,092	144	40,086
Contributions from employees into the scheme	7,650	1,772	53	9,475	7,210	1,693	53	8,956
Benefits paid	(42,350)	(4,169)	(1)	(46,520)	(41,060)	(4,452)	(1)	(45,513)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>206,368</b>	<b>3,333</b>	<b>209,701</b>	<b>-</b>	<b>164,777</b>	<b>2,536</b>	<b>167,313</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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Present value of the defined benefit obligation	1,622,140	1,487,150	318,566	227,820	1,940,706	1,714,970
Fair Value of Plan Assets	-	-	(209,701)	(167,313)	(209,701)	(167,313)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,622,140</b>	<b>1,487,150</b>	<b>108,865</b>	<b>60,507</b>	<b>1,731,005</b>	<b>1,547,657</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:

	LGPS- Police Commissioner £000	LGPS- Chief Constable £000	31-Mar-21 £000	LGPS- Police Commissioner £000	LGPS- Chief Constable £000	31-Mar-20 £000
Cash and Cash Equivalents	51	3,185	3,236	32	2,094	2,126
Private Equity	251	15,546	15,797	181	11,749	11,930
Debt Securities						
UK Government	149	9,212	9,361	113	7,346	7,459
Investment Funds and Unit Trusts						
Equities	2,002	123,952	125,954	1,668	108,348	110,016
Bonds	387	23,946	24,333	173	11,274	11,447
Infrastructure	302	18,681	18,983	196	12,701	12,897
Real Estate	205	12,696	12,901	173	11,240	11,413
Derivatives	(14)	(850)	(864)	-	25	25
	<b>3,333</b>	<b>206,368</b>	<b>209,701</b>	<b>2,536</b>	<b>164,777</b>	<b>167,313</b>

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

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

### ***Basis of Estimating Assets and Liabilities***

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



The principal assumptions used by the actuary have been:

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

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

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

### Impact on Cash Flows

The total contributions made to the Local Government Pension Scheme by the Group in the year to 31 March 2021 is £6,284k (2019/20 £6,103k). Contributions for the Police Pension Scheme in the year to 31 March 2021 are £16,647k (2019/20 £15,997k).

## **McCloud / Sargeant judgement**

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

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

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

### **Impact on pension liability**

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Cambridgeshire Police and Crime Commissioner and the Chief Constable, currently we have calculated this effects 1,066 members, though work is still ongoing. Scheme actuaries originally estimated the increase in scheme liabilities for the Cambridgeshire Police and Crime Commissioner to be approximately 4.4% or £67.5m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2020-21 (and 2019-20), scheme actuaries have reviewed these assumptions and have allowed for the additional accrual of “better off” benefits for affected members during the year April 2020 to March 2021. This additional liability has been included in the Current Service Cost.

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

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

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

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

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

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

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

#### ***Credit Risk***

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

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

The PCC uses the creditworthiness service provided by Link Asset Service. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

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

Investment limits are the lower of £10 million or 25% of available funds, with the exception of the Debt Management Account Deposit Facility and Money Market Funds where deposits may be made to a limit of 100% of available funds. Our investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will

be specific to each individual institution. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2021 that this was likely to crystallise.

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

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Commercial Debtors	224	72

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

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

	<b>Public Sector Debtors</b>	<b>Commercial Debtors</b>	<b>Total</b>	<b>Public Sector Debtors</b>	<b>Commercial Debtors</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than three months	386	72	<b>458</b>	253	72	<b>325</b>
More than three months	<u>1</u>	<u>-</u>	<u><b>1</b></u>	<u>-</u>	<u>-</u>	<u>-</u>
	387	72	<b>459</b>	253	72	<b>325</b>

### **Liquidity Risk**

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

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>restated £000</b>
Less than one year	1,141	1,141
Between one and two years	1,141	1,141
Between two and five years	3,421	3,422
More than five years	20,510	21,650
	<u>26,213</u>	<u>27,354</u>

In the prior year, this disclosure was prepared using discounted cash flows in error. The comparatives have been restated on an undiscounted basis.

### **Market Risk**

#### *Interest rate risk*

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

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

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

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

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

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

### **35. Transport Consortium**

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

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

## Pension Account

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

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

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

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

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

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

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

## Fund Account

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



## Glossary of Terms

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

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

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

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

# Audit Report