

Police and Crime Commissioner for Devon and Cornwall

Statement of Accounts for the year ended 31 March 2019

Unaudited



PCC

Office of the Police and
Crime Commissioner
Devon and Cornwall

Police and Crime Commissioner for Devon and Cornwall

Officers of the Police and Crime Commissioner

The statutory officers of the Police and Crime Commissioner and contact details are as follows:

Alison Hernandez	Police and Crime Commissioner
Frances Hughes	Chief Executive to the Police and Crime Commissioner
Nicola Allen	Chief Finance Officer to the Police and Crime Commissioner
Address:	Andy Hocking House Alderson Drive Middlemoor Exeter EX2 7RP
Telephone:	01392 225555 / 302570
Website:	www.devonandcornwall-pcc.gov.uk

The statutory officers of the Office of the Chief Constable and contact details are as follows:

Shaun Sawyer	Chief Constable
Sandy Goscomb	Chief Finance Officer to the Chief Constable
Address:	Police Headquarters Middlemoor Exeter EX2 7HQ
Telephone:	01392 226874
Website:	www.devon-cornwall.police.uk

Police and Crime Commissioner for Devon and Cornwall

Statement of Accounts 2018/19

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Accompanying Reports



Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer

1. Introduction

- 1.1. Welcome to the Police and Crime Commissioner's Statement of Accounts for 2018/19. The Statement reports the income and expenditure on service provision for the year and the value of the Police and Crime Commissioner's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2. The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the Police and Crime Commissioner Group and for the Police and Crime Commissioner as a single entity. The Chief Constable's single entity accounts are published separately. Further information on the structure of the group is provided within the accounts.
- 1.3. The aim of this narrative report is to provide an easily understandable explanation of the Police and Crime Commissioner Group's financial and non-financial performance in 2018/19 and its position at the end of the financial year.
- 1.4. The accounting policies of the Police and Crime Commissioner mean that the bottom line financial position of the Police and Crime Commissioner Group and the Police and Crime Commissioner as a single entity are the same. For this reason this foreword only covers the financial position as set out in the Group Financial Statements with the exception of the Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner which shows that although the year end bottom line position is the same, the charges that flow through the group and single entity Comprehensive Income and Expenditure Statements are different.

2. The Statement of Accounts

- 2.1. A brief explanation of the purpose of each of the four primary statements is provided below:
 - **Movement in Reserves Statement** - for the Group and for the Police and Crime Commissioner as a single entity, shows the changes in the Police and Crime Commissioner's financial resources over the year
 - **Comprehensive Income and Expenditure Statement** - for the Group and for the Police and Crime Commissioner as a single entity, these show the gains and losses that contributed to the changes in resources
 - **Balance Sheet as at 31 March 2019**, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities
 - **Cash Flow Statement**, shows how the movement in resources has been reflected in cash flows
- 2.2. The notes to the accounts include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

3. Resources Available in 2018/19

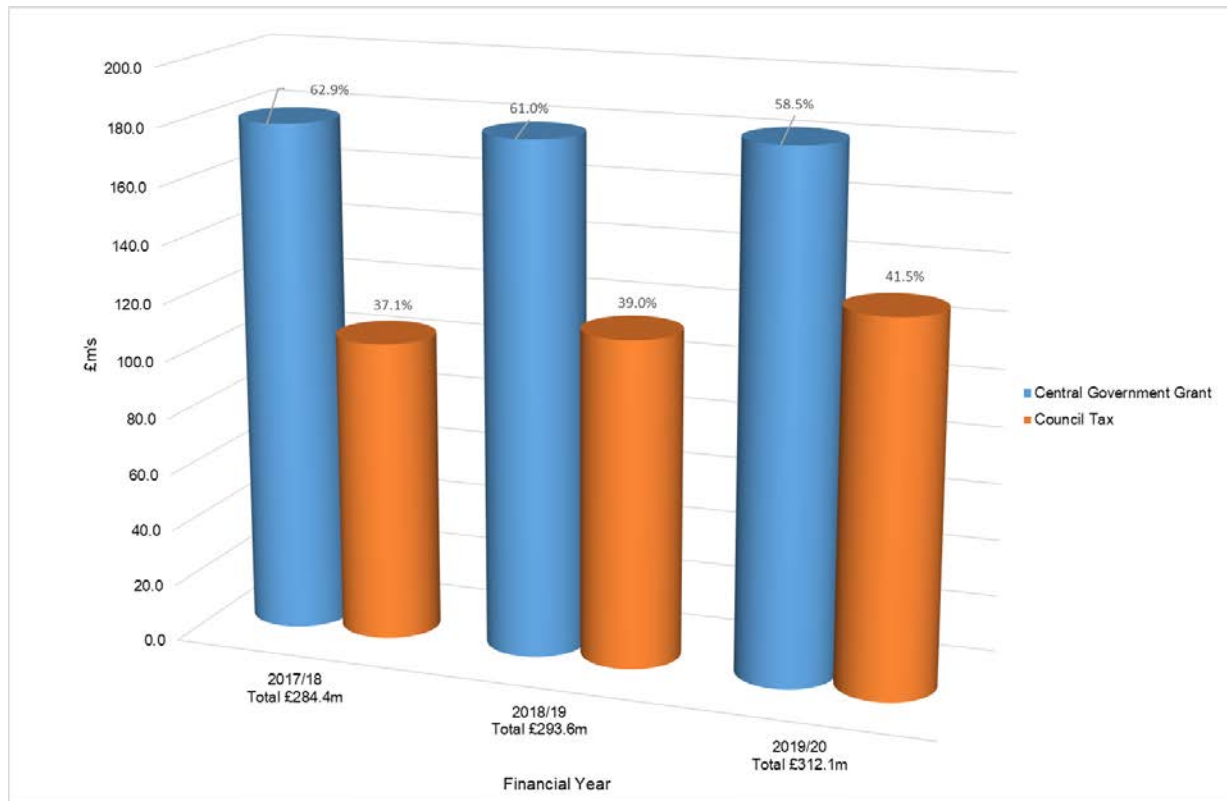
- 3.1. The budget for 2018/19 was set in the context of no increase in central Government funding; Home Office formula grant was set at the same level as the previous year for 2018/19, and a similar cash standstill position was anticipated in future years. This represented a decrease in central funding in real terms. No account of any potential future formula funding review was taken in the projections.
- 3.2. The Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by 6.81% so that services to the public could be maintained against this backdrop of real terms reductions in central funding. Council tax was set at £188.28 for a band D property. The overall impact of this

Narrative Report by Nicola Allen, Chief Finance Officer Continued

Home Office grant position and Council Tax increase was that overall funding in 2018/19 was £9.2m more than it was in 2017/18.

- 3.3. The revenue budget income graph below shows main funding sources in 2018/19 as well as the funding in the previous and following year for comparative purposes. In 2017/18 central government grant was 62.9% of revenue funding, in 2018/19 it fell to 61.0% and in 2019/20 it fell further to 58.5%.

Revenue Budget funding 2017/18 – 2019/20



3.4. Setting the Financial Strategy for 2018/19 and beyond

- 3.4.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.

- 3.4.2 The Police and Crime Plan for 2017-2020 set out the strategies for 'Safe, resilient and connected communities' and focussed on the following 5 key objectives:

- **Connecting our communities and the police – through a new Local Policing Promise to ensure policing in the local area is 'Accessible, Responsive, Informative and Supportive'**
- **Preventing and deterring crime – so we can stop people becoming victims of crime and help them move on with their lives**
- **Protecting people at risk of abuse and those who are vulnerable – safeguarding the vulnerable and keeping them safe from harm**
- **Providing high quality and timely support to victims of crime to help them recover and to get justice by improving the criminal justice system**
- **Getting the best out of the police – making best use of our resources, supporting and developing our workforce and working well in partnership with others**

- 3.4.3 A significant factor in setting the 2018/19 budget was the expectation of continuing real terms reductions in central government funding over the period of the Medium Term Financial Strategy (MTFS), in the form of a cash standstill allocation. The budget was therefore designed to drive out continued efficiencies, primarily

Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer Continued

through the work with Dorset Police. The Police and Crime Commissioner decided to increase the Council Tax by 6.81% which, together with the programme of efficiencies, enabled the following key areas to be addressed:

- Increasing the number of Police Officers to 3,015 by April 2019. As well as increasing the overall Officer numbers beyond the previous year's MTFS, it also meant they could be recruited earlier than had been planned. This increase in officers has subsequently been revisited as part of the 2019/20 budget process, and further increased.
- 20 joint funded blue light officers. This developed a new way of delivering neighbourhood functions in rural areas in collaboration with other blue light partners.
- The development of a county police headquarters for Cornwall at Bodmin – delivering a similar function expected of the development currently underway in Exeter.
- Met the additional 1% in pay award for police officers and police staff from 2018/19, after 5 years of a 1% restriction on pay.
- Significant increase in technology to drive efficiencies and productivity. This included investment in improved automatic number plate recognition (ANPR), digital storage and improved control room technology.
- The roll out of Body Worn Video (BWV) which will protect officers and victims, catch criminals and provide transparency to the public.
- £100k to support a small grants scheme. These funds were targeted towards projects to tackle anti-social behaviour in our communities.

3.4.4 We continued to deliver the national modern slavery and Pathfinder projects, which continue to deliver results and have both been extended into 2019/20

3.4.5 The 2018/19 MTFS projected a tough financial outlook, with the years beyond 2018/19 showing continued pressure, and further savings being required:

Projected MTFS	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Funding Available	293.5	302.9	307.8	312.9
Budget Requirement before Savings	299.8	306.7	315.7	322.4
Savings	(3.4)	(6.5)	(8.0)	(9.6)
Total Budget Requirement before use of Reserves	296.4	300.2	307.7	312.8
Transfer to / (from) Reserves	(2.9)	2.7	0.1	0.1
Total Budget Requirement	293.5	302.9	307.8	312.9

3.4.6 The 2019/20 budget settlement, and ability of Police and Crime Commissioners to increase their precept by up to £24 for a Band D property (without a referendum) has subsequently mitigated the forecast slightly, but the position remains one of forecast real terms reductions, and future year budget pressure.

Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer Continued

3.5 Actual Expenditure 2018/19

- 3.5.1 The final position for the Police & Crime Commissioner Group was spend of £293,526k against a budget of £293,599k reporting an overall underspend of £73k, 0.025% of the budget. This underspend was transferred to general reserves.
- 3.5.2 The approved net revenue budget for 2018/19 was £293,599k, of which £288,422k was under the direct control of the Chief Constable and £5,177k the direct control of the Police and Crime Commissioner.
- 3.5.3 The Chief Constable underspend against his budget allocation by £48k and the Police and Crime Commissioner underspend by £25k.

Summary of final outturn	Revised Budget £000's	Outturn £000's	(Under) / Over £000's
Chief Constable	288,422	288,374	(48)
OPCC	5,177	5,152	(25)
Grand Total	293,599	293,526	(73)

- 3.5.4 Although the outturn was close to breakeven there were a number of variables which offset each other.

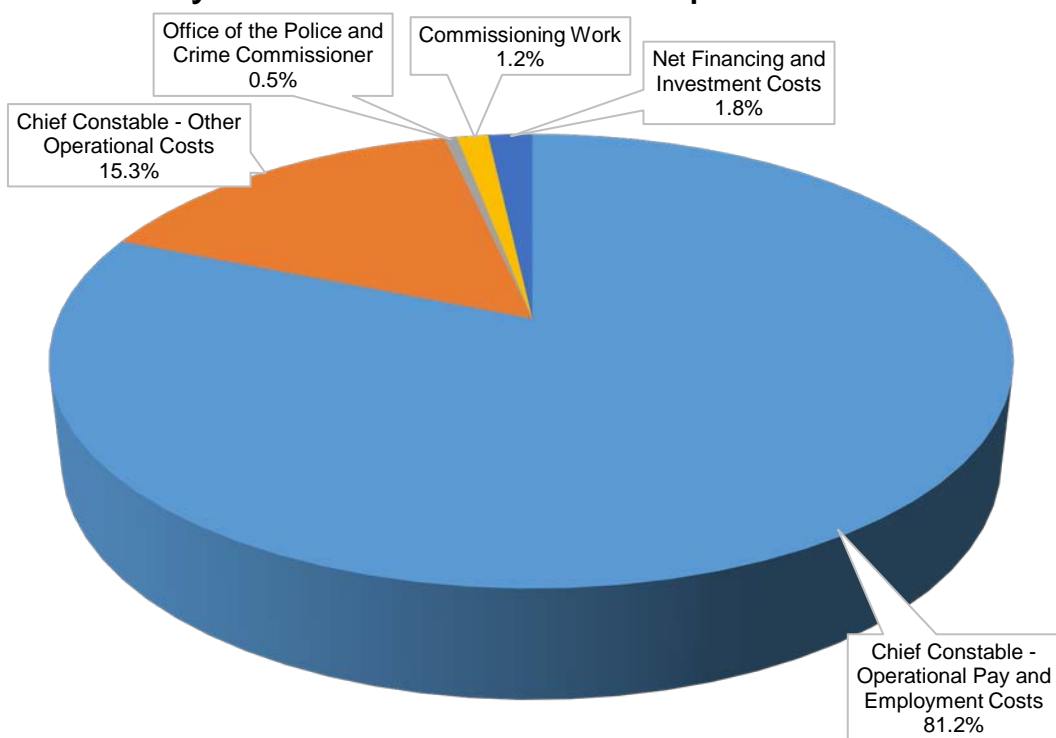
- The police officer overtime budget remained under pressure and ended the financial year with a £912k overspend. There was a focussed effort during the year to review scrutinise, and control the use of overtime, which, although overspent, was a reduction on the previous year spend.
- Additional costs charged against the supplies and services budget resulted in an overspend of £1,048k. A significant part of this overspend was an increase in the costs of the custody healthcare contract, where additional payments were required to ensure levels of performance were maintained.
- The transport budget was overspent by £842k. This had been anticipated for most of the financial year..

The overspending areas above were offset by the variances below.

- Police staff pay budgets were underspent by £708k. This was the result of the Force holding a significant number of vacancies during the year.
- Communications and computing underspent by £871k. Savings were made across telephone and line rental charges (where lines have ceased and refunds received), mobile phone charges and software licencing efficiencies.
- Income was overachieved by £1,275k. This is as a result of increases in reimbursements offset by additional costs; alongside higher than expected income from sales, fees and charges.

- 3.5.5 We were able to support carry forward requests of £163k. These requests were to fund specific expenditure during 2019/20 primarily around Regional Forensics commitments and wellness spend.
- 3.5.6 It was also possible to release £320k from the budget management reserve which had previously been held for Regional Forensics commitments. These commitments no longer exist so the money was released back into the revenue account; and a decision was made to release £273k of capital reserves to support the general fund and to maintain the balances at 3%.
- 3.5.7 The chart below shows a breakdown of actual net revenue expenditure for 2018/19 by category of spend.

Analysis of Net Revenue Expenditure 2018/19



3.6 Use of Earmarked Reserve

3.6.1 Reserves are held to support both Capital and Revenue spending. The following table outlines the details of such reserves over the MTFS period.

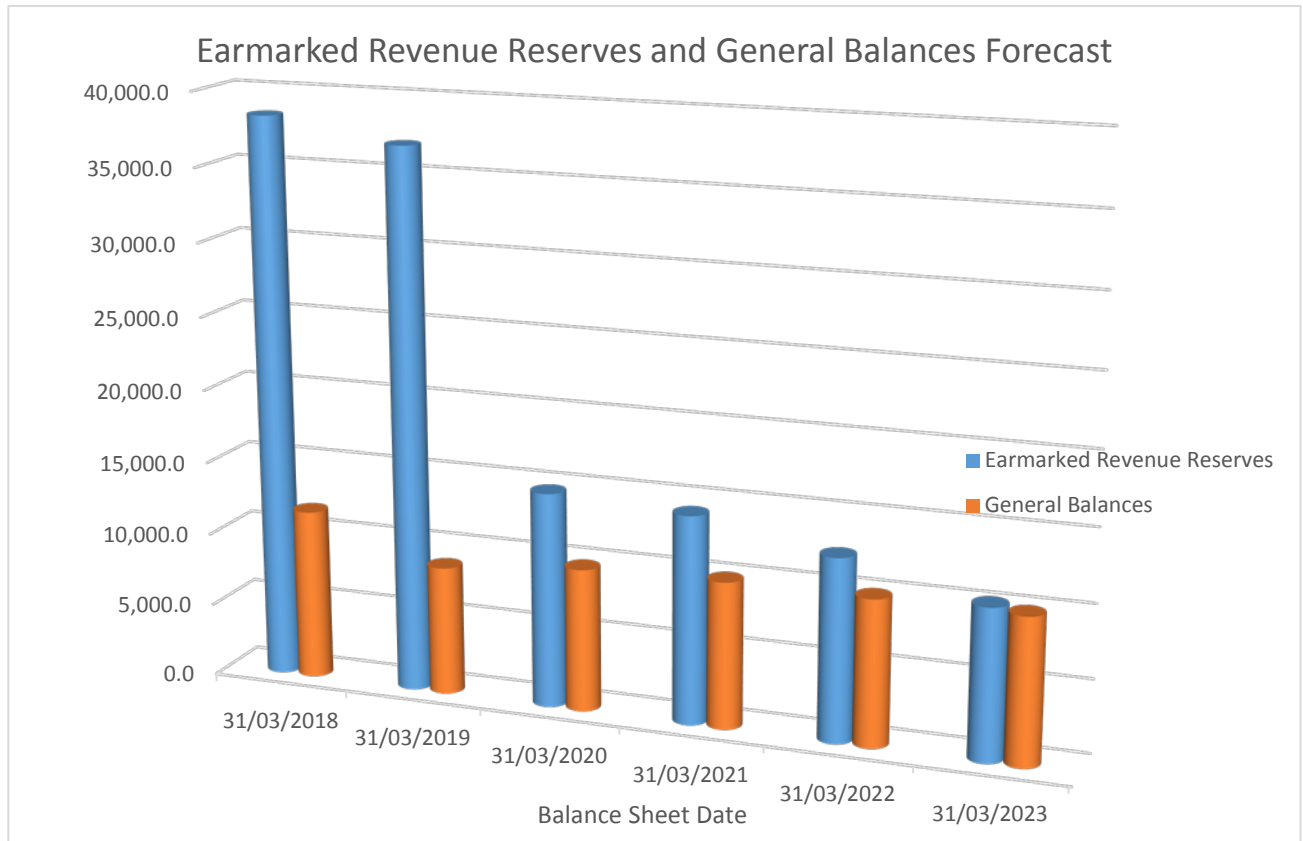
3.6.2

	Actual Balance 31/3/2018 £000's	Actual Balance 31/3/2019 £000's	Forecast Balance 31/3/2020 £000's	Forecast Balance 31/3/2021 £000's	Forecast Balance 31/3/2022 £000's	Forecast Balance 31/3/2023 £000's
Revenue Reserves						
Programme and Projects Reserve	1,584	203	0	0	0	0
Estates Development Reserve	1,204	956	724	494	264	0
Capital Financing Reserve	23,803	23,978	10,386	11,136	11,192	9,306
ESN Capital Reserve	2,520	2,520	70	70	70	70
Capital Programme Reserve	8,214	8,013	2,749	1,749	187	187
Budget Management Fund	502	220	221	221	221	221
Police and Crime Plan Reserve	545	1,027	516	516	516	516
Total Revenue Reserves	38,372	36,917	14,666	14,186	12,450	10,300
Capital Reserves						
Capital Grant	778	252	0	0	0	0
Capital Receipts	2,980	0	4,948	1,921	430	430
Total Capital Reserves	3,758	252	4,948	1,921	430	430
General Balances	11,653	8,808	9,780	10,025	10,025	10,025
Total Reserves and Balances	53,783	45,977	29,394	26,132	22,905	20,755
<i>NB: General Balances as % of 2018/19 Revenue Budget</i>	3.97%	3.00%	3.33%	3.41%	3.41%	3.41%

Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer Continued

- 3.6.3 It has been the chosen strategy of the Treasurer to maximise use of earmarked reserves in this MTFS period, reducing to a minimum level by the end 31st March 2023.



3.7 Capital programme

- 3.7.1 The table below shows the Police and Crime Commissioners' Groups capital expenditure, and funding, during 2018/19. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with a value in excess of £10,000. The most significant capital spend during 2018/19 was incurred on a new Exeter Police Station at Middlemoor where £12m of the £31m scheme was spent.

	£000's
Capital Investment	
Vehicles	3,098
Land and Buildings	15,296
Equipment & ICT	4,509
Total*	22,903
Funded by	
Grants	3,806
Capital Financing Reserve	574
Capital Receipts & Asset	3,884
Revenue Funding	2,530
Reserves	229
Borrowing	11,880
Total*	22,903

* This excludes finance leases of £289k.

Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer Continued

- 3.7.2 Vehicle expenditure related to the continual acquisition of replacement vehicles, to ensure that the vehicle fleet remains fit for purpose. The vehicle replacement scheme was met in full this year.
- 3.7.3 As previously mentioned the most significant building spend is on the new Exeter Police Station at Middlemoor, other spending was on the new Liskeard Police Station and more general refurbishment.
- 3.7.4 It is important for officers and staff to have access to the most suitable IT and equipment in order to deliver their service. This year has seen increased investment particularly in Body Worn Video and computer equipment replacement.

3.8 Workforce Resources

- 3.8.1 Workforce costs make up 81.2% of the annual expenditure of Devon & Cornwall Police. The full time equivalents (FTE) of officers and staff employed by Devon & Cornwall Police at the beginning and end of the period were:

31/03/18 (FTE)		31/03/19 (FTE)
2,940	Police Officers	2,982
2,102	Police Staff (inc PCSOs)	1,940
25	Office of the Police and Crime Commissioner	27
5,067		4,949

- 3.8.2 There was growth of 42 officers during the year, which was in excess of the number originally planned at the 31st March 2019.

4 Performance Indicators

4.1 External Indicators

- 4.1.1 The principal independent financial indicators available to the Police and Crime Commissioner are as follows:
- 4.1.2 HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent report (2017) indicated that Devon and Cornwall Police was 'good' for two of the three areas reviewed, and required improvement in the other, effectiveness:
- 4.1.3 Auditors Value for Money Opinion – External auditors provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2018. This audit concluded that the Police and Crime Commissioner and Chief Constable have made proper arrangements to ensure they took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
- 4.1.4 HMICFRS Value for Money Profile 2018 – this report does not provide an opinion, but states key financial and performance information of Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

4.2 Performance of the Office of Police & Crime Commissioner

- 4.2.1 As stated in the introduction, the primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.

Narrative Report by Nicola Allen, Chief Finance Officer Continued

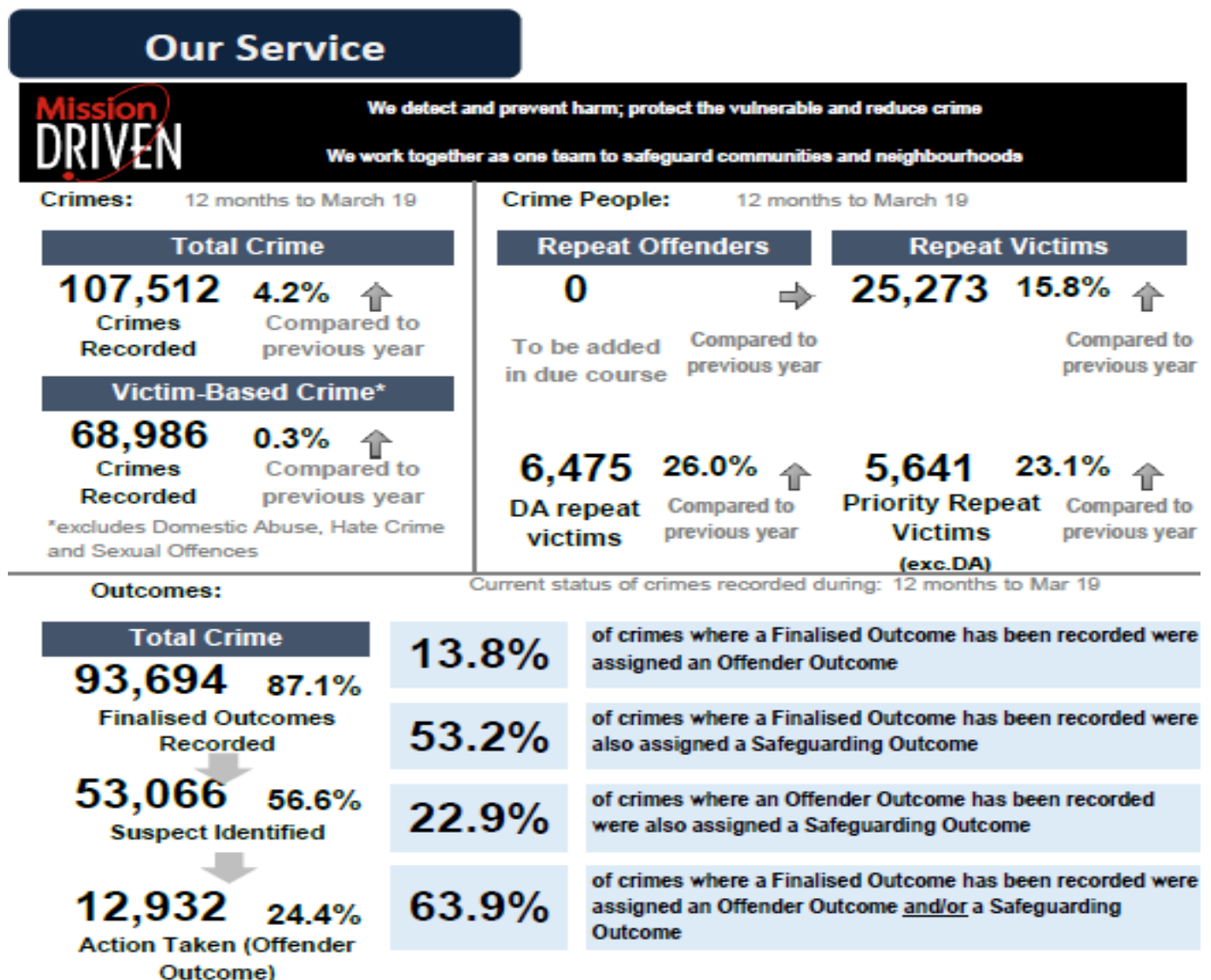
- 4.2.2 In addition, the Police and Crime Panel receive a report on a regular basis of the OPCC's assessment of current performance against the strategic indicators for the Police and Crime Plan 2017-2020 'Safe, resilient and connected communities'. There are eleven indicators that performance is measured against:

Public Confidence – 'Police do a good/excellent job' **AMBER**
 Repeat Victimisation: **AMBER**
 Public Confidence – Overall confidence **GREEN**
 Priority Victim Satisfaction **GREEN**
 Emergency Call (999) **GREEN**
 Attendance time for Immediate calls for service: **GREEN**
 Non Priority Calls (101) **GREEN**
 Emails (101) **GREEN**
 Value for Money – Officer Cost 2017 **GREEN**
 Value for Money – Police Staff Cost 2017 **GREEN**
 Value for Money – OPCC Staff Cost 2017 **GREEN**

- 4.2.3 As at 8th February which was the date of the last Police and Crime panel meeting two of these indicators were amber, and the remaining were green. Full detail of the review of each indicator can be found in section 6 (page 89-100) within the papers at the following link. [Police and Crime Panel papers 8th February 2019](#)

4.3 Operational performance of the force

- 4.3.1 The force monitors performance against aims on a monthly basis, with key performance indicators shown below.



Our Behaviour

**Mission
DRIVEN**

We are sustainable and resilient and provide a high quality service to the public

We act in accordance with the national Code of Ethics and our Force standards of behaviour

Stop & Search: 12 months to Jan 19

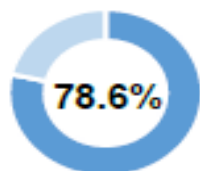
4,110
Stop Searches
Recorded

-19.7% ↓
Compared to
previous year

35.9%
Positive Outcome

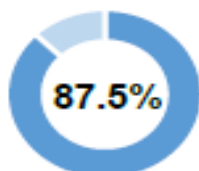
Arrest, Cannabis Warning,
Caution, Community
Resolution, PND Issued,
Property Seized, Summons

Public Confidence (CSEW): 12 months to Sept 2018



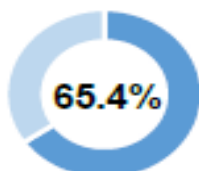
National position: 16

Overall Confidence



25

Respect



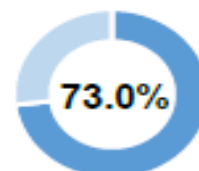
31

Fair Treatment

Victim Satisfaction:

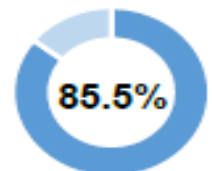
From Apr 18 to 30/03/19

From Apr 18 to
30/03/19



n=1417

Priority Victims



n=875

DA Victims

Complaints: 12 months to Mar 19

Total

2,287
Allegations
Recorded

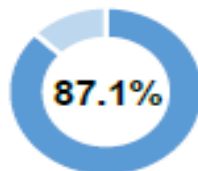
19.1% ↑
Compared to
previous year

Treatment

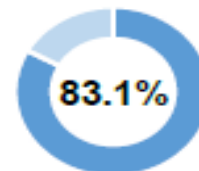
531
Allegations
Recorded

3.5% ↑
Compared to
previous year

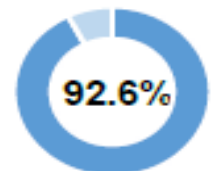
Compliance: NCRS Internal Audit Q3 2018



Overall
NCRS



Violent
Crime



Sexual
Offences

5 Future Financial Outlook

5.1 Devon and Cornwall Police formally updates its Medium Term Financial Strategy (MTFS) annually during the budget setting process. The 2019/20 MTFS reflected an overall improved outlook when compared with the 2018/19 forecasts.

5.2 The 2019/20 MTFS includes the resources to:

- Increase officer numbers to 3,100 over the next two years, which will :-
 - Provide an additional connectivity neighbourhood police officer in each of our 27 sectors.
 - Increase detectives by 30 to address most serious offending and meet areas identified in the Force Management Statement where demand exceeds current resources.
 - Increase front line response teams.
- Increase the investment in collaborative posts such as bi-service and tri-service officers.

Police and Crime Commissioner for Devon and Cornwall

Narrative Report by Nicola Allen, Chief Finance Officer Continued

- Continue with the piloted police staff team who ensure accuracy of crime data and take statements, removing work from the front line. For example, we anticipate 8,000 statements a year will be taken by the team, providing a better service for the front line and the witness.
- The roll out of Integrated Service Delivery (ISD) by summer 2019, resolving calls earlier and allocating tasks, where appropriate, across the whole force, rather than to specialist teams. ISD will change the way the police deal with non-emergency demands.
- Invest in modernised training and improving mental health and supporting good mental wellbeing in the workforce.
- Maximise the benefit of new operational hubs and County Headquarters.
- Technological investment in call handling, command & control and improved management information.

5.3 For 2020/21 and beyond there is a great deal of uncertainty around funding levels which will impact on our planning process. The uncertainty arises from:-

- The next Comprehensive Spending Review (CSR) which the Government plans to undertake during 2019 to take effect from the financial year 2020/21.
- The long awaited formula review which the Government seeks to implement in 2021/22
- Future cost of pension schemes. These schemes have seen increased pressure in recent years, with significant additional costs in 2019/20.

6 Managing Financial Risks

6.1 The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are provided in the Annual Governance Statement included within these Accounts.

7 Governance Arrangements

7.1 The Annual Governance Statement is included in this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable.

Signed by Nicola Allen
Chief Finance Officer to the Police and Crime Commissioner
31 July 2019

Further Information

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2018/19. It may be read in conjunction with the single entity accounts of the Chief Constable, and the [Police and Crime Plan](#). These documents can be found at www.devonandcornwall-pcc.gov.uk/about-us/what-we-spend/

**Independent Auditor's Report to the
Police and Crime Commissioner for Devon and Cornwall**

Police and Crime Commissioner for Devon and Cornwall

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs of the Office of the Police and Crime Commissioner and to secure that one of her officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer to the Police and Crime Commissioner;
- Manage the affairs of the Office of the Police and Crime Commissioner to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

Alison Hernandez
Police and Crime Commissioner
31 July 2019

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Annual Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 2018/19" (the Code).

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

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2019 gives a true and fair view of the financial position of the Police and Crime Commissioner for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2019.

Signed by Nicola Allen
Chief Finance Officer to the Police and Crime Commissioner
31 July 2019

Financial Statements



Police and Crime Commissioner for Devon and Cornwall

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2017/18 and 2018/19 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Group'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 increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018		11,653	38,372	2,980	778	53,783	(3,193,272)	(3,139,489)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(84,529)	0	0	0	(84,529)	(27,761)	(112,290)
Adjustments between accounting basis and funding basis under regulations	9	80,229	0	(2,980)	(526)	76,723	(76,723)	0
Transfers (to)/from Earmarked Reserves	10	1,455	(1,455)	0	0	0	0	0
Increase/(Decrease)		(2,845)	(1,455)	(2,980)	(526)	(7,806)	(104,484)	(112,290)
Balance at 31 March 2019		8,808	36,917	0	252	45,977	(3,297,756)	(3,251,779)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017		11,892	46,925	4,366	1,750	64,933	(3,459,849)	(3,394,916)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(120,455)	0	0	0	(120,455)	375,882	255,427
Adjustments between accounting basis and funding basis under regulations	9	111,663	0	(1,386)	(972)	109,305	(109,305)	0
Transfers (to)/from Earmarked Reserves	10	8,553	(8,553)	0	0	0	0	0
Increase/(Decrease)		(239)	(8,553)	(1,386)	(972)	(11,150)	266,577	255,427
Balance at 31 March 2018		11,653	38,372	2,980	778	53,783	(3,193,272)	(3,139,489)

Police and Crime Commissioner for Devon and Cornwall

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2017/18 and 2018/19 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Police and Crime Commissioner'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 increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018		11,653	38,372	2,980	778	53,783	(3,193,272)	(3,139,489)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(124,441)	0	0	0	(124,441)	12,151	(112,290)
Adjustments between accounting basis and funding basis under regulations	9	120,141	0	(2,980)	(526)	116,635	(116,635)	0
Transfers (to)/from Earmarked Reserves	10	1,455	(1,455)	0	0	0	0	0
Increase/(Decrease)		(2,845)	(1,455)	(2,980)	(526)	(7,806)	(104,484)	(112,290)
Balance at 31 March 2019		8,808	36,917	0	252	45,977	(3,297,756)	(3,251,779)
Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017		11,892	46,925	4,366	1,750	64,933	(3,459,849)	(3,394,916)
Movement in Reserves								
Total Comprehensive Income and Expenditure		253,188	0	0	0	253,188	2,239	255,427
Adjustments between accounting basis and funding basis under regulations	9	(261,980)	0	(1,386)	(972)	(264,338)	264,338	0
Transfers (to)/from Earmarked Reserves	10	8,553	(8,553)	0	0	0	0	0
Increase/(Decrease)		(239)	(8,553)	(1,386)	(972)	(11,150)	266,577	255,427
Balance at 31 March 2018		11,653	38,372	2,980	778	53,783	(3,193,272)	(3,139,489)

Group Comprehensive Income and Expenditure Statement

2017/18				2018/19			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Notes
367,990	(19,738)	348,252	Chief Constable	365,338	(21,012)	344,326	
1,348	(2)	1,346	Office of the Police and Crime Commissioner	1,557	(2)	1,555	
6,006	(2,452)	3,554	Commissioning	5,576	(2,342)	3,234	
375,344	(22,192)	353,152	Net Cost of Services	372,471	(23,356)	349,115	
			Other Operating Income and Expenditure				
0	(121)	(121)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	138	0	138	
6,186	(1,179)	5,007	(Gain)/Loss on Revaluation of Non-Current Assets	991	(1,698)	(707)	
0	(48,845)	(48,845)	Pensions Top Up Grant	0	(52,327)	(52,327)	
			Financing and Investment Income and Expenditure				
1,278	0	1,278	Interest Payable	1,273	0	1,273	
0	(314)	(314)	Interest and Investment Income	0	(435)	(435)	
0	0	0	(Gain)/Loss on the Revaluation of Investment Property	15	(40)	(25)	
0	0	0	(Gain)/Loss on Financial Instruments	16	(162)	(146)	
103,868	(8,023)	95,845	Pensions Interest Cost and Expected Return on Pension Assets	91,189	(7,697)	83,492	
			Taxation and Non-Specific Grant Income				
0	(163,529)	(163,529)	Police Grant	0	(163,529)	(163,529)	
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	
0	(105,014)	(105,014)	Council Tax Precept	0	(113,579)	(113,579)	
0	(1,543)	(1,543)	Capital Grants and Contributions	0	(3,280)	(3,280)	
486,676	(366,221)	120,455	(Surplus)/Deficit on Provision of Services	466,093	(381,564)	84,529	
		(1,739)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(11,347)	11
		(374,143)	Remeasurement of the Net Defined Benefit Liability/(Asset)			39,108	32
		(375,882)	Other Comprehensive Income and Expenditure			27,761	
		(255,427)	Total Comprehensive Income and Expenditure			112,290	

Police and Crime Commissioner for Devon and Cornwall

PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2017/18 and 2018/19 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (Precepts) to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

2017/18				2018/19			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
367,990	(68,583)	299,407	Chief Constable - Intra-group transaction	365,338	(73,339)	291,999	4
1,348	(2)	1,346	Office of the Police and Crime Commissioner	1,557	(2)	1,555	30
6,006	(2,452)	3,554	Commissioning	5,576	(2,342)	3,234	27
375,344	(71,037)	304,307	Net Cost of Services	372,471	(75,683)	296,788	
			Other Operating Income and Expenditure				
0	(121)	(121)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	138	0	138	
6,186	(1,179)	5,007	(Gain)/Loss on Revaluation of Non-Current Assets	991	(1,698)	(707)	
			Financing and Investment Income and Expenditure				
1,520	(133)	1,387	Interest Payable	1,460	(107)	1,353	
0	(314)	(314)	Interest and Investment Income	0	(435)	(435)	
0	0	0	(Gain)/Loss on the Revaluation of Investment Property	15	(40)	(25)	
0	0	0	(Gain)/Loss on Financial Instruments	16	(162)	(146)	
103,626	(7,890)	95,736	Pensions interest cost - Intra-Group Transaction	91,002	(7,590)	83,412	4
			Taxation and Non-Specific Grant Income				
0	(163,529)	(163,529)	Police Grant	0	(163,529)	(163,529)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(105,014)	(105,014)	Council Tax Precept	0	(113,579)	(113,579)	
0	(1,543)	(1,543)	Capital Grants and Contributions	0	(3,280)	(3,280)	26
(373,643)	0	(373,643)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	39,912	0	39,912	4
113,033	(366,221)	(253,188)	(Surplus)/Deficit on Provision of Services	506,005	(381,564)	124,441	
		(1,739)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(11,347)	11
		(500)	Remeasurement of the Net Defined Benefit Liability (asset)			(804)	32
		(2,239)	Other Comprehensive Income and Expenditure			(12,151)	
		(255,427)	Total Comprehensive Income and Expenditure			112,290	

Police and Crime Commissioner for Devon and Cornwall

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2018 and 31 March 2019 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets and liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

As at PCC £'000	31 March 2018 PCC Group £'000		As at PCC £'000	31 March 2019 PCC Group £'000	Notes
Long Term Assets					
137,097	137,097	Land & Buildings	157,365	157,365	11
607	607	Intangible Assets	930	930	12
8,360	8,360	Surplus Assets	7,926	7,926	11
16,220	18,596	Vehicle, Plant & Equipment	17,582	20,772	11
0	0	Investment Property	385	385	34
1,305	1,305	Long Term Debtor	1,033	1,033	
2,376	0	Long Term Debtor - Intra-Group Debtor	3,190	0	
165,965	165,965	Total Long Term Assets	188,411	188,411	
Current Assets					
33,707	33,707	Short Term Investments	10,203	10,203	18
430	430	Assets Held for Sale	0	0	16
467	467	Inventories	880	880	
28,231	28,231	Short Term Debtors	31,723	31,723	14
11,819	11,819	Cash and Cash Equivalents	13,943	13,943	15
74,654	74,654	Total Current Assets	56,749	56,749	
Current Liabilities					
0	0	Short Term Borrowing	0	0	
(24,139)	(33,175)	Short Term Creditors	(25,054)	(34,636)	17
(432)	(1,040)	Provisions	(510)	(1,341)	19
(9,037)	0	Short Term Accumulated Absences - Intra-Group Creditor	(9,582)	0	
(607)	0	Short Term Provisions - Intra-Group Creditor	(831)	0	
(34,215)	(34,215)	Total Current Liabilities	(35,977)	(35,977)	
Long Term Liabilities					
(594)	(594)	Provisions	(776)	(776)	19
(30,277)	(30,277)	Borrowing	(30,277)	(30,277)	33
0	0	Finance Lease	(207)	(207)	
(1,305)	(1,305)	Deferred Capital Receipts	(1,033)	(1,033)	
(3,863)	(233,306)	Pensions Liability - Staff	(3,279)	(236,700)	32
0	(3,080,411)	Pensions Liability - Officers	0	(3,191,969)	32
(3,309,854)	0	Pension Liabilities - Intra-Group Creditor	(3,425,390)	0	
(3,345,893)	(3,345,893)	Total Long Term Liabilities	(3,460,962)	(3,460,962)	
(3,139,489)	(3,139,489)	Net Liabilities	(3,251,779)	(3,251,779)	
Represented by					
(3,193,272)	(3,193,272)	Unusable Reserves	(3,297,756)	(3,297,756)	20
53,783	53,783	Usable Reserves	45,977	45,977	
(3,139,489)	(3,139,489)	Total Reserves	(3,251,779)	(3,251,779)	

Signed by Nicola Allen
Chief Finance Officer to the Police and Crime Commissioner
31 July 2019

Police and Crime Commissioner for Devon and Cornwall

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate Statement for the Police and Crime Commissioner. The statement shows how the Group generates and uses cash and cash equivalents 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 way the Group has managed its cash outflows against the monies received by way of grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities consist of short and long term borrowing in addition to repayment of finance lease liabilities and other payments for financing activities and are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2017/18		2018/19	Notes
£'000		£'000	
120,455	Net (Surplus) or Deficit on the Provision of Services	84,529	
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements		
(104,399)	(Increase)/Decrease in pensions liability	(75,845)	
(9,913)	Depreciation and amortisation	(11,942)	
351	(Increase)/Decrease in provisions	(484)	
121	Surplus/(Loss) on sales of non-current assets	(138)	
(5,007)	Surplus/(Loss) on revaluation of non-current assets	732	
5,192	Movement in relevant assets/liabilities	(2,352)	
6,800	Net Cash (Inflows)/Outflows from Operating Activities	(5,500)	21
4,470	Investing Activities	3,428	22
0	Financing Activities	(52)	23
11,270	Net (Increase)/Decrease in Cash and Cash Equivalents	(2,124)	
(23,089)	Cash and Cash Equivalents at the beginning of the reporting period	(11,819)	
(11,819)	Cash and Cash Equivalents at the end of the reporting period	(13,943)	15

Notes to the Accounts



Note 1 Accounting Policies

1. General Principles

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and the Accounts and Audit Regulations 2015 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the pervasive accounting concepts of accruals, going concern and primacy of legislative requirements.

2. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Accounting Policy Developments and Changes

Changes in accounting policies are only made when required by proper accounting practices or the change provides more relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. For 2018/19, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been adopted and applied retrospectively.

4. Prior Period Adjustments, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Events after the Balance Sheet Date

Events after the Balance Sheet date are material 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

Note 1 Accounting Policies Continued

- 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.

6. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

7. Council Tax

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Group recognises its share of the Council Tax debtor and creditor balances and impairment allowances in its Balance Sheet. The Group also recognises:

- a creditor in its Balance Sheet for cash received from the Billing Authority in advance of the Police and Crime Commissioner receiving the cash from Council Tax debtors or;
- a debtor in its Balance Sheet for its attributable share of net cash collected from Council Tax debtors by the Billing Authority but not paid over to it at the Balance Sheet date.

8. Revenue Expenditure Funded from Capital under Statute

Local Authority accounting regulations allow some items of expenditure, which do not result in the creation of a non-current asset for the PCC Group, to be funded as capital expenditure. Such expenditure is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from capital resources, a matching transfer is made in the Movement in Reserves Statement from the Capital Adjustment Account to the General Fund Balance so that there is no impact in the level of council tax.

9. Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

10. Government Grants and Contributions

Government grants and third party contributions are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Note 1 Accounting Policies Continued

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement of Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustments Account once they have been applied to fund capital expenditure.

11. Financial Instruments

11.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment 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.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

11.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable in the year.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11.4 Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The simplified approach model is used to recognise expected credit losses for lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Note 1 Accounting Policies Continued

11.5 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are provided by the Group Treasury advisors.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

12. 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 short term investments that are readily convertible to known amounts of cash without penalty and 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.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

13.1 The Group as Lessee

13.1.1 Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Group are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge debited to the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Note 1 Accounting Policies Continued

13.1.2 Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

13.2 The Group as Lessor

13.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

14. Joint Operations

The Group participates in a number of partnership activities. These arrangements involve the Group carrying out activities relevant to its own functions jointly with others. The Group accounts only for its share of the jointly controlled assets and the liabilities and expenses that it incurs on its own behalf or jointly with others in respect to its interest in the partnerships and income that it receives in relation to the partnership activities.

15. Overheads

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

16. Employee Benefits

16.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the accrued leave is charged to revenue in the financial year in which the absence occurs.

16.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner is demonstrably committed to the termination of the employment of an employee. 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 (this only applies to compulsory redundancies). In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

16.3 Post-Employment Benefits

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

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

Note 1 Accounting Policies Continued

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Group.

16.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes:

The liabilities of the Police Officers' Pension Schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

16.3.2 The Local Government Pension Scheme

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

The liabilities of the Peninsula Pension Scheme attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – as described for the Police Officer Pension Schemes above.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date which has been chosen to meet the requirements of IAS19.

The assets of the Peninsula pension fund attributable to the Group are included in the Balance Sheet at their fair value:

- | | | | |
|---|---------------------|---|-----------------------|
| • | quoted securities | - | current bid price |
| • | unquoted securities | - | professional estimate |
| • | unitised securities | - | current bid price |
| • | property securities | - | current bid price |
| • | property | - | market value |

16.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes are analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Current service cost includes interest on the current service cost which is excluded from net interest on the net defined liability.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period as a result of contribution and benefit payments.

Note 1 Accounting Policies Continued

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure (only applicable to the Local Government Pension Scheme).
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

16.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

16.3.5 Impact on Reserves

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

16.4 Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

17. Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where the provision is no longer required or the estimated amount can be decreased, the provision is reversed or reduced and credited back to the relevant service.

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

Provision is made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of the Force restructuring

Note 1 Accounting Policies Continued

plan will be treated separately and provision made of the estimated termination payments as and when each element of the plan is announced.

18. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred 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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirements and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant policies.

19. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

19.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

19.2 Measurement

Assets are initially measured at cost, comprising: purchase price and any costs attributable to bringing the asset into working condition. The Group does not capitalise borrowing costs incurred whilst the assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- | | | | |
|---|---------------------------|---|---|
| • | assets under construction | - | depreciated historical cost |
| • | specialised assets | - | depreciated replacement cost (DRC) |
| • | non-property assets | - | depreciated historical cost |
| • | surplus assets | - | fair value, estimated at highest and best use from a market participant's perspective |

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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 (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Note 1 Accounting Policies Continued

19.3 Impairment

Assets are assessed at each year end as to whether there is any indication that an asset has significantly decreased in value because of factors such as obsolescence, environmental changes or declining market values. If there is an indication, then 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 by:

- 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 (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, 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.

19.4 Depreciation

Depreciation is provided for on all property, plant and equipment assets by spreading the cost over their useful working life. An exception is made for assets without a determinable finite useful life (i.e. land) and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.
- Land and Buildings – the useful life of each building is assessed by the value and depreciated individually from the first of the month of acquisition; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately.
- Enhancements/Adaptions to leasehold buildings – are depreciated monthly over the life of the lease.
- Information Computer Technology – Depreciation is charged monthly from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to asset life.
- Plant and Equipment – These assets are given specific asset lives and are depreciated monthly.

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.

19.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount 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 credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against 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 received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the Usable Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Note 1 Accounting Policies Continued

19.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell.

19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as Investment Property, or Assets Held for Sale are classified as Surplus Assets within Property, Plant and Equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

20. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset (e.g. software and intellectual property) to the Group. Software that is integral to the operating of hardware is capitalised as part of the relevant item of property, plant and equipment.

20.1 Measurement

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. No intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

20.2 Amortisation

The depreciable amount of an intangible asset is amortised over its useful life and charged to the Comprehensive Income and Expenditure Statement.

20.3 Impairment

Where 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 Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

21. VAT

VAT payable is included as an expense only when it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

22. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

23. Long Term Contracts

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Note 1 Accounting Policies Continued

24. Exceptional Items

When items of expenditure are outside the normal type of expenditure incurred by the Group they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material and a separate disclosure would be made to aid the understanding of the Group's financial performance.

25. Charges to Revenue Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the real cost of holding fixed assets during the year:

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

26. Investment Property

Investment properties are those that are used solely to earn rentals. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore 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.

Police and Crime Commissioner for Devon and Cornwall

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. Standards that fall into this category are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments

All of these standards will be incorporated in the Code from 2019/20 and will be complied with. However, none have material impact for the Group and none warrant disclosure in these accounts.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Police and Crime Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The PCC Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA SeRCOP and the Police Reform and Social Responsibility Act.
- As required, a provision has been established in the Police and Crime Commissioner's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of pensions and other employee benefits. Should the Police and Crime Commissioner be required to settle future pension liabilities, there is no long term expectation on the Home Office to provide this funding. Similarly the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. In our judgement, it is reasonable to expect that should the PCC Group be required to settle future pension liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.
- The contingent liability note describes liabilities with regard to potential claims against the Police and Crime Commissioner Group. Judgement has been applied in determining that for each of these actual or potential claims, either the outflow of resources is not probable or the obligation cannot be estimated with sufficient reliability. For this reason the appropriate accounting treatment is judged to be disclosure of a contingent liability rather than the making of a provision.
- There is a high degree of uncertainty about future levels of funding for the Police. The Police and Crime Commissioner has a risk assessed level of general balances which is reviewed on an annual basis as part of the Medium Term Financial Strategy process.

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to below as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income and the Chief Constable while fulfilling his responsibilities under the 2011 Act does not hold any cash or reserves. When Police and Crime

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Note 4 The Police and Crime Commissioner as an Accounting Entity Continued

Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

For accounting and regulatory purposes the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2018/19.

The financial consequences of the activity under the control of the Chief Constable are shown in the Chief Constable's single entity accounts which are published separately. As the Chief Constable does not hold reserves, the Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments, is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the PCC Group with two exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer police pensions and meet any liabilities in relation to accrued leave.
- Certain categories of operational non-current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a longer term creditor.

Intra-Group Transactions	2017/18		2018/19	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Net Cost of Policing	(299,407)	299,407	(291,999)	291,999
Pensions Interest Cost and Pensions Top Up Grant	(95,736)	95,736	(83,412)	83,412
Actuarial gains/(losses) on pensions funds	373,643	(373,643)	(39,912)	39,912
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Non-Current Assets/Liabilities				
Pensions Long Term Intra-Group Debtor	3,309,854	0	3,425,390	0
Pensions Long Term Liabilities	(3,309,854)	0	(3,425,390)	0
Pensions Long Term Intra-Group Creditor	0	(3,309,854)	0	(3,425,390)
ICT and Equipment Assets	2,376	0	3,190	0
ICT and Equipment Intra-Group Creditor	(2,376)	0	(3,190)	0
ICT and Equipment Intra-Group Debtor	0	9,644	0	10,413
Current Assets/Liabilities				
Intra-Group Debtors	9,644	0	10,413	0
Current Liabilities	(9,644)	0	(10,413)	0
Intra-Group Creditors	0	(9,644)	0	(10,413)
Unusable Reserves				
Intra-Group Transactions	0	(3,309,854)	0	(3,425,390)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events After the Balance Sheet Date

An event occurred after the balance sheet date which has been disclosed as a provision. Please refer to “Other Provisions” within the Provision Note.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Police and Crime Commissioners' Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

6.1 Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, affecting the useful lives assigned to assets. The estimated value of property, plant and equipment as at 31 March 2019 is £186m.

Effect if Actual Results Differ from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.575m for every year that useful lives had to be reduced.

6.2 Provisions

Uncertainties

The Police and Crime Commissioner has made a provision of £1.286m to cover the cost of self-insured public and employers' liability claims. The cost of these claims has been estimated by the Force Legal Team.

Effect if Actual Results Differ from Assumptions

A 10 percent increase in the cost of the outstanding claims would increase the charge to the Comprehensive Income and Expenditure Statement by £0.129m.

6.3 Pensions Liability

Uncertainties

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. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. The total value of pension liabilities as at 31 March 2019 is £3,429m.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Police and Crime Commissioner for Devon and Cornwall

Note 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Police and Crime Commissioner directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Intra-Group Funding	Total Adjustments
				(Note 7.1)	(Note 7.2)	(Note 7.3)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	287,594	56,732	344,326	7,640	44,540	4,552	(56,732)	0
Office for Police and Crime Commissioner	1,498	57	1,555	0	126	(69)	56,732	56,789
Commissioning	3,653	(419)	3,234	0	16	(435)	0	(419)
Net Cost of Services	292,745	56,370	349,115	7,640	44,682	4,048	0	56,370
Other Operating Income and Expenditure	0	(52,895)	(52,895)	(568)	(52,327)	0	0	(52,895)
Financing and Investment Income and Expenditure	854	83,304	84,158	(25)	83,492	(162)	0	83,305
Taxation and Non-Specific Grant Income	(293,599)	(2,250)	(295,849)	0	0	(2,250)	0	(2,250)
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	84,529	84,529	7,047	75,847	1,636	0	84,529
Opening Revenue Reserve Balance as at 31 March 2018	11,653							
Less/Plus Surplus or (Deficit) on the General Fund in Year	(2,845)							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2019	8,808							

Police and Crime Commissioner for Devon and Cornwall

Note 7 Expenditure and Funding Analysis Continued

2017/18								
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Intra-Group Funding	Total Adjustments
				(Note 7.1)	(Note 7.2)	(Note 7.3)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	278,739	69,513	348,252	3,852	57,242	8,419	(69,513)	0
Office for Police and Crime Commissioner	1,219	127	1,346	0	122	5	69,513	69,640
Commissioning	3,519	35	3,554	0	34	1	0	35
Net Cost of Services	283,477	69,675	353,152	3,852	57,398	8,425	0	69,675
Other Operating Income and Expenditure	0	(43,960)	(43,960)	4,886	(48,845)	0	0	(43,960)
Financing and Investment Income and Expenditure	964	95,845	96,809	0	95,845	0	0	95,845
Taxation and Non-Specific Grant Income	(284,441)	(1,106)	(285,547)	0	0	(1,106)	0	(1,106)
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	120,455	120,455	8,738	104,398	7,319	0	120,455
Opening Revenue Reserve Balance as at 31 March 2017	11,892							
Less/Plus Surplus or (Deficit) on the General Fund in Year	(239)							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2018	11,653							

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Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column adds in the depreciation and impairment and revaluation gains and losses in the services 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.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting 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.

7.2 Net Change for Pensions' Adjustments

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 Group as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

7.3 Other Differences

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

- For Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and that which was projected to be received at the start of year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the Financing and Investment Income and Expenditure line. In the Statement of Accounts, the Financing and Investment Income and Expenditure line is under the control of the PCC and is excluded from the Chief Constable's CIES and Expenditure and Funding Analysis Statement but shown in the equivalent PCC statements.

Police and Crime Commissioner for Devon and Cornwall

Note 8 Expenditure and Income Analysed by Nature

2017/18 £'000	Expenditure/Income	2018/19 £'000
	Expenditure	
410,351	Employee benefit expenses	389,540
58,948	Other service expense	62,196
9,913	Depreciation, amortisation, impairment	11,940
1,278	Interest payments	1,273
0	Loss on financial instruments	15
6,186	Loss on the disposal of assets	1,129
486,675	Total Expenditure	466,093
	Income	
(22,192)	Fees charges and other service income	(14,320)
(1,179)	Gain on revaluation of Fixed Assets	(1,738)
0	Gain on financial instruments	(162)
(121)	Gain on the disposal of assets	0
(8,337)	Interest and investment income	(8,132)
(105,014)	Income from council tax	(113,579)
(229,378)	Government grants and contributions	(243,633)
(366,221)	Total Income	(381,564)
120,455	Deficit on the Provision of Services	84,529

Note 9 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 PCC 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 PCC Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of the group are required to be paid and out of which all liabilities of the group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the group is required to recover) at the end of the financial year.

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Current Year	2018/19			Unusable Reserves
	Usable Reserves			
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	75,844	0	0	(75,844)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(162)	0	0	162
Council Tax and NDR (transfers to or from Collection Fund)	1,030	0	0	(1,030)
Holiday pay (transferred to the Accumulated Absences Reserve)	552	0	0	(552)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	11,348	0	0	(11,348)
Total Adjustments to Revenue Resources	88,613	0	0	(88,613)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	902	0	(902)
Transfer of Grants from Revenue to the Capital Grant Reserve	(3,280)	0	3,280	0
Statutory provision for the repayment of debt (transfer from the CAA)	(1,770)	0	0	1,770
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,334)	0	0	3,334
Total Adjustments between Revenue and Capital Resources	(8,384)	902	3,280	4,202
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(3,882)	0	3,882
Application of capital grants to finance capital expenditure	0	0	(3,806)	3,806
Total Adjustments to Capital Resources	0	(3,882)	(3,806)	7,688
Total Adjustments excluding Earmarked Adjustments	80,229	(2,980)	(526)	(76,723)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				
Total Adjustments including Earmarked Adjustments				0
				(76,723)

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year	2017/18			Unusable Reserves
	Usable Reserves			
	General Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.				
Pensions costs (transferred to (or from) the Pensions Reserve)	104,400	0	0	(104,400)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax and NDR (transfers to or from Collection Fund)	436	0	0	(436)
Holiday pay (transferred to the Accumulated Absences Reserve)	(79)	0	0	79
Equal pay settlements (transferred to the Unequal Pay/Back Pay AC)	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA)):	14,799	0	0	(14,799)
Total Adjustments to Revenue Resources	119,556	0	0	(119,556)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	1,196	0	(1,196)
Transfer of Grants from Revenue to the Capital Grant Reserve	(1,543)	0	1,543	0
Statutory provision for the repayment of debt (transfer from the CAA)	(1,686)	0	0	1,686
Capital expenditure financed from revenue balances (transfer to the CAA)	(4,664)	0	0	4,664
Total Adjustments between Revenue and Capital Resources	(7,893)	1,196	1,543	5,154
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(2,582)	0	2,582
Application of capital grants to finance capital expenditure	0	0	(2,515)	2,515
Total Adjustments to Capital Resources	0	(2,582)	(2,515)	5,097
Total Adjustments excluding Earmarked Adjustments	111,663	(1,386)	(972)	(109,305)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				
				0
Total Adjustments including Earmarked Adjustments				(109,305)

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Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the Earmarked Reserves to provide financing for future expenditure plans and amounts posted back from Earmarked Reserves to meet General Fund expenditure.

	Balance at 1 April 2017	Transfer Out 2017/18	Transfer In 2017/18	Balance at 31 March 2018	Transfer Out 2018/19	Transfer In 2018/19	Balance at 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	4,432	(4,432)	502	502	(282)	0	220
Programmes & Projects	5,605	(4,021)	0	1,584	(1,381)	0	203
Workforce Modernisation	670	(670)	0	0	0	0	0
Capital Financing Reserve	14,437	(6,560)	15,925	23,802	(574)	750	23,978
Estates Development	1,260	(55)	0	1,205	(249)	0	956
Revenue Support Fund	11,200	(11,200)	0	0	0	0	0
Police and Crime Plan	547	(100)	98	545	(29)	511	1,027
Capital Programme Reserve	8,774	(747)	0	8,027	(201)	187	8,013
ESN Capital Reserve	0	0	2,520	2,520	0	0	2,520
Merger Related Capital Reserve	0	0	187	187	(187)	0	0
Total	46,925	(27,785)	19,232	38,372	(2,903)	1,448	36,917

The purpose of the Funds and Reserves held at 31 March 2019 are set out below:

Budget Management Fund	To hold year end under-spends for carry-forward to the following year.
Programme and Projects Reserve	To fund investment in the Force Change Programme including major ICT developments.
Capital Financing Reserve	To fund capital investment.
Estates Development Reserve	To fund revenue cost of rationalising and developing the estate including planning applications, consultancy costs and project management.
Police and Crime Plan Reserve	To fund planned Police and Crime Plan Developments.
Capital Programme Reserve	To fund one off capital programme costs.
ESN Capital Reserve	To fund enabling work and acquisition of new national communication systems and hardware.

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Note 11 Property, Plant and Equipment

This table sets out the 2018/19 property, plant and equipment for the PCC Group.

Movements for 2018/19						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	136,873	43,005	4,670	3,087	8,360	195,995
Additions	1,287	3,299	13,672	4,067	335	22,660
Revaluation recognised in the Revaluation Reserve	5,732	0	0	0	(329)	5,403
Revaluation recognised in the Surplus/Deficit on the Provision of Services	1,583	0	0	0	0	1,583
Derecognition-Disposals	(460)	(1,501)	0	0	0	(1,961)
Reclassification	1,664	2,371	(1,664)	(2,371)	(360)	(360)
Balance at 31 March 2019	146,680	47,174	16,678	4,783	8,006	223,321
Accumulated Depreciation and Impairments						
Balance at 1 April 2018	(4,446)	(27,496)	0	0	0	(31,942)
Depreciation Charge	(6,380)	(5,035)	0	0	(320)	(11,735)
Depreciation written out to the Revaluation Reserve	5,705	0	0	0	240	5,945
Depreciation written out to the Surplus/Deficit on the Provision of Services	(876)	0	0	0	0	(876)
Derecognition-Disposals	4	1,346	0	0	0	1,350
Reclassification	0	0	0	0	0	0
Balance at 31 March 2019	(5,993)	(31,185)	0	0	(80)	(37,258)
Net Book Value						
Balance at 31 March 2018	132,427	15,509	4,670	3,087	8,360	164,053
Balance at 31 March 2019	140,687	15,989	16,678	4,783	7,926	186,063

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2017/18 property, plant and equipment for the PCC Group.

Movements for 2017/18						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	144,841	38,050	3,381	978	8,336	195,586
Additions	999	4,334	1,289	3,806	0	10,428
Revaluation recognised in the Revaluation Reserve	(8,184)	0	0	0	645	(7,539)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(306)	0	0	0	0	(306)
Derecognition-Disposals	(443)	(1,076)	0	0	(225)	(1,744)
Reclassification	(34)	1,697	0	(1,697)	(396)	(430)
Balance at 31 March 2018	136,873	43,005	4,670	3,087	8,360	195,995
Accumulated Depreciation and Impairments						
Balance at 1 April 2017	(4,283)	(23,611)	0	0	0	(27,894)
Depreciation Charge	(4,760)	(4,934)	0	0	0	(9,694)
Depreciation written out to the Revaluation Reserve	905	0	0	0	0	905
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,670	0	0	0	0	3,670
Derecognition-Disposals	22	1,049	0	0	0	1,071
Balance at 31 March 2018	(4,446)	(27,496)	0	0	0	(31,942)
Net Book Value						
Balance at 31 March 2017	140,558	14,439	3,381	978	8,336	167,692
Balance at 31 March 2018	132,427	15,509	4,670	3,087	8,360	164,053

Police and Crime Commissioner for Devon and Cornwall

Note 11 Property, Plant and Equipment Continued

This table sets out the 2018/19 property, plant and equipment for the PCC.

Movements for 2018/19						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	136,872	37,430	4,670	3,087	8,360	190,419
Additions	1,287	3,184	13,672	4,067	335	22,545
Revaluation recognised in the Revaluation Reserve	5,732	0	0	0	(329)	5,403
Revaluation recognised in the Surplus/Deficit on the Provision of Services	1,583	0	0	0	0	1,583
Derecognition-Disposals	(460)	(1,501)	0	0	0	(1,961)
Reclassification	1,664	1,063	(1,664)	(2,371)	(360)	(1,668)
Balance at 31 March 2019	146,679	40,176	16,678	4,783	8,006	216,320
Accumulated Depreciation and Impairments						
Balance at 1 April 2018	(4,445)	(24,297)	0	0	0	(28,742)
Depreciation Charge	(6,380)	(4,461)	0	0	(320)	(11,160)
Depreciation written out to the Revaluation Reserve	5,705	0	0	0	240	5,945
Depreciation written out to the Surplus/Deficit on the Provision of Services	(876)	0	0	0	0	(876)
Derecognition-Disposals	4	1,346	0	0	0	1,350
Reclassification	0	36	0	0	0	36
Balance at 31 March 2019	(5,992)	(27,376)	0	0	(80)	(33,447)
Net Book Value						
Balance at 31 March 2018	132,427	13,133	4,670	3,087	8,360	161,677
Balance at 31 March 2019	140,687	12,799	16,678	4,783	7,926	182,873

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2017/18 property, plant and equipment for the PCC.

Movements for 2017/18						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	144,840	33,339	3,381	978	8,336	190,874
Additions	999	3,469	1,289	3,806	0	9,563
Revaluation recognised in the Revaluation Reserve	(8,184)	0	0	0	645	(7,539)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(306)	0	0	0	0	(306)
Derecognition-Disposals	(443)	(1,076)	0	0	(225)	(1,744)
Reclassification	(34)	1,697	0	(1,697)	(396)	(430)
Balance at 31 March 2018	136,872	37,430	4,670	3,087	8,360	190,419
Accumulated Depreciation and Impairments						
Balance at 1 April 2017	(4,282)	(21,388)	0	0	0	(25,670)
Depreciation Charge	(4,760)	(3,958)	0	0	0	(8,718)
Depreciation written out to the Revaluation Reserve	905	0	0	0	0	905
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,670	0	0	0	0	3,670
Derecognition-Disposals	22	1,049	0	0	0	1,071
Balance at 31 March 2018	(4,445)	(24,297)	0	0	0	(28,742)
Net Book Value						
Balance at 31 March 2017	140,558	11,950	3,381	978	8,336	165,203
Balance at 31 March 2018	132,427	13,133	4,670	3,087	8,360	161,677

11.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimus levels are met:-

- Land and buildings £25k
- All other assets £10k

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Note 11 Property, Plant and Equipment Continued

11.2 Surplus Assets

During the year, three properties were sold and one property held at the 31 March 2019.

11.3 Depreciation

The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer, asset lives are within the range 5–55 years.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives these are within the range 3-10 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.3.3 Information Computer Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 3-10 years. ICT assets are depreciated monthly.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 3-10 years. These assets are depreciated monthly.

All depreciation is calculated on a straight-line basis.

11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2018/19 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year including the purchase of replacement vehicles, and the ongoing work in ensuring that the Force estate is as lean and efficient as possible, while remaining fully fit for purpose to support operational policing. As at 31 March 2019, significant capital commitments amounted to £20,734k. Similar commitments at 31 March 2018 were £992k. The large increase is due to the constructions at Middlemoor and Liskeard.

11.5 Revaluations

Land and buildings are revalued by a qualified external valuer, Vickery Holman, every three years. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation exercise was undertaken in 2017/18 with valuations and remaining useful lives provided as at 1 January 2018. Between revaluations, the external valuer undertakes an annual review to identify any significant impairments or any other significant change in the valuation of assets. The valuer undertook an annual review in 2018/19 and concluded that the valuation of buildings valued at depreciated replacement cost had increased by £8,783k. In addition the reclassification of a number of buildings as surplus assets, plus the valuation of improvement works, change in asset lives and depreciation has led to a net increase in the valuation of in use buildings by £8,260k.

11.6 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value.

Police and Crime Commissioner for Devon and Cornwall

Note 11 Property, Plant and Equipment Continued

11.7 Sale and Leaseback

A sale and leaseback transaction took place in the year for one of the PCC's properties. The leaseback arrangement is for 5 years with no lease payments due within this period.

Note 12 Intangible Assets

All of the intangible assets held are ICT software and are recognised separately from the tangible asset with which they are associated with where the value of the intangible asset is more than 25% and greater than £100k of the main asset value.

2017/18 Non- Operational Assets £'000		2018/19 Non- Operational Assets £'000
	Balance at start of year	
1,754	Gross carrying amounts	1,754
(927)	Accumulated amortisation	(1,147)
826	Net carrying amount at start of year	607
0	Additions	530
(219)	Amortisation for the period	(207)
607	Net carrying amount at end of year	930
	Comprising:	
1,754	Gross carrying amounts	2,284
(1,147)	Accumulated Amortisation	(1,354)
607		930

12.1 Amortisation

All intangible assets are given a finite life, based on assessments of the period that the software is expected to be of use to the Group.

12.2 Depreciation

The carrying amount of intangible assets is depreciated on a straight-line basis.

Police and Crime Commissioner for Devon and Cornwall

Note 13 Capital Reserves

A description of these reserves can be found in the Adjustments between Accounting Basis and Funding Basis under Regulations Note.

	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£'000	£'000	£'000
Balance at 1 April 2017	4,366	1,750	6,116
Proceeds of Disposals	1,196	0	1,196
Financing of Fixed Assets	(2,582)	(2,515)	(5,097)
Capital Grants Received	0	1,543	1,543
Balance at 31 March 2018	2,980	778	3,758
Proceeds of Disposals	902	0	902
Financing of Fixed Assets	(3,882)	(3,806)	(7,688)
Capital Grants Received	0	3,280	3,280
Balance at 31 March 2019	0	252	252
Net Movement for 2017/18	(1,386)	(972)	(2,358)
Net Movement for 2018/19	(2,980)	(526)	(3,506)

Note 14 Debtors

31 March 2018			31 March 2019	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
10,512	10,512	Central government bodies	16,811	16,811
6,297	6,297	Other local authorities	9,732	9,732
331	331	National Health Service	525	525
11,091	11,091	Other entities and individuals	4,655	4,655
28,231	28,231	Total Debtors	31,723	31,723

Note 15 Cash and Cash Equivalents

31 March 2018			31 March 2019	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
32	32	Cash held by the PCC	31	31
7,207	7,207	Bank current accounts	6,171	6,171
4,580	4,580	Short-term deposits	7,741	7,741
11,819	11,819	Total Cash and Cash Equivalents	13,943	13,943

Note 16 Assets Held for Sale

2017/18		2018/19
£'000		£'000
400	Balance outstanding at start of year	430
430	Assets newly classified as held for sale	0
(400)	Assets Sold	(430)
430	Balance outstanding at year end	0

In 2017/18, 1 property asset was held as an asset for sale and sold in 2018/19.

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Note 17 Creditors

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(5,589)	(5,589)	Central government bodies	(5,582)	(5,582)
(5,125)	(5,125)	Other local authorities	(5,486)	(5,486)
(62)	(62)	National Health Service	(25)	(25)
(13,363)	(22,399)	Other entities and individuals	(13,961)	(23,543)
(24,139)	(33,175)	Total Creditors	(25,054)	(34,636)

Note 18 Financial Instruments

A new standard IFRS 9 Financial Instruments comes into effect from 1 April 2018 and replaces IAS 39 Financial Instruments. The CIPFA Code requires IFRS 9 to be adopted retrospectively but no restatement of 2017/18 accounts is required and any adjustments arising from the new standard are accounted for at 1 April 2018.

The effects of the transition are shown below:-

18.1 Reclassification and measurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets shown as short term investments and a financial asset included within cash and cash equivalents at 31 March 2018 and the remeasurements of the carrying amounts then required.

Previous classifications	Carrying amount brought forward at 1 April £'000	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit or loss £'000	Impact on General Fund Balance £'000	Impact on Financial Instruments Revaluation Reserve Fund £'000
Loans and receivables	21,281	16,701	0	4,580	0	0
Available for sale	17,006	13,006	0	4,000	0	0
Reclassified amounts at 1 April 2018	38,287	29,707	0	8,580	0	0
Remeasurements at 1 April 2018	(19)	(19)	0	0	19	0
Remeasured carrying amounts at 1 April 2018	38,268	29,688	0	8,580	19	0

Police and Crime Commissioner for Devon and Cornwall

Note 18 Financial Instruments Continued

18.2 Effect of reclassification and remeasurement on the Balance Sheet

The note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

New classification at 1 April 2018	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit and loss £'000	Total Balance Sheet carrying amount £'000
Remeasured carrying amounts at 1 April 2018	29,688	0	8,580	38,268
Short Term Investments	29,688	0	4,000	33,688
Cash and cash equivalents	0	0	4,580	4,580
	29,688	0	8,580	38,268

18.3 Reclassification and remeasurement of impairment losses at 1 April 2018

This note shows the adjustments made to impairment loss allowances as a result of the reclassification of financial assets and the change from an incurred losses model to an expected losses model for calculations.

Loss allowances for new classifications at 1 April 2018	Impairment allowance brought forward at 1 April £'000	Amortised cost £'000	Fair value through other comprehensive income £'000
Impairment loss allowance at 1 April 2018	0	(19)	0

18.4 Categories of Financial Instruments

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

18.4.1 Borrowing

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Annual repayments are for interest only and the principal is repayable at the date of loan maturity.

18.4.2 Financial assets

Financial assets at fair value through Profit and Loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

18.4.3 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts and money market funds all of which are repayable at 24 hours' notice without penalty.

Police and Crime Commissioner for Devon and Cornwall

Note 18 Financial Instruments Continued

	Long Term		Current	
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Investments				
Loans and receivables	0	0	16,701	0
Available for sale Financial Instruments	0	0	17,006	0
Fair value through profit or loss	0	0	0	10,203
Total Investments	0	0	33,707	10,203
Cash and Cash Equivalents				
Amortised Cost	0	0	11,819	13,943
Total Cash and Cash Equivalents	0	0	11,819	13,943
Debtors (Trade Receivables)				
Amortised Cost	0	0	11,091	4,655
Total included in Debtors	0	0	11,091	4,655
Borrowings				
Amortised Cost	(30,277)	(30,277)	0	0
Total Borrowings	(30,277)	(30,277)	0	0
Finance Lease				
Amortised Cost	0	(207)	(113)	(72)
Total Finance Lease	0	(207)	(113)	(72)
Creditors (Trade Payables)				
Amortised Cost	0	0	(22,399)	(23,543)
Total included in Creditors	0	0	(22,399)	(23,543)

18.5 Income, Expense, Gains and Losses

	2017/18 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000	2018/19 £'000
Net (gains)/losses on:		
Financial assets measured at fair value through profit and loss	0	(162)
Financial assets measured at amortised	0	1
Financial liabilities	0	0
Total net (gains)/losses	0	(161)
Interest revenue		
Financial assets measured at amortised	(314)	(435)
Total Interest revenue	(314)	(435)
Interest expense		
Financial liabilities at amortised cost	1,273	1,273
Total Interest expense	1,273	1,273

Police and Crime Commissioner for Devon and Cornwall

Note 18 Financial Instruments Continued

18.6 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2019 have been calculated using interest rates in force as at 31 March 2018 and 2019.
- The long-term borrowing as at 31 March 2018 and 31 March 2019 have been calculated by reference to the premature repayment set of rates in force as at the respective dates.

The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

Financial Assets	31 March 2018 Carrying Amount £'000	31 March 2018 Fair Value £'000	31 March 2019 Carrying Amount £'000	31 March 2019 Fair Value £'000
Short term investments				
Investments held at Amortised Cost	29,707	29,707	0	0
Investments held at FVPL	0	4,000	0	10,203
Cash and cash equivalents				
Investments held at Amortised Cost	7,239	7,239	4,007	4,007
Investments held at FVPL	0	4,580	0	9,936
Debtors (Trade Receivables)	11,091	11,091	4,655	4,655
	48,037	56,617	8,662	28,801
Financial Liabilities				
	31 March 2018 Carrying Amount £'000	31 March 2018 Fair Value £'000	31 March 2019 Carrying Amount £'000	31 March 2019 Fair Value £'000
Borrowing	(30,277)	(30,277)	(30,277)	(30,277)
Creditors (Trade Payables)	(22,399)	(22,399)	(23,543)	(23,543)
Finance Lease	(113)	(113)	(279)	(279)
	(52,789)	(52,789)	(54,099)	(54,099)

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Note 19 Provisions

2018/19	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2018	(433)	(607)	0	(1,040)
Additional provisions made	(254)	0	(255)	(509)
Amounts used	383	31	0	414
Transfer from long term liabilities	(206)	0	0	(206)
Balance at 31 March 2019	(510)	(576)	(255)	(1,341)
Long Term Liabilities				
Balance at 1 April 2018	(594)	0	0	(594)
Additional provisions made	(463)	0	0	(463)
Amounts used	75	0	0	75
Transfer from long term liabilities	206	0	0	206
Balance at 31 March 2019	(776)	0	0	(776)
Total Provisions Balance	(1,286)	(576)	(255)	(2,117)

2017/18	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2017	(498)	(528)	0	(1,026)
Additional provisions made	(54)	(189)	0	(243)
Amounts used	663	110	0	773
Transfer from long term liabilities	(544)	0	0	(544)
Balance at 31 March 2018	(433)	(607)	0	(1,040)
Long Term Liabilities				
Balance at 1 April 2017	(959)	0	0	(959)
Additional provisions made	(179)	0	0	(179)
Amounts used	0	0	0	0
Transfer from long term liabilities	544	0	0	544
Balance at 31 March 2018	(594)	0	0	(594)
Total Provisions Balance	(1,027)	(607)	0	(1,634)

19.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.1m of each public and employers liability claim up to a total stop loss of £0.8m for claims. The insurance provision is to cover any claims from 2018/19 and previous years. The majority of payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2019 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

Police and Crime Commissioner for Devon and Cornwall

Note 19 Provisions Continued

19.2 Remuneration Provision

19.2.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2019/20.

19.2.2 Employment termination benefits arising from restructuring the Force to meet budget reductions.

Critical judgements are applied in determining the level of the redundancy provision. These payments are expected to be made in 2019/20.

19.3 Other Provisions

There is a legal obligation to pay a fine and associated fees resulting from a Health and Safety breach. A provision has been made in 2018/19; the payment will be made in 2019/20.

Note 20 Unusable Reserves

31 March 2018			31 March 2019
£'000	Note		£'000
82,380	20.1	Capital Adjustment Account	85,726
43,798	20.2	Revaluation Reserve	52,340
0	20.3	Pooled Investment Fund Adjustment Account	162
(3,313,717)	20.4	Pensions Reserve	(3,428,669)
3,323	20.5	Collection Fund Adjustment Account	2,293
(9,056)	20.6	Accumulated Absences Account	(9,608)
(3,193,272)		Total Unusable Reserves	(3,297,756)

Police and Crime Commissioner for Devon and Cornwall

Note 20 Unusable Reserves Continued

20.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations 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 Police and Crime Commissioner as finance for the costs of acquisition and enhancement. 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.

2017/18 £'000	Capital Adjustment Account	2018/19 £'000
84,884	Balance at 1 April	82,380
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(9,694)	• Charges for depreciation and impairment of non-current assets	(11,736)
(6,186)	• Revaluation losses on Property, Plant and Equipment	(1,006)
0	• Revaluation losses on Assets Held for Sale	0
(219)	• Amortisation of intangible assets	(205)
0	• Revenue expenditure funded from capital under statute	0
(1,076)	• 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	(1,041)
(17,175)		(13,988)
3,224	Adjusting amounts written out of the Revaluation Reserve	4,542
(13,951)	Net written out amount of the cost of non-current assets consumed in the year	(9,446)
	Capital Financing applied in the year:	
2,582	Use of the Capital Receipts Reserve to finance new capital expenditure	3,882
2,515	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	3,806
1,686	Statutory provision for the financing of capital investment charged against the General Fund balances	1,770
4,664	Capital expenditure charged against the General Fund balances	3,334
11,447		12,792
82,380	Balance at 31 March	85,726

Police and Crime Commissioner for Devon and Cornwall

Note 20 Unusable Reserves Continued

20.2 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner 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
- 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.

2017/18		Revaluation Reserve	2018/19	
£'000	£'000		£'000	£'000
	44,104	Balance at 1 April		43,798
	1,739	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		11,347
(1,673)		Difference between fair value depreciation and historical cost depreciation	(2,506)	
(372)		Accumulated gains on assets sold or scrapped	(299)	
	(2,045)	Amount written off to the Capital Adjustment Account		(2,805)
	43,798	Balance at 31 March		52,340

20.3 Pooled Investment Fund Adjustment Account Reserve

The Pooled Investment Fund Adjustment Account Reserve contains the gains and losses made by the Police and Crime Commissioner arising from changes in the value of investments in pooled funds.

2017/18		Pooled Investment Fund Adjustment Account	2018/19	
£'000			£'000	
0		Balance at 1 April	0	
0		Upward revaluation of investments	162	
0		Downward revaluation of investments	0	
0			162	
0		Gains/Losses on derecognition of investment written out to the Financing and Investment Income and Expenditure Statement	0	
0		Balance at 31 March	162	

20.4 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Police and Crime Commissioner accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, 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 Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner 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.

Police and Crime Commissioner for Devon and Cornwall

2017/18		Pension Reserve	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(3,583,461)	(3,583,461)	Balance at 1 April	(3,313,717)	(3,313,717)
269,508	0	Intra-Group Adjustments	(115,537)	0
500	374,143	Remeasurements of the net defined benefit liability/(asset)	804	(39,108)
(428)	(190,498)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(353)	(166,049)
164	86,099	Employer's pensions contributions and direct payments to pensioners payable in the year	134	90,205
(3,313,717)	(3,313,717)	Balance at 31 March	(3,428,669)	(3,428,669)

20.5 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 £'000	Collection Fund Adjustment Account	2018/19 £'000
3,759	Balance at 1 April	3,323
(436)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,030)
3,323	Balance at 31 March	2,293

20.6 Accumulated Absences Account

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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2017/18		Accumulated Absences Account	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(13)	(9,135)	Balance at 1 April	(19)	(9,056)
13	9,135	Settlement or cancellation of accrual made at the end of the preceding year	19	9,056
(19)	(9,056)	Amounts accrued at the end of the current year	(26)	(9,608)
(6)	79	Amount by which officer 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	(7)	(552)
(19)	(9,056)	Balance at 31 March	(26)	(9,608)

Police and Crime Commissioner for Devon and Cornwall

Note 21 Cash Flow Statement - Operating Activities

2017/18 £'000		2018/19 £'000
7,764	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(4,661)
314	Interest received	435
(1,278)	Interest paid	(1,274)
6,800	Net cash flows from operating activities	(5,500)

Note 22 Cash Flow Statement - Investing Activities

2017/18 £'000		2018/19 £'000
8,862	Purchase of property, plant and equipment, investment property and intangible assets	20,200
(3,196)	Net movement in short-term and long term investments	(15,870)
(1,196)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(902)
4,470	Net cash flows from investing activities	3,428

Note 23 Cash Flow Statement – Financing Activities

2017/18 £'000		2018/19 £'000
0	Capital grant receipts in advance	0
0	Net movement in long term borrowing	0
0	Cash payments to reduce finance lease liabilities	(52)
0	Net cash flows from financing activities	(52)

Note 24 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2017/18			2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
36	55	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	28	42
0	0	Fees payable to external auditors for other services	0	0
36	55		28	42

Police and Crime Commissioner for Devon and Cornwall

Note 25 Officers' Remuneration

25.1 Remuneration

This note shows the officer remuneration costs for the Office of the Police and Crime Commissioner and for the Chief Constable. The Police and Crime Commissioner (PCC) is excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

2018/19	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Office of the Police & Crime Commissioner							
Salary £50,000 to £149,999 per year							
OPCC Chief Executive		98,540	0	0	98,540	13,719	112,259
OPCC Treasurer		87,778	0	0	87,778	12,377	100,155
Chief Constable							
Salary £150,000 plus per year							
Chief Constable – Shaun Sawyer	1	171,500	60,306	2,517	234,323	0	234,323
Salary £50,000 to £149,999 per year							
Deputy Chief Constable	2	142,264	0	1,111	143,375	32,099	175,474
ACC Delivery		106,178	0	0	106,178	24,634	130,812
ACC Senior Responsible Officer - Strategic Alliance		116,792	0	4,388	121,180	27,236	148,416
ACC Operations Support from 01/04/2018 to 25/05/2018		16,768	0	0	16,768	3,384	20,152
ACC Operations Support from 02/05/2018 to 31/03/2019		99,876	0	0	99,876	21,825	121,701
Director of Legal Services	3	115,254	4,467	2,778	122,499	15,076	137,575
Director of Finance & Resources		114,421	4,467	0	118,888	15,076	133,964
Ch Supt - Alliance Operations Commander		88,873	0	1,482	90,355	20,541	110,896
Ch Supt - Chief of Staff from 01/01/19 to 31/03/19		20,695	0	0	20,695	5,008	25,703
Ch Supt - Chief of Staff from 01/04/18 to 10/09/18		37,847	0	0	37,847	8,740	46,587
Ch Supt - Corporate Development		99,617	0	0	99,617	20,960	120,577
Ch Supt - Corporate Development from 01/04/18 to 01/05/18		15,225	0	0	15,225	3,453	18,678
Ch Supt - Crime & Justice		87,575	0	0	87,575	20,066	107,641
Ch Supt - Local Policing		88,206	0	0	88,206	20,960	109,166
Ch Supt - Local Policing from 11/09/18 to 31/03/19		48,427	0	0	48,427	11,297	59,724
Ch Supt - Local Policing from 26/05/18 to 31/03/19		73,201	0	0	73,201	17,550	90,751
Ch Supt - Local Policing from 01/04/18 to 03/06/18		14,961	0	0	14,961	3,437	18,398
Ch Supt - Local Policing from 10/12/18 to 31/03/19		25,590	0	0	25,590	6,193	31,783
Ch Supt - Local Policing from 01/04/18 to 13/01/19		68,097	0	0	68,097	16,087	84,184
Ch Supt - Local Policing from 22/01/19 to 31/03/19		16,482	0	0	16,482	3,877	20,359
Ch Supt - Senior User Emergency Services Mobile Communication Project 01/04/18 to 30/05/18		14,979	0	0	14,979	3,397	18,376

Police and Crime Commissioner for Devon and Cornwall

Note 25 Officers' Remuneration Continued

Restated 2017/18		Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
	Note						
<u>Office of the Police & Crime Commissioner</u>							
<u>Salary £50,000 to £149,999 per year</u>							
OPCC Chief Executive from 30/10/17 to 31/03/18		40,031	0	0	40,031	5,571	45,602
OPCC Chief Executive from 18/06/17 to 17/11/17		50,359	0	0	50,359	6,179	56,538
OPCC Chief Executive from 01/04/17 to 18/06/17		22,940	0	0	22,940	3,197	26,137
OPCC Treasurer from 01/04/17 to 17/06/17		20,025	0	0	20,025	2,824	22,849
OPCC Treasurer from 12/09/17 to 31/03/18		46,299	0	0	46,299	6,528	52,827
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable – Shaun Sawyer	1	169,367	0	3,632	172,999	0	172,999
<u>Salary £50,000 to £149,999 per year</u>							
Deputy Chief Constable	2	111,248	0	2,260	113,508	26,362	139,870
ACC Delivery from 01/04/17 to 24/01/18		99,691	0	3,051	102,742	21,818	124,560
ACC Delivery from 04/12/17 to 31/03/18		33,949	0	0	33,949	6,737	40,686
ACC Senior Responsible Officer - Strategic Alliance		115,035	0	3,017	118,052	26,811	144,863
ACC Operations Support		114,004	0	0	114,004	23,981	137,985
ACC Operations Support from 01/04/17 to 31/05/17		19,501	0	452	19,953	4,443	24,396
ACC Operations Support from 08/01/18 to 31/03/18		23,136	0	0	23,136	4,694	27,830
Director of Legal Services	3	113,584	4,467	2,279	120,330	14,840	135,170
Director of Finance & Resources		112,751	4,467	0	117,218	14,840	132,058
Ch Supt - Alliance Operations Commander from 02/01/18 to 31/03/18		21,174	0	0	21,174	4,857	26,031
Ch Sup - Alliance Operations Commander from 01/04/17 to 01/01/18		67,977	0	0	67,977	15,509	83,486
Ch Supt - Chief of Staff from 08/05/17 to 01/01/18		55,183	0	0	55,183	12,715	67,898
Ch Supt - Chief of Staff from 02/01/18 to 31/03/18		21,049	0	0	21,049	4,857	25,906
Ch Supt - Corporate Development from 02/01/18 to 31/03/18		22,665	0	0	22,665	5,124	27,789
Ch Supt - Corporate Development		90,642	0	0	90,642	20,633	111,275

Police and Crime Commissioner for Devon and Cornwall

Note 25 Officers' Remuneration Continued

Restated 2017/18		Salary, Fees and Allowances	Subsistence and Expenses Allowances	Benefits in Kind	Total Remuneration excl Pension Contributions	Employers Pension Contributions	Total Remuneration incl Pension Contributions
	Note						
Ch Supt - Crime & Justice from 16/03/18 to 31/03/18		3,778	0	0	3,778	861	4,639
Ch Supt - Crime & Justice from 02/10/17 to 03/12/17		14,857	0	0	14,857	3,379	18,236
Ch Supt - Crime & Justice from 01/04/17 to 15/10/17		49,736	0	0	49,736	11,109	60,845
Ch Supt - Executive Project Support from 08/05/17 to 01/10/17		34,076	0	0	34,076	7,805	41,881
Ch Supt - Local Policing		85,600	0	0	85,600	20,297	105,897
Ch Supt - Local Policing from 01/04/17 to 07/01/18		65,275	0	0	65,275	15,495	80,770
Ch Supt - Local Policing from 01/02/18 to 31/03/18		14,285	0	0	14,285	3,273	17,558
Ch Supt - Local Policing		83,388	0	0	83,388	19,786	103,174
Ch Supt - Senior User Emergency Services Mobile Communication Project		90,642	0	0	90,642	20,633	111,275

Police and Crime Commissioner for Devon and Cornwall

Note 25 Officers' Remuneration Continued

25.1.1 Notes

1. Subsistence and allowances figure includes removal expenses.

2. In both years, the Deputy Chief Constable employed by Devon and Cornwall Police worked across Devon and Cornwall Police and Dorset Police. All employment and associated costs are disclosed within these accounts.

3. The Director of Legal services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.

The Director of People and Leadership post is shared between Devon and Cornwall Police and Dorset Police. The contract of employment is with Dorset Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Dorset Police. Devon and Cornwall Police meet a proportion of the costs of this post.

The Deputy Chief Constable employed by Dorset Police was shared between Devon and Cornwall Police and Dorset Police. The remuneration disclosure is made in the Statement of Accounts of Dorset Police.

This year Chief Superintendent's have been included in the remuneration note. The 2017/18 remuneration note has been updated to reflect the change in disclosure.

25.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain payments that have been calculated on an actuarial basis in 2017/18 and 2018/19. They relate to staff employed by the Police and Crime Commissioner Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police, these adjustments are set out below the table.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £'000	2018/19 £'000
£0 – £20,000	2	1	2	5	4	6	30	31
£20,001 - £40,000	2	0	1	0	3	0	94	0
£40,001 - £60,000	0	0	0	1	0	1	0	57
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001- £150,000	0	0	0	0	0	0	0	0
Total included in bandings and in CIES	4	1	3	6	7	7	124	88
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police							(21)	(1)
Redundancy cost recharged to Devon and Cornwall by Dorset Police							178	53
Exit Costs charged to the Comprehensive Income and Expenditure Statement							281	140
All of the exit packages in 2017/18 relate to the Force except for two that relate to the Office of the Police and Crime Commissioner.								
All of the exit packages in 2018/19 relate to the Force.								

The remuneration includes exit costs as set out in the table above.

Police and Crime Commissioner for Devon and Cornwall

Note 25 Officers' Remuneration Continued

25.3 Remuneration Bands

These figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers remuneration.

2017/18		2018/19
Number of employees	Remuneration Band	Number of employees
235	£50,000 - £54,999	313
113	£55,000 - £59,999	128
39	£60,000 - £64,999	45
11	£65,000 - £69,999	12
8	£70,000 - £74,999	9
6	£75,000 - £79,999	9
4	£80,000 - £84,999	3
2	£85,000 - £89,999	3
1	£90,000 - £94,999	0
1	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
420	Total	522

This year the details of the Chief Superintendent's remuneration have been disclosed separately in the remuneration note for both financial years. Therefore the figures in the remuneration band for 2017/18 have been updated to reflect this change in disclosure.

The banding figures include both police staff and police officers remuneration.

The Police and Crime Commissioner has chosen to disclose all police officers earning more than £50,000 on a voluntary basis (the legislative requirement is to include any police officers above the rank of Superintendent). Remuneration includes exit costs as set out in the table above.

The above table does not include staff paid below £50,000 who make up approximately 92% of the workforce.

Employees that have transferred between Devon and Cornwall Police and Dorset Police have been recorded at their year-end force, with their total remuneration throughout the year disclosed.

Police and Crime Commissioner for Devon and Cornwall

Note 26 Grant Income

The Police and Crime Commissioner credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2017/18 £'000		2018/19 £'000
	Credited to Taxation and Non Specific Grant Income	
(163,529)	Police Grant	(163,529)
(15,461)	Council Tax Support Grants	(15,461)
(1,543)	Recognised Capital Grant and Contributions	(3,280)
(180,533)	Total	(182,270)
	Credited to Services	
(2,422)	Commissioning	(1,881)
(3,272)	Projects	(6,142)
(1,043)	Other Local Grants	(155)
(890)	Armed Response Vehicle Uplift	(858)
(7,627)	Total	(9,036)
	Credited to Other Operating Expenditure	
(48,845)	Pensions Top Up Grant	(52,327)

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

The Police and Crime Commissioner is required to disclose material transactions with related parties, including central government, other local authorities, members, senior officers and their close families.

27.1 Related Party Transactions

27.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner. It is responsible for providing the statutory framework, within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

27.1.2 Independent Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website. No relevant transactions have been reported.

27.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. No disclosures were made.

27.1.4 Other Public Bodies

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept. The amounts collected (adjusted for surpluses or shortfalls collected for previous years) are shown below.

Police and Crime Commissioner for Devon and Cornwall

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

31 March 2018		31 March 2019
£'000	Billing Authority	£'000
10,312	East Devon	11,175
6,489	Exeter	7,051
4,953	Mid Devon	5,365
5,824	North Devon	6,366
12,529	Plymouth	13,621
6,712	South Hams	7,187
8,548	Teignbridge	9,247
7,993	Torbay	8,715
4,253	Torridge	4,445
3,628	West Devon	3,848
33,916	Cornwall	37,339
233	Isles of Scilly	250
105,390		114,609
60	Adjusted for accruals	(1,030)
105,450		113,579

The Police and Crime Commissioner purchases the pension administration services (Peninsula Pensions) from Devon County Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

27.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The most significant partnerships are shown in the table below.

2017/18			2018/19		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
OPCC Commissioning and Partnerships					
1,600	(1)	1	1,610	0	Community Safety Partnership
501	0	2	501	0	Youth Offending Teams and Services
296	(36)	3	494	(159)	Sexual Assault Referral Centres
108	0	4	35	0	Safeguarding Adults and Children
134	0	5	117	0	Small Grants and Other Costs
1,871	(2,018)	6	1,880	(2,015)	Victim Services and Restorative Justice
1,496	(397)	7	939	(168)	Other Local Grants and Expenditure
6,006	(2,452)		5,576	(2,342)	
Other Partnerships					
1,336	(1,190)		1,614	(1,482)	Safety Camera Partnership

Police and Crime Commissioner for Devon and Cornwall

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the OPCC website.

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2019.

27.2.1 Community Safety Partnership

The Community Safety Partnership includes the Police and Crime Commissioner, Local Authorities, Fire and Rescue Service, Clinical Commissioning Groups, Public Health, Probation Service and the Youth Offending Service. The aim of the partnership is to work together to enable people to feel and be safe in their homes and communities.

27.2.2 Youth Offending Teams and Services

The Youth Offending Team and Services is funded by a combination of government grants, and contributions from the Police and Crime Commissioner, Local Authorities, Clinical Commissioning Groups and the National Probation Service. The initiative provides programmes for young people with the intention of preventing re-offending.

27.2.3 Sexual Assault Referral Centres

The Sexual Assault Referral Centres (SARCS) are funded by a combination of government grants, partnership grants and contributions from the Police and Crime Commissioner. The centres are set up in safe locations, where victims of sexual assault can receive medical care and counselling. Referral centres bring together all agencies and departments in one place, which helps both the victims and those investigating the crimes.

27.2.4 Safeguarding Adults and Children

The Safeguarding Adults and Children Boards comprise 6 boards with representatives including; the Police and Crime Commissioner, Local Authorities and the National Health Service. The aim of the boards is to improve and modernise the quality of service delivery to vulnerable adults, vulnerable children, their carers and local communities.

27.2.5 Small Grants

Small grants scheme partnership includes the Police and Crime Commissioner and Community groups in Devon and Cornwall. The aim of this grant is to help small community groups whose work focuses on reducing crime and making people feel safer.

27.2.6 Victim Services and Restorative Justice

The Ministry of Justice provide an annual Victim Services Grant to deliver services that help victims of crime. Engagement fees are provided to 60+ organisations who provide practical and emotional support to victims of crime, no matter whether or not they report the crime to police.

27.2.7 Other Local Grants and Expenditure

Other expenditure and grants are provided to a range of services/organisations who support delivery of the Police and Crime Plan.

Police and Crime Commissioner for Devon and Cornwall

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

27.3 Collaborations

The Police and Crime Commissioner's Group are signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. Part of the joint arrangement is to share control and have rights to net assets. Only significant partnerships where gross expenditure is greater than £100k are disclosed. The table shows the regional activities.

2017/18			2018/19
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
1,057	1	South West Regional Special Branch	1,067
5,671	2	South West Regional Forensics Services	5,595
459	3	South West Procurement Services	464
2,518	4	South West Regional Organised Crime Unit (ROCU)	3,096
318	5	South West Collaboration Programme	343
10,023			10,565

27.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The Force cost for the year was £1,067k. The total cost of £3,691k is split on a percentage basis, with Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Wiltshire Police contributing 18.8% and Devon and Cornwall contributing 28.9%.

27.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £5,595k. Most of the £17,587k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Wiltshire contributing 14.2% and Devon and Cornwall contributing 30.5%.

27.3.3 South West Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Dorset Police. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £464k. The total cost of £1,003k is split on a percentage basis with Dorset contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall contributing 46.3%.

27.3.4 South West Regional Organised Crime Unit (ROCU)

ROCU is a partnership with Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Two additional units were added part way through 2018/19 hence the increase in contribution. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £3,096k. The total cost of £9,298k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

27.3.5 South West Collaboration Programme

The South West Police Collaboration Programme is a partnership with Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £343k. Most of the £1,276k total cost is split on a percentage

Police and Crime Commissioner for Devon and Cornwall

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

Note 28 Contingent Liabilities

28.1 Transitional Provisions in the Police Pensions Regulations 2015

The Chief Constable of Devon and Cornwall Police, along with other Chief Constables and the Home Office, currently has 313 claims lodged against him with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgement to be approximately 5.4% of national pension scheme liabilities as at March 2018. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Police Pension Scheme will need to be revisited in the light of further direction from the courts.

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 take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require the Police and Crime Commissioner to maintain a police 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 enough 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.

28.2 2018 Pay Award

The Police Federation of England and Wales (PFEW) has lodged a judicial review into the lawfulness of the Government's decision to not follow the recommendations of the Police Remuneration Review Body (PRRB) in respect of the 2018 police officer pay award. A hearing is expected in the summer of 2019. Should the hearing find in favour of the PFEW, there is a potential for the 2018 pay award to be re-considered, and the subsequent potential for additional costs to be incurred. In the event that the police officer pay award is re-considered, the police staff pay award would also be re-considered with the potential for further additional costs.

28.3 Financial Guarantee

The PCC has along with all other PCC's provided a financial guarantee for the Police ICT Company amounting to £124k.

Police and Crime Commissioner for Devon and Cornwall

Note 29 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

2017/18			2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
39,934	39,934	Opening Capital Financing Requirement	38,915	38,915
		Capital Investment:		
2,287	2,287	Land and buildings	15,296	15,296
2,419	2,419	Vehicles and Other Transport	2,993	2,993
4,858	5,722	Equipment and ICT	4,259	4,374
0	0	Intangible Assets	529	529
9,564	10,428		23,077	23,192
		Less Sources of Finance:		
(2,515)	(2,515)	Government Grants	(3,806)	(3,806)
(2,583)	(2,583)	Capital Receipts	(3,884)	(3,884)
(5,485)	(6,349)	Reserves, provisions and MRP	(4,988)	(5,103)
(10,583)	(11,447)		(12,678)	(12,793)
(1,019)	(1,019)	Increase/(Decrease) in Capital Financing Requirement	10,399	10,399
38,915	38,915	Closing Capital Financing Requirement	49,314	49,314
		Represented by:		
30,277	30,277	External Borrowing (cumulative) excluding accruals for interest due	30,277	30,277
8,525	8,525	Internal Borrowing	18,758	18,758
113	113	Finance Lease Liabilities	279	279
38,915	38,915		49,314	49,314
		Borrowing During the Year		
0	0	External Borrowing	0	0
(898)	(898)	Internal Borrowing	10,233	10,233
(121)	(121)	Finance Lease	166	166
1,019	1,019		10,399	10,399

Police and Crime Commissioner for Devon and Cornwall

Note 30 Office of the Police and Crime Commissioner Costs

2017/18		2018/19
£'000	Office of the Police and Crime Commissioner	£'000
6	Independent members and advisors costs	13
109	Police and Crime Commissioner including reimbursements	98
940	Statutory and other OPCC staff	1,040
160	Other costs	273
2	Support for collection of Council Tax	1
0	Income	(2)
1,217	Sub-total	1,423
124	Pension costs	124
5	Accumulated Absence	6
0	Depreciation	2
1,346	Total	1,555

Disclosed below are the PCC remuneration costs which are included within the above table.

2017/18		2018/19
£'000	Police and Crime Commissioner	£'000
85	Salary, Fees and Allowances	87
0	Benefits in Kind	0
85	Total excluding pension contributions	87
0	Employer's Pension	0
85	Total	87

Note 31 Operating Leases

The Police and Crime Commissioner leases some properties used to provide operational services. The total future minimum lease payments under non-cancellable leases in future years are:

31 March 2018		31 March 2019
£'000		£'000
853	Not later than one year	986
2,867	Later than one year and not later than five years	2,512
1,488	Later than five years	1,385
5,208		4,883

With the exception of dilapidation clauses, there are no significant terms attached to the Police and Crime Commissioner's property leases which lead to potential future assets or liabilities for the Police and Crime Commissioner over and above those disclosed above.

The total costs of property leases included in the Comprehensive Income and Expenditure Statement are:

31 March 2018	31 March 2019
£'000	£'000
918	986
918	986

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Police and Crime Commissioner Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments. This needs to be disclosed at the time that the employees earn their future entitlement. The Police and Crime Commissioner Group operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their final pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers.

32.1 Police Officer Schemes

32.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with future accrual based on the new career average (CARE) model. Both final salary police schemes closed from April 2015, however, there is protection for those closest to retirement, who will be entitled to remain in their current police pension scheme beyond 2015. The new scheme is open to all new recruits. The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund in to the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, which then must repay the amount to central government. The Group makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme, the independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

32.1.2 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

Reconciliation of present value of the scheme liabilities:

2017/18 £'000		2018/19 £'000
(3,344,386)	Opening balance at 1 April	(3,080,411)
(75,289)	Current service cost	(62,706)
(89,277)	Interest cost	(77,662)
(14,618)	Contributions from scheme participants	(14,758)
	Remeasurement (gains) and losses:	
(148,811)	• Actuarial gains/(losses) arising from changes in demographic assumptions	84,067
167,282	• Actuarial gains/(losses) arising from changes in financial assumptions	(135,784)
333,897	• Experience gains/(losses) on defined benefit obligation	0
89,453	Benefits paid	93,927
1,338	Injury pension payments	1,358
(3,080,411)	Closing balance at 31 March	(3,191,969)

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

32.1.3 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers rather than when the benefits are eventually paid as pensions. However the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Previously, the 1987 scheme and 2006 scheme have been reported separately in the accounts. With the introduction of the 2015 scheme, it has been decided to combine all three schemes.

2017/18 £'000	Comprehensive Income and Expenditure Account	2018/19 £'000
75,289	Cost of Services Current service cost	62,706
89,277	Financing and Investment Income and Expenditure Net interest expense	77,662
164,566	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	140,368
148,811	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement Remeasurement of the net defined benefit liability comprising:	
(167,282)	• Actuarial (gains) and losses arising on changes in demographic assumptions	(84,067)
(333,897)	• Actuarial (gains) and losses arising on changes in financial assumptions	135,784
	Experience (gain)/loss on defined benefit obligation	0
(187,802)	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	192,085
	Movement In Reserves Statement	
(164,566)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(140,368)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
27,328	Employers' contributions payable to scheme	28,201
48,845	Home Office Top Up Grant	52,327

32.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £3.19 billion has a substantial impact on the net worth of the Group as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

The total contributions expected to be made to the Police Pension Fund Account by the Police and Crime Commissioner in the year to 31 March 2020 is £27m.

32.1.5 Basis for 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 dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

2017/18	Mortality Assumptions:	2018/19
	Longevity at 65 for current pensioners:	
21.9	Men	21.3
24.2	Women	23.7
	Longevity at 65 for future pensioners:	
23.7	Men	23.0
26.1	Women	25.5
	Financial Assumptions:	
2.35%	Rate of Inflation	2.40%
3.85%	Rate of increase in salaries	3.90%
2.35%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

It is assumed that members do not transfer any of their lump sum for pension and that active members will retire when they are first able to do so without reduction.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the 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.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	125,102	(120,242)
Rate of increase in salaries (increase or decrease by 0.1%)	5,329	(5,301)
Rate of increase in pensions (increase or decrease by 0.1%)	57,418	(56,221)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(61,462)	62,809

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Note 32 Defined Benefit Pension Schemes Continued

32.2 Police Staff Scheme

32.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Peninsula Pensions. This is a funded defined benefit career average scheme, meaning that the Police and Crime Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets.

In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded cash has to be generated to meet actual pension payments as they fall due.

32.2.2 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff rather than when the benefits are eventually paid as pensions. However the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2017/18		Comprehensive Income and Expenditure Account	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
318	19,208	• Current service cost	271	19,548
0	3	• Past service cost	1	107
3	153	• Administration Expenses	3	196
		Financing and Investment Income and Expenditure		
109	6,568	Net interest expense	81	5,830
430	25,932	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	356	25,681
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(63)	(3,782)	• Return on plan assets (excluding the amount included in the net interest expense)	(141)	(10,147)
0	0	• Actuarial (gains) and losses arising on changes in demographic assumptions	(449)	(32,375)
(298)	(17,993)	• Actuarial (gains) and losses arising on changes in financial assumptions	414	29,912
(140)	0	Apportionment Adjustment	(631)	0
(71)	4,157	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(451)	13,071

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

2017/18		Movement in Reserves Statement	2018/19	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(429)	(25,931)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(356)	(25,681)
Funded Liabilities			Funded Liabilities	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Actual amount charged against the General Fund	£'000	£'000
162	9,769	Balance for pensions in the year:	132	9,515
		Employers' contributions payable to scheme		
Unfunded Liabilities			Unfunded Liabilities	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Actual amount charged against the General Fund	£'000	£'000
3	157	Balance for pensions in the year:	2	162
		Retirement benefits payable to pensioners		

32.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(8,838)	(533,815)	Present value of the defined benefit obligation	(7,724)	(557,541)
4,975	300,509	Fair value of plan assets	4,445	320,841
(3,863)	(233,306)	Net liability arising from defined benefit obligation	(3,279)	(236,700)

32.2.4 Reconciliation of the Movements in the Fair Value of Scheme (Plan)

31 March 2018			31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
4,888	285,126	Opening fair value of scheme assets	4,975	300,509
133	8,023	Interest income	107	7,697
		Remeasurement gain/(loss):		
63	3,782	• The return on plan assets, excluding the amount included in the net interest expense	141	10,147
(168)	0	Apportionment Adjustment	(812)	0
(3)	(153)	Administration expenses	(3)	(196)
164	9,926	Contributions from employer	134	9,677
54	3,240	Contributions from employees into the scheme	48	3,477
(156)	(9,435)	Benefits paid	(145)	(10,470)
0	0	Other actuarial gains and (losses)	0	0
4,975	300,509	Closing fair value of scheme assets	4,445	320,841

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

32.2.5 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2018			31 March 2019		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(8,986)	(524,201)	Opening balance at 1 April	(8,838)	(533,815)	
(318)	(19,208)	Current service cost	(271)	(19,548)	
(242)	(14,591)	Interest cost	(187)	(13,527)	
(54)	(3,240)	Contributions from scheme participants	(48)	(3,477)	
		Remeasurement gain/(loss):			
0	0	• Actuarial gains/(losses) arising from changes in demographic assumptions	449	32,375	
298	17,993	• Actuarial gains/(losses) arising from changes in financial assumptions	(414)	(29,912)	
308	0	Apportionment Adjustment	1,443	0	
0	(3)	Past service cost including gains/(losses) on curtailments	(1)	(107)	
156	9,435	Benefits paid	145	10,470	
(8,838)	(533,815)	Closing balance at 31 March	(7,724)	(557,541)	

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2020 is estimated to be £9.459m of which £0.131m is for the Police and Crime Commissioner. Expected payments for discretionary benefits for the accounting period to 31 March 2020 are estimated to be £0.209m of which £3k is for the Police and Crime Commissioner.

32.2.6 Local Government Pension Scheme assets comprised

31 March 2018			31 March 2019		
PCC	PCC Group	Fair Value of Scheme assets	PCC	PCC Group	
£'000	£'000		£'000	£'000	
		Cash and cash equivalents			
1,067	64,426	UK Equities	731	52,738	
1,841	111,219	Overseas Equities	1,897	136,925	
156	9,439	Gilts	143	10,350	
102	6,143	Other Bonds	85	6,162	
463	27,962	Property	398	28,743	
178	10,778	Infrastructure	167	12,067	
743	44,878	Target Return Portfolio	635	45,856	
122	7,339	Cash	76	5,459	
33	2,001	Private Equity	74	5,363	
270	16,324	Alternative Assets	239	17,178	
4,975	300,509	Total	4,445	320,841	

32.2.7 Basis for 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 dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2016.

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

The significant assumptions used by the actuary have been:

2017/18		2018/19
	Long-term expected rate of return on assets in the scheme:	
2.55%	Equity investments	2.40%
2.55%	Bonds	2.40%
2.55%	Other	2.40%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
23.5	Men	22.4
25.6	Women	24.4
	Longevity at 65 for future pensioners:	
25.7	Men	24.1
27.9	Women	26.2
	Financial Assumptions:	
2.30%	Rate of inflation	2.40%
3.80%	Rate of increase in salaries	3.90%
2.30%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

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 reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the 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.

32.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	277	(268)
Rate of increase in salaries (increase or decrease by 0.1%)	21	(21)
Rate of increase in pensions (increase or decrease by 0.1%)	149	(146)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(166)	170
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	20,024	(19,310)
Rate of increase in salaries (increase or decrease by 0.1%)	1,514	(1,502)
Rate of increase in pensions (increase or decrease by 0.1%)	10,767	(10,526)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(12,016)	12,293

32.2.9 Other Assumptions

It is assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- It is assumed that members opted-in to the 50:50 section at the previous valuation date will continue in this section.

Police and Crime Commissioner for Devon and Cornwall

Note 32 Defined Benefit Pension Schemes Continued

32.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The next triennial valuation will be as at 31 March 2019.

Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

Peninsula Pensions publishes annual details of the Fund's performance. They can be contacted at Great Moor House, Bittern Road, Sowton Industrial Estate, Exeter, EX2 7NL.

Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2018		Contractual Maturity	31 March 2019	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
0	0	Less than one year	0	0
(2,000)	(2,000)	Between five and ten years	(2,000)	(2,000)
(28,277)	(28,277)	More than ten years	(28,277)	(28,277)
(30,277)	(30,277)	Total Long Term Borrowing	(30,277)	(30,277)

Note 34 Investment Property

Investment Properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. In 2018/19 there were two Investment properties.

2017/18 £'000	Balance at 31 March 2018	2018/19 £'000
0	Additions	0
0	Disposals	0
0	Net gains/losses from fair value adjustments	25
0	Transfers to/from property, plant and equipment	360
0	Balance at 31 March 2019	385

2017/18 £'000		2018/19 £'000
0	Rental Income from Investment Property	(31)
0	Direct operating expenses arising from investment property	0
0	Balance outstanding at year end	(31)

Pension Fund Accounting Statements



Police and Crime Commissioner for Devon and Cornwall

Police Officers' Pension Fund Statement

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2018 £'000		31 March 2019 £'000
	Contributions Receivable	
(25,905)	Employers (normal)	(26,360)
(14,618)	Employees (normal)	(14,758)
(85)	Ill Health capital charge	(482)
	Transfers In	
(398)	Individual transfers from other schemes	(562)
	Benefits payable	
72,023	Pensions	76,407
17,828	Commutations & lump sum retirement benefits	18,082
	Payment to and on account of leavers	
0	Individual transfers to other schemes	0
48,845	Net amount paid during the year	52,327
(48,845)	Transfer from Police Fund*	(52,327)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
42,863	Received in year	40,830
5,982	Debtor	11,497
48,845		52,327

The Police Officer Pension Fund is unfunded and has no investment assets. Short term assets or liabilities are not material and have not been disclosed for this reason.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities of both Schemes to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Chief Constable paid a contribution equal to 24.2% of police officer pay for 2018/19. (GAD valuation calculated this contribution to now be 21.3% but Home Office regulations state that the Chief Constable should maintain contributions at 24.2%). As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year-end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable. Recoverable overpayments have been estimated by Kier according to scheme regulations.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2019.

Joint Annual Governance Statement 2018 / 2019

for

**Devon & Cornwall Police and the
Police and Crime Commissioner
for Devon, Cornwall and the
Isles of Scilly**



Devon & Cornwall Police



PCC

**Office of the Police and
Crime Commissioner**
Devon and Cornwall



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The Annual Governance Statement

This Annual Governance Statement is written on behalf of Devon & Cornwall Police and the Police & Crime Commissioner for Devon & Cornwall and the Isles of Scilly in line with CIPFA standards.¹ It sets out the position as at 31st March 2019 including plans for the financial year 2019/2020.

Both organisations are responsible for ensuring that public money is used effectively and that proper governance arrangements are in place.

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while working in the public interest at all times. Acting in the public interest implies a primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

1. Acknowledgement of responsibility for ensuring there is a sound system of governance

1.1 The Law and Regulations

The Police & Crime Commissioner and the Chief Constable are each a 'corporation sole' pursuant to the Police Reform and Social Responsibility Act 2011. Each is a separate legal entity with their own legal personality.

The concept of a 'corporation sole' allows a corporation to pass vertically in time from one office holder to the next successor-in-office, giving the position legal continuity with each subsequent office holder having identical powers to those of their predecessor.

As separate corporate entities created by statute, a Police & Crime Commissioner and a Chief Constable have those powers: expressly stated in legislation, necessarily and properly required for carrying into effect the purposes of their incorporation as set out in legislation, and/or that may be fairly regarded as incidental to, or consequential on, those things which legislation authorises.

Each is responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is used efficiently and effectively. In discharging this overall responsibility they must put in place proper arrangements for the governance of their affairs, facilitating the effective exercise of functions including arrangements for managing risk.

Their legal responsibilities are clearly defined within the statutory framework that comprises of the following:

¹ Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales 2016 edition

[Equalities Act 2010](#)
[Police Reform and Social Responsibility Act 2011](#)
[Policing Protocol Order 2011](#)
[Revised Financial Management Code of Practice for the Police and Fire & Rescue Services 2018](#)
[Strategic Policing Requirement 2015](#)
[The Accounts and Audit Regulations 2015 \(Local Government, England and Wales\)](#)

In addition the scheme of governance and delegation details the principles of decision making and good governance which upholds the principles of the Policing Protocol Order. This Order is designed to ensure an effective and constructive working relationship between the Police & Crime Commissioner and the Chief Constable.

1.2 Responsibilities

The governance framework sets out the systems, processes, culture and values by which the affairs of the Police & Crime Commissioner and Chief Constable should be managed. It monitors the achievement of strategic objectives while considering whether this leads to the delivery of appropriate services and value for money for the public.

There are three main bodies which make up local police governance:

The Chief Constable

The Police & Crime Commissioner (PCC)

The Police & Crime Panel (PCP):

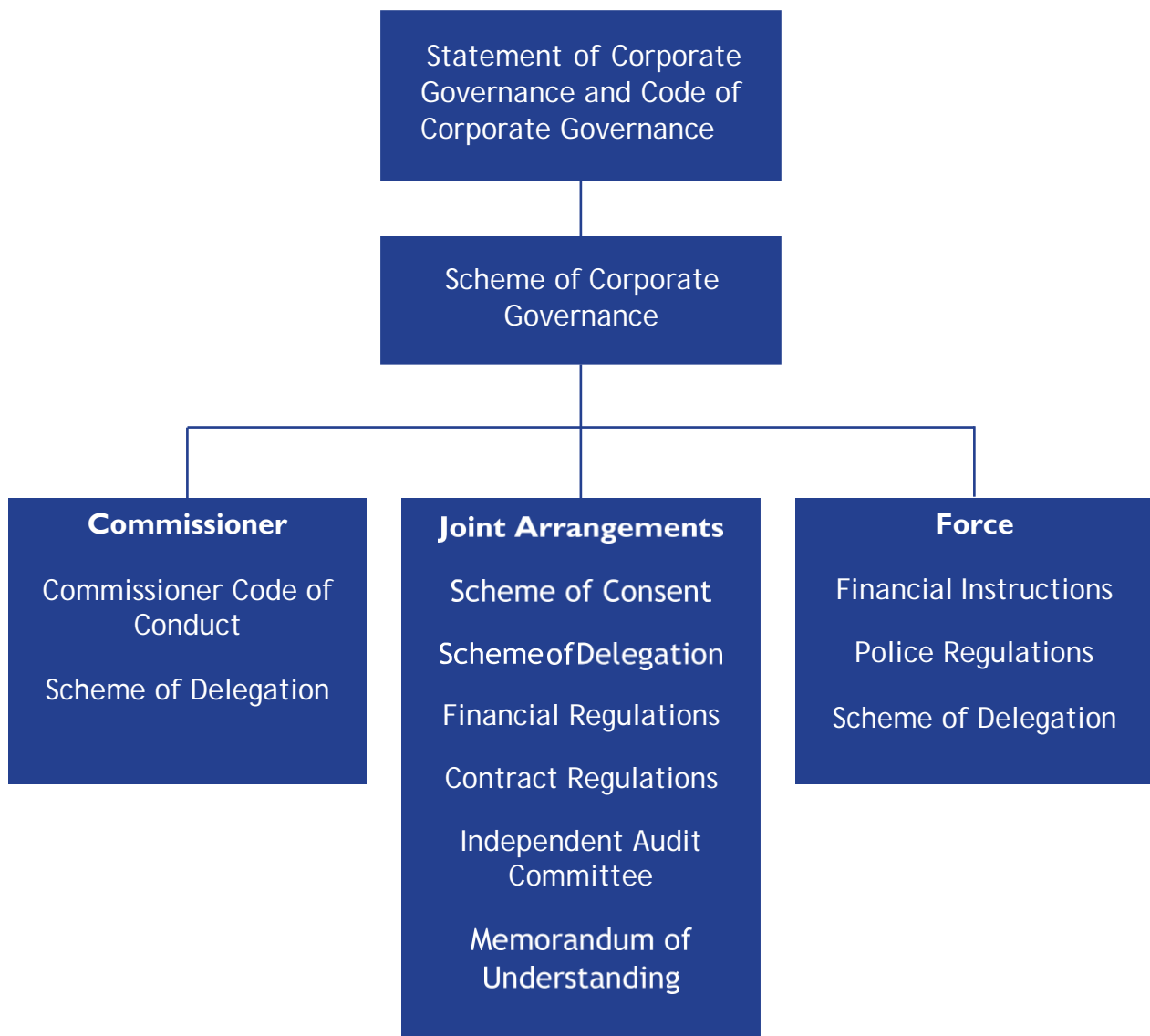
- The Chief Constable has the core function of preserving the Queen's Peace and enforcing the law through the officers of the force and its civilian staff who are under his direction and control. The Chief Constable is at all times operationally independent and has statutory responsibility for the delivery of an efficient and effective police service and the management of resources and expenditure. The Chief Constable is required by statute to appoint a Chief Financial Officer to oversee the proper administration of financial affairs.
- The Police & Crime Commissioner has the core function to secure the maintenance of the police force, to ensure that the force is efficient and effective, and hold the Chief Constable to account. The Police & Crime Commissioner is elected by the public and must deliver a Police & Crime Plan for their term of office. They have the power to appoint or dismiss the Chief Constable, set the police budget, and are responsible for the total delivery of the police service.
- The Police & Crime Panel is a statutory body under the Police Reform & Social Responsibilities Act 2011. It is a scrutiny body composed of locally elected councillors along with some independent lay members. It exists to examine the actions and decisions of the Police & Crime Commissioner, to promote openness in the transaction of police business and also to support the Commissioner in the effective exercise of their functions.

1.3 The Corporate Governance Framework

To support the delivery of their legal responsibilities the Chief Constable and the Police & Crime Commissioner work within a Corporate Governance Framework.

The Corporate Governance Framework consists of the following:

- Part 1: Framework and explanation
- Part 2: Principles of decision making and good governance
- Part 3: Responsibility for functions (including asset schedule, contract list)
- Part 4: Rules of procedure (Financial regulations, Contract Standing Orders, Complaints procedure, Human resources procedures)
- Part 5: Policies (including Equality statement, Staff code of conduct, Code of conduct for members and special advisors, Gifts and hospitality)
- Part 6: Terms of reference for committees
- Part 7: Scheme of allowances



2. Reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment.

2.1 Hierarchy and financial accountability structure

The hierarchy and financial accountability structure chart is available at Appendix A².

Parliament

Parliament decides on the amount of central funding provided to each Police & Crime Commissioner.

College of Policing (CoP)

The CoP is responsible for setting technical and professional standards and identifying and disseminating best practice.

National Audit Office (NAO)

The NAO scrutinises public spending to help parliament hold government to account and improve public services.

Home Office (HO)

The HO is responsible for providing direct funding to the Police & Crime Commissioners, and ensuring an effective police oversight and accountability framework is in place. They set the Strategic Policing Requirement that sets out the threats that require a national policing capability. All Forces and Police & Crime Commissioners must have regard to the SPR when setting local policing plans.

The Home Secretary is the Head of the Home Office who is responsible for internal affairs, immigration and citizenship for the United Kingdom. This includes policing for England and Wales and matters of national security. The Home Secretary is a member of the British Cabinet.

Association of Police and Crime Commissioners (APCC)

This is a national body that supports Police & Crime Commissioners and provides leadership and influences change.

National Police Chiefs Council (NPCC)

This is a professional forum for Chief Officers to share ideas and best practice and co-ordinate resources in areas such as finance and resourcing.

Her Majesty's Inspectorate of Constabulary & the Fire and Rescue Service (HMICFRS)

This is the body responsible for the inspection of Police Forces effectiveness, efficiency and legitimacy. The inspection regime has recently been expanded to include the Fire and Rescue Service.

² National Audit Office Financial sustainability of police forces in England and Wales 2018 report

This board is responsible for overseeing and supporting the reform of policing and making sure that reform and transformation is coherent.

A number of executive boards and committees consider strategic information that informs the decision making required to meet organisational priorities across the Force and OPCC. Each board has a membership and terms of reference that defines its purpose and agenda.

Since March 2015 the Strategic Alliance programme has brought together support departments across Devon & Cornwall Police and Dorset Police in the delivery of shared services. This has produced substantial cost savings and increased efficiencies across both Forces. Over the past year strategic changes to the arrangements between the Devon & Cornwall Police and Dorset Police alliance required a full review of the organisational structures. This ensured robust governance arrangements remain in place. These changes are detailed below.

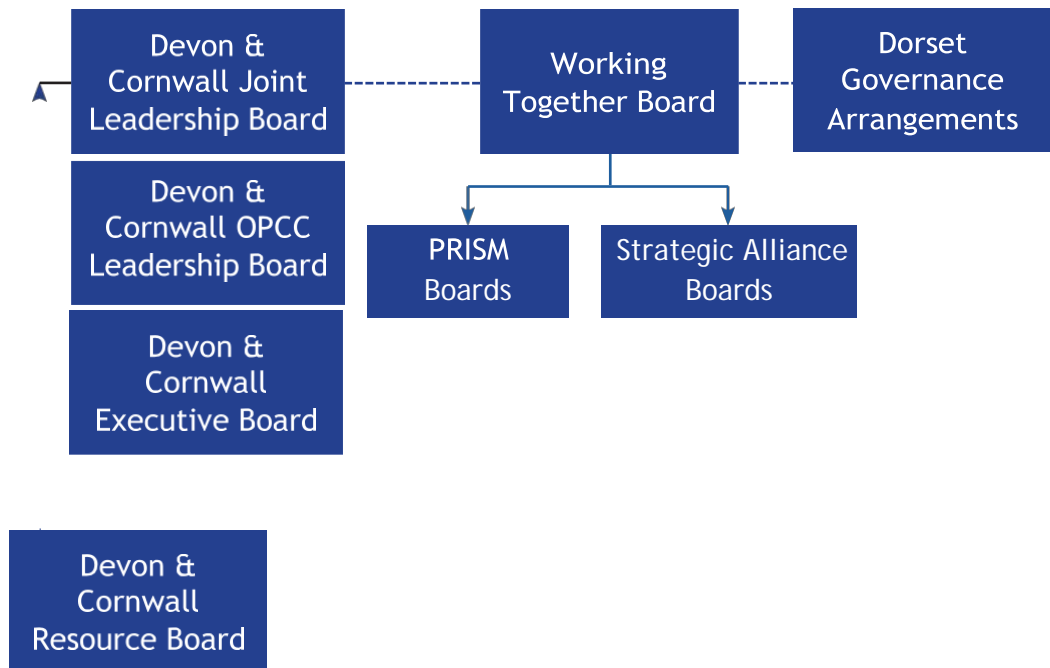
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Following the decision in October 2018 not to proceed with the proposed merger between Devon & Cornwall Police and Dorset Police both Chief Constables confirmed their commitment to the Strategic Alliance. However with the Alliance programme nearing completion the few departments still to be aligned have been absorbed into the (PRISM) transformational change programme. This change

in arrangements required a review of governance arrangements which will be considered in 2019 for implementation.

2.2.2 Proposed Structure

It should be noted that this is the proposed structure moving forwards that is in the early stages of consideration.



Working Together Board

The Working Together Board is attended by the Chief Constable, Deputy Chief Constable, the Police & Crime Commissioner and Chief Executive of both Devon & Cornwall Police and Dorset Police to scrutinise and consider strategic information on issues that require joint decision. In their roles as Section 151 Officers both force Chief Finance Officers and both OPCC Treasurers attend when required.

Devon & Cornwall Joint Leadership Board

The Joint Leadership Board is attended by the Devon & Cornwall Police Chief Constable and the Police & Crime Commissioner to consider strategic information and provide solutions to current issues specific to the Force.

PRISM (Transformational Change) Board

The PRISM Board is attended and jointly chaired by both Force Deputy Chief Constables who consider strategic information and review progress and risks in order to provide solutions to issues specific to the programme.

Devon & Cornwall Executive Board

The Devon & Cornwall Executive Board is attended by the Chief Constable for Devon and Cornwall, his executive team and senior managers to consider strategic information and current issues for Devon and Cornwall that require solution by the force.

Devon and Cornwall OPCC Leadership Board

The Devon and Cornwall OPCC Leadership Board is attended by the Commissioner, Chief Executive, Treasurer and their senior managers to consider strategic information and current issues for Devon and Cornwall that require solution by the OPCC.

Other Strategic Boards

There are a range of joint and separate Boards supporting the overall governance framework, including a joint Devon & Cornwall Police and Dorset Police led Business Board, People Board and Risk & Assurance Board.

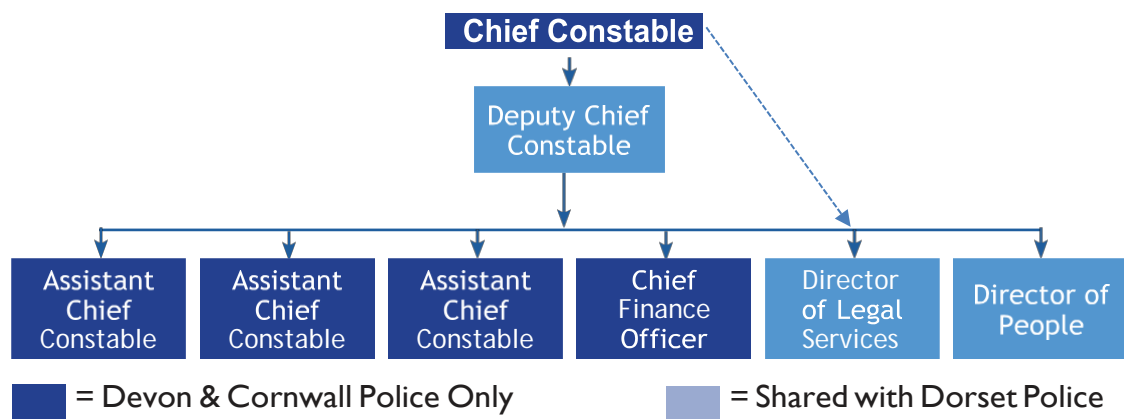
Strategic Support

Supporting the executive boards are a number of departments and operational areas that report on their responsibilities for the performance of specific functions. Details are included in the list of operational and support departments included in Appendix B.

2.3 Force and OPCC Executive Structures

2.3.1 Force Executive Structure Chart

The Chief Constable is supported by a team of specialist Chief Officers who have individual and collective responsibility for the delivery of effective governance.



Responsibilities

The Chief Constable (CC)

The Chief Constable is responsible for the direction of police personnel and the delivery of an effective policing service that meets the objectives of the Police & Crime Plan. Under the terms of the Equality Act 2010 the Chief Constable has responsibility to uphold public sector equality duties to eliminate discrimination, advance equality of opportunity and to foster good relations during the delivery of their functions.

The Deputy Chief Constable (DCC)

The Deputy Chief Constable is responsible for the delivery of effective strategic policing and performance over the short and long term. Decisions relating to the Transformational Change Programme across the Strategic Alliance between Devon & Cornwall Police and Dorset Police are made jointly by the Deputy Chief Constables of both Forces. The Dorset Deputy Chief Constable has taken responsibility for upholding the standards of professional behaviour across the Strategic Alliance.

The Assistant Chief Constable (ACC)

The three Assistant Chief Constable's are responsible for the prevention of crime and the delivery of effective local policing including that of specialist operational teams. The ACC's hold overall responsibility for the standards of investigation and criminal justice delivered to the public. Responsibility for the safeguarding of vulnerable people and custody arrangements also fall under their portfolios.

The Director of Finance and Resources (DoFR)

The Chief Finance Officer holds statutory responsibility for ensuring proper arrangements for the financial affairs of the police force. This includes the integrity of financial controls, financial monitoring and financial planning. The CFO works closely with the Treasurer of the Police & Crime Commissioner in line with the CIPFA Statement on 'The Role of the CFO of the Police & Crime Commissioner and the CFO of the Chief Constable'.

The Alliance Director of People Services (DPS)

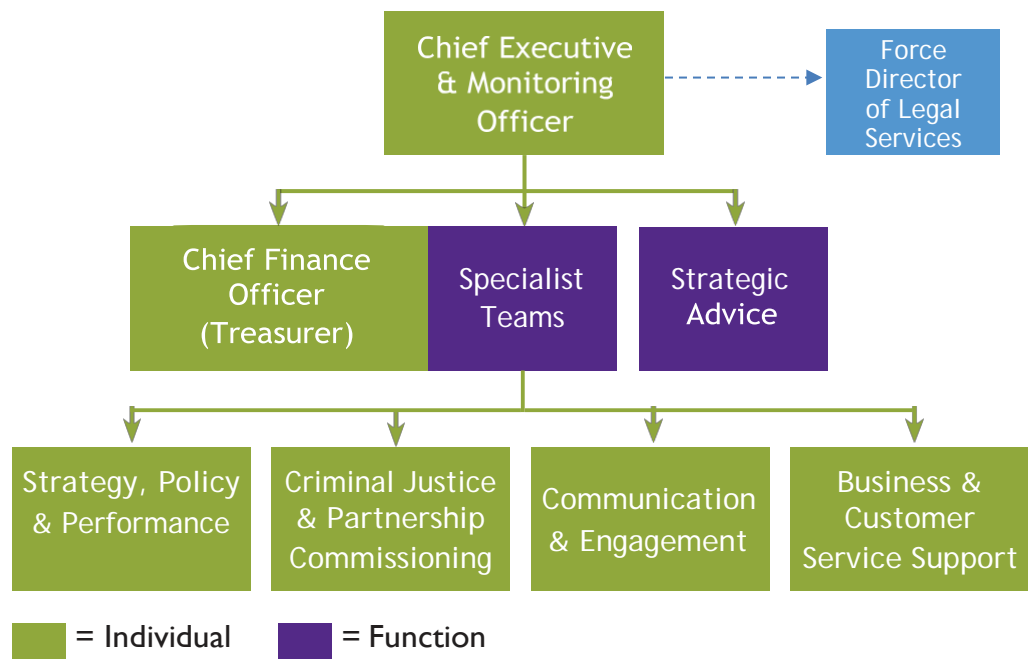
The Director of People Services is responsible for all staff related functions, welfare, recruitment, training, employment policy and compliance to employment and equality legislation across the Strategic Alliance supporting both Chief Constables and Police & Crime Commissioners.

The Alliance Director of Legal, Reputation and Risk Services (DLS)

The Director of Legal Services is responsible for the provision of legal services and information management across the Strategic Alliance supporting both Chief Constables and the Police & Crime Commissioners. As the Senior Information Risk Owner (SIRO) they hold statutory responsibility for the safe and compliant management of information on behalf of the Strategic Alliance.

2.3.2 OPCC Executive Structure Chart

The Police & Crime Commissioner is supported by a team of specialist officers and staff who have individual and collective responsibility for the delivery of effective governance.



Responsibilities

Police & Crime Commissioner (PCC)

The Police & Crime Commissioner holds a statutory responsibility for the development and delivery of strategic objectives set within a police and crime plan. They hold the Chief Constable to account for the delivery of these strategic objectives in line with the delivery of an efficient and effective police service. They have statutory duty under the Local Government Act 1999 to secure continuous improvement in the way in which functions are exercised. Under the terms of the Equality Act 2010 the Commissioner has responsibility to uphold public sector equality duties to eliminate discrimination, advance equality of opportunity and to foster good relations during the delivery of their functions.

Chief Executive & Monitoring Officer (CEO)

The Chief Executive is a statutory appointment under the Police Reform and Social Responsibility Act 2011 as the head of staff of the Police and Crime Commissioner, and is also the Monitoring Officer responsible for the provision of effective legal advice that ensures the Police & Crime Commissioner and the Force remain compliant to laws and regulations. The Chief Executive is responsible for advising the Police & Crime Commissioner on policy and strategy and has the responsibility for the day to day management and running of the Police & Crime Commissioner Office. They ensure the office of the Police & Crime Commissioner is managed effectively and are responsible for the commissioning and delivery of contracted services.

Chief Finance Officer (Treasurer)

The Chief Finance Officer is a statutory appointment under the Police Reform and Social Responsibility Act 2011, and holds statutory responsibility

for the integrity of financial controls and the effective provision of resources. This includes financial planning and long term treasury management as well as ensuring that financial regulations are observed and kept up to date. The Treasurer works closely with the Chief Constable's CFO in line with the CIPFA Statement on 'The Role of the CFO of the Police & Crime Commissioner and the CFO of the Chief Constable'.

2.4 Transformational Change

2.4.1 The Strategic Alliance

In March 2015 an agreement was signed between Devon & Cornwall Police and Dorset Police and their respective Police & Crime Commissioners formally entering into a Strategic Alliance. The four entities of the Strategic Alliance support a commitment to work together to support the delivery of an effective police service.

Some governance remains outside of the Strategic Alliance structure. The law requires separate Police & Crime Commissioners, Chief Constables and Police & Crime Panels. Both Chief Constables therefore remain operationally independent and accountable to their respective Police & Crime Commissioners.

As a transformational programme the Strategic Alliance team is accountable to the four legal entities for the delivery of the programme objectives. Since its conception the alliance has been successful in its aim of aligning support functions and delivering shared services where possible. This has increased efficiencies and supported cost savings across the two Forces. As the programme nears conclusion it has been incorporated into the PRISM Transformational Change Programme.

2.4.2 PRISM (Transformational Change) Programme

The Police Response Investigation and Safeguarding Model (PRISM) transformational change programme aims to redesign operational policing and service delivery across the Strategic Alliance.

Changing demands and reducing resources have required the organisation to transform rather than reform all aspects of service delivery.

The joint PRISM transformational portfolio has been created to support all change activity across the Strategic Alliance transforming both Forces current and future capacity to meet demand and to deliver improved service quality.

2.4.3 Regional Working

Devon and Cornwall plays an active part in regional collaboration with four other forces namely Avon & Somerset, Dorset, Gloucestershire and Wiltshire. The regional vision is 'making the south west safer, and increasing public confidence in policing by collaborating, so that individually and collectively we become even more efficient and effective'. There are seven main areas to collaborative service delivery, of which Devon and Cornwall

participate in five: Serious and Organised Crime (ROCU), Forensics, Procurement, Special Branch and Counter Terrorism. The regional work is governed by a Strategic Board of all five Police & Crime Commissioners, Chief Constables and Chief Executives. This is supported by a programme board and office.

2.5 Independent Audit Committee

The Independent Audit Committee is a key component of corporate governance for Devon & Cornwall Police and Dorset Police and their respective OPCC's. Their purpose is to provide independent advice, assurance and recommendations to the respective Executive's on the adequacy of internal controls, financial management, and governance and risk management frameworks. To this end the committee is enabled and required to have oversight of, and provide independent review of the effectiveness of all governance, risk management and control frameworks, financial reporting and the annual governance processes, including internal and external audit.

The six members of this committee are independent of both the Police and the Police & Crime Commissioners and are appointed from across Devon, Cornwall and Dorset for their blend of experience, knowledge and skills.

2.6 Independent assurance and scrutiny

2.6.1 Internal Audit

The Independent Audit Committee is informed by the work of the appointed internal auditors; currently the South West Audit Partnership (SWAP). They deliver an annually agreed risk based internal audit plan across Dorset and Devon & Cornwall Police Forces and OPCC. The audit reports provide assurance on working practices across all four legal entities. SWAP are a not for profit company co-owned by its customers, including Devon & Cornwall and Dorset Police.

2.6.2 External Audit

The external audit function is delivered by an audit company appointed to provide oversight of the annual financial accounts.

The external auditors are appointed by an independent body, the Public Sector Auditor Appointments (PSAA), who also review the quality of their work. The external auditors for the financial year 2018/19 are Grant Thornton who provide independent financial and consultancy services worldwide.

The external auditors for the financial year 2017/18 were KPMG who in the External Audit ISA 260 Report for that year issued an unqualified opinion on the Devon and Cornwall Police & Crime Commissioners and Chief Constable's financial strategy and management. This provides the public with assurance that the financial statements give a fair and true view of the financial position of the Force. The report is issued in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

2.6.3 HMICFRS

Her Majesty's Inspectorate of Constabulary independently assess and report on the efficiency and effectiveness of police forces and policing.

In summer 2017, HMIC (now HMICFRS) took on inspections of England's fire & rescue services, assessing and reporting on their efficiency, effectiveness and leadership.

HMICFRS acts in the public's interest to independently assess the effectiveness and efficiency of police forces and fire & rescue services to allow the public to compare the performance of their police force against others. This evidence is used to drive improvement to the services provided to the public.

2.6.4 Police & Crime Panel

The Police & Crime Panel have statutory responsibilities including; reviewing draft police and crime plans and making reports and recommendations to the Police & Crime Commissioner, arranging meetings to ask the Police & Crime Commissioner questions and inviting the public to attend; reviewing annual reports from the Police & Crime Commissioner; reviewing and scrutinising decisions of the Police & Crime Commissioner in connection with the discharge of the Police & Crime Commissioner's functions and making recommendations to the Police & Crime Commissioner; scrutinising the appointment of the Chief Constable, Chief Executive, Treasurer and Deputy Police & Crime Commissioner; scrutinising the precepts proposed by the Police & Crime Commissioner and have the power of veto over the precept.

The Police & Crime Panel meets a minimum of four times in a municipal year and is hosted by Plymouth City Council. The Panel is comprised of twenty members; eighteen members from the composite local authority areas plus two independent members. In terms of political proportionality the allocation of seats on the Panel will be based on the political make up of each authority.

Members of the public may attend Panel meetings except where confidential or exempt information is likely to be discussed. Members of the public who live in Devon, Cornwall and the Isle of Scilly may ask questions at each meeting that are relevant to the Panels functions.

2.6.5 Scrutiny Panels

In January 2019 the Commissioner published a scrutiny framework document that explains how the Police & Crime Commissioner uses 'scrutiny' to inform policy, and to hold the Chief Constable to account for how they exercise their functions, and deliver an efficient and effective police service for Devon, Cornwall and the Isles of Scilly.

The Independent Custody Visitors Panel (ICVP) meets on a quarterly basis to review the service provided by the Independent Custody Visitors (ICV) Scheme. Visitors provide an independent check on the welfare of people who are detained in custody and receive regular training supported by the Independent Custody Visiting Association (ICVA).

The Customer Service Improvement Panel (formerly the 101 Service Improvement Panel) has been broadened to encompass all forms of public contact with the police including website, social media, and front line officers. As part of this the Panel has agreed service levels for the 101 telephone service.

Out of Court Disposal (OoCD) is a process used by the police to deal efficiently and effectively with less serious and often first time offending that can be proportionately and more appropriately handled without going to court. The OoCD panel considers the appropriateness of the disposal as a remedy for the offence by review of a dip sample of cases.

The Use of Force scrutiny panel was set up in November 2017 as the first Strategic Alliance independent scrutiny panel to consider the use of force by both Devon & Cornwall Police and Dorset Police.

3. The opinion on the level of assurance that the governance arrangements provide

3.1 Governance arrangements against the seven principles

Each year the Force and OPCC review current governance arrangements against delivery of service. The assessment framework below is from the CIPFA guidance 'delivering good governance: guidance for policing bodies in England and Wales 2016 edition'.

The assessment of arrangements against the seven principles of good governance considered the effectiveness of a range of evidence across the Force and OPCC from strategies, policies and procedures to independent reviews, audits and inspections. The review also took into account the views of senior management and professional leads.

A. Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Substantial assurance provided

The Devon & Cornwall Police Professional Standards department reports to the Equality, Diversity and Human Rights Group to discuss Force standards of behaviour. This includes the outcome of cases of complaints and misconduct. The group is chaired by the Chief Constable and attended by the Police & Crime Commissioner or a representative from their executive team. Complaints against the Chief Constable are investigated by the Police and Crime Commissioner. Complaints against the Police and Crime Commissioner are the responsibility of the Police and Crime Panel but will initially be considered by the Chief Executive of the OPCC. Professional Standards maintain registers for the receipt of gifts and hospitality and business interests; and manage the Notifiable Association Policy. Gifts and hospitality, OPCC expenditure and spend over £500 are published on the OPCC web site.

Compliance to laws, regulations, policies and procedures can be evidenced by the low level of liability claims and legal challenge against the Force. The joint Legal Services department provides support and advice on legal matters and represents the Force at court when appropriate. Most allegations of police misconduct are investigated internally by the Professional Standards department with the oversight of the Independent Office for Police Conduct (IOPC). More serious allegations are referred to the IOPC for independent review. Health and safety practices are regularly reviewed to ensure that procedures are completed that support compliance to law and regulations.

The OPCC Chief Executive and Treasurer work alongside the Force Chief Finance Officer to secure the most efficient use of public funds that supports policing for local communities. The principles of goodwill, professionalism, openness and trust underpin the relationship. The Chief Finance Officer discharges their duty under the Police Reform and Social Responsibilities Act 2011 for proper financial administration through a series of executive level meetings held jointly with the OPCC. These meetings are designed to safeguard lawfulness and propriety in expenditure, and to ensure the legality of the actions and decisions made by the Chief Constable. The Devon & Cornwall Joint Leadership Board is the monthly decision making forum attended by the Chief Constable, Commissioner, Chief Finance Officer and OPCC Treasurer and Chief Executive. Details of significant decisions made are recorded in a decision and approvals log published on the OPCC website.

B. Ensuring openness and comprehensive stakeholder engagement.

Substantial assurance provided

Devon & Cornwall Police and Office of the Police & Crime Commissioner both support an active campaign of engagement with the public through face to face meetings and through the use of social media and digital forums. Both the Force and Police & Crime Commissioners websites contain details of local and regional events and provide instructions on how to contact both organisations. The 101 phone line provides a non-emergency service for the public to report crime that operates on a 24/7 basis. Twitter, Facebook and Devon & Cornwall Alert are used to contact the public direct. AskNED is a multi-agency directory designed to help the public contact the right blue light agency for assistance in a non-emergency situation.

The Force website directly links to the OPCC website and mandatory information is sign posted for easy accessibility, this includes papers from executive meetings and decision logs, performance data, inspection reports and crime statistics. The Information Commissioners Office is an independent body that holds the Force and the Police & Crime Commissioner to account for the publication of mandatory information such as the financial accounts. This ensures the Force and OPCC are transparent, open and engaged with the public. The Police & Crime Commissioner chairs the Local Criminal Justice Board and the Force are active participants. It brings together all the criminal justice agencies from across Devon and Cornwall and the Isle of Scilly as well as community and voluntary sector, NHS Commissioners, legal aid and defence community.

Under the terms of the Crime & Disorder Act 1998 the Force and OPCC have a statutory duty to work with local partners to provide a cohesive approach to the reduction of crime. Four main Community Safety Partnerships have been established in Devon, Cornwall, Plymouth and Torbay, with several sub-partnerships created to support local communities and to fully discharge this duty. The Force and OPCC work with the probation service, community rehabilitation companies, local authorities, fire and rescue service and primary care trusts to formulate strategies that tackle crime, disorder and drug misuse. These mandatory partnerships are part funded with spend monitored by the OPCC with all information available on their website.

The Police & Crime Commissioner and OPCC provide regular opportunities for the public to engage with them. This includes diarised Meet Your Police & Crime Commissioner events across Devon, Cornwall and the Isle of Scilly; opportunities to participate in Police & Crime Commissioner scrutiny panels; the Councillor Advocate Scheme; regular talks to community groups through Community Engagement Workers and through the OPCC Link Officer scheme.

The Force and OPCC work closely with many other multi-agency partnerships to share information that drives strategic planning for the benefit of the public. This includes the Devon & Cornwall Criminal Justice Board which brings together the key agencies involved with the criminal justice system.

The Police & Crime Commissioner actively participates in partner agency activity including being part of the Executive Groups in Upper Tier Local Authority areas.

The OPCC Commission a range of services to support the delivery of the Police & Crime Plan (circa £3.6m) which are either commissioned as a sole entity or through partner's co-commissioned arrangements.

Consultation through public surveys is undertaken by the Force and OPCC to assess victim satisfaction and public confidence. The results are reported through the Force Performance

B. Ensuring openness and comprehensive stakeholder engagement.

Substantial assurance provided

Management Board and considered by the OPCC senior management team. The Public Perception Survey is published on the OPCC website. This information is evaluated as part of the capacity and demand analysis commissioned by the OPCC that informs executive decision making.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits.

Reasonable assurance provided

The objectives of the Police & Crime Plan are communicated to the public on the OPCC website. The achievement of objectives are evaluated and reported through performance analysis and public satisfaction surveys. Updates on the work of the Police & Crime Commissioner are provided to each Police and Crime Panel. Delivery of the Plan is actively monitored through the Devon & Cornwall Joint Management Board.

The annual Force Strategic Assessment evaluates overall Force capacity and capability through demand and performance analysis. This enables the development of sustainable long term plans that deliver the objectives of the Police & Crime Plan. The plan is designed to bring long term benefits to the residents of Devon and Cornwall to improve standards of living and make local communities safer.

Force Management Statements are completed annually by Senior Managers within the Force to identify potential future demand. This supports financially sustainable workforce design and establishment plans for the delivery of current and long term policing priorities.

The commissioning intentions plan 2018-20 sets out the details of the specialist services commissioned by the OPCC. The plan is designed to prevent crime through early intervention and to support victims and witnesses, young offenders, vulnerable people, victims of sexual offences and those experiencing mental health crisis. Services are commissioned to directly deliver outcomes of the Police and Crime Plan or other statutory responsibilities of the Police & Crime Commissioner.

The OPCC is responsible for the Police Estate and activity is governed through the Resources Board. The Estate Strategy provides the parameters for the economic, social and environmental benefits.

Both the OPCC and the Force supports the production of a Peninsula Strategic Assessment through the Community Safety Partnership's (CSP's) and a suite of Organised Crime Local Profiles (OCLP's) that support the delivery of the Serious and Organised Crime Strategy. The Strategic Assessment utilises the MoRILE methodology to undertake a review of strategic threat, risk and harm. The outputs of this review have provided the evidence base on which recommendations for strategic priorities can be made for the OPCC and Peninsula family of CSP's.

The PRISM transformational change programme evaluates and prioritises major projects to support smooth implementation and the speedy achievement of benefits. The Strategic Alliance programme between Devon & Cornwall Police and Dorset Police was designed to deliver shared service across both Forces. This has reached a successful conclusion with the few outstanding business cases incorporated into the PRISM

C. Defining outcomes in terms of sustainable economic, social and environmental benefits.

Reasonable assurance provided

programme for implementation. A flexible approach to governance has been adopted and a new meeting structure is being considered and implemented to ensure effective decision making.

When a formal merger between Devon & Cornwall and Dorset was being considered during 2018/19 a business plan was developed in consultation with the Home Office with significant public engagement undertaken during the summer of 2018. The merger was not progressed and a formal decision not to proceed taken in October 2018 following an in principle decision taken to the Devon & Cornwall Police & Crime Panel. As part of the Business Plan both OPCC's commissioned an independent review of the respective offices to inform the future design of a single OPCC.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Substantial assurance provided

The Force and OPCC support the delivery of good governance through a framework supported by the organisational meeting structure. Each board has a clearly defined purpose matched to the responsibilities of the members. The speed of change has required a flexible approach to the governance framework and meeting structure. The Executives of both the Force and OPCC have a clear understanding of their statutory roles and responsibilities and work closely together to achieve their objectives. The new organisational structure is expected to support effective assessment on the delivery of plans both Force and OPCC specific and those designed for adoption across the Alliance.

The OPCC is also responsible for the commissioning of specialist services which will secure or contribute to a reduction in crime and disorder in the community and support victims of crime. The OPCC Commissioning Intentions Plan 2019-2020 sets out the terms and conditions for these commissioned services or grants and the allocations. This sets out the expected deliverables with progress towards achievement communicated in the Police & Crime Commissioners statutory Annual Report which is reported to the Police & Crime Panel. All decisions of the Police & Crime Commissioners are reported via the OPCC website

The PRISM transformational change programme brings together Devon & Cornwall Police and Dorset Police to co-ordinate local strategic, national and regional projects to ensure effective implementation. The programme is designed to increase efficiencies, reduce duplication and improve service delivery to support cost savings and the provision of value for money.

E Developing the Forces capacity including the capability of its leadership and the individuals within.

Reasonable assurance provided

The Performance and Analysis department analyse demand and performance data to assess Force capacity and capability. These are recorded in the Force Strategic Assessment and Control Strategy which determine the operational priorities for the organisation. This information is used to assess operational requirements and develop the workforce design. The Strategic Workforce Planning framework links establishment controls, organisational design and effective financial planning. The Force financial strategies support the provision of a sustainable workforce taking into account the requirements for recruitment, training and succession planning.

Force Management Statements are an annual self-assessment introduced by the HMICFRS as part of a three year plan to provide information on future demand and resources, with the aim to improve financial planning and decision making. The first statement was produced as a pilot in 2018 with the development of a full statement on the efficiency and effectiveness of the Force expected in 2020. The statement provides an explanation of the demand expected over the next four years and how the force will change and improve its workforce and assets to meet this demand. This includes organisational design to match future capability to future demand, alongside sustainable financial planning.

Devon & Cornwall Police and Dorset Police have produced a People Strategy for 2016-20 that sets out the approach that the Strategic Alliance People Portfolio has adopted to effectively manage its workforce. The strategy recognises the national and regional context in which both forces operate and how they will recruit, retain and develop their employees. This includes succession planning for critical roles so that the force remains effective and consistently delivers high standards of policing to the communities they serve. The main strategic board for the People Portfolio is the Strategic People Board, which is chaired by the Director of People. This board is responsible for agreeing and monitoring the Alliance Strategic Workforce Supply Plan and all people-related policy, strategy and procedure for both Forces. It has a responsibility for overall performance management and co-ordination of the various activities that make up the Portfolio.

The future capacity and capability of the force relies on decisions that are financially sound and based on accurate, relevant information. All roles have job descriptions that clearly define their responsibilities with appraisals completed annually to assess individual performance and to identify any personal development training requirements. Organisational design is managed through the workforce supply and demand process that balances future requirements for skills and leadership with workforce availability. This matches the current and future organisational structures with the training and recruitment plans to ensure that effective succession planning is in evidence, getting the right skills, in the right place at the right time.

At a time of reducing resources staff health and well-being is an Executive priority, with internal and external support available to all staff in the maintenance of their physical and mental health. The Alliance Health and Well-being Strategy is centred on a well-being framework that balances the organisational responsibility for creating good working conditions with individual responsibility to promote and safeguard well-being and fitness at work. The mental well-being plan seeks to promote, protect and support people at work by addressing mental health awareness, promoting open conversations about mental

E. Developing the Forces capacity including the capability of its leadership and the individuals within.

Reasonable assurance provided

health, good working conditions, effective people management and monitoring health and well-being.

The Alliance Organisational Development Strategy sets out the strategic objectives designed to build on organisational culture and support enhanced leadership capabilities in the two forces. The Leadership skills audit conducted in 2018 has informed the prioritisation of leadership development and supports the Talent Development initiative. Despite the current financial context the forces have recognised the importance of continued investment in this area to meet current and future needs for talent, well-being and health.

Changes to process and procedures are communicated to all officers and staff through the internal communications system. This ensures staff remain aware of their responsibilities in support of legal and financial regulations. Across the Force and the OPCCs there are agreed personal development review processes and training plans in place.

The Police & Crime Commissioner has taken the opportunity provided by Central Government to maximize resources by increasing the council tax by £24 to £212.28.

F. Managing risks and performance through robust internal control and strong public financial management.

Substantial assurance provided

A Joint Risk & Assurance Board has been established to ensure that risk arrangements remain effective and to support improvement across the Alliance. Separate registers have been created for the Devon & Cornwall Force and OPCC to improve accountability and decision making. Assurance reports are provided to the executive on a regular basis that ensure they are aware of any strategic risks to the organisation so that action can be taken and controls introduced.

The Alliance Head of Legal Services, Reputation and Risk is also the joint Senior Information Risk Officer (SIRO) with responsibility for information management and data quality across both Forces. The OPCC Chief Executive is the SIRO for the Devon & Cornwall OPCC. The General Data Protection Regulations implemented on the 25th May 2018 have seen a significant increase in the number of information requests received across Devon & Cornwall and Dorset. The increase in demand and staff shortages have resulted in the Force being unable to respond within the directed time-scales. Devon & Cornwall and Dorset Police have self-referred this non-compliance to the Information Commissioners Office who has helped implement improvements, and who continues to monitor and support both Forces.

There are effective counter fraud and corruption procedures in place across both organisations with cohesive working arrangements between Professional Standards, Audit, Finance and Legal Services. Regular reports are provided to the executive on the effectiveness of arrangements with independent scrutiny provided by the internal auditors on any weaknesses identified. This includes regular review of the controls in place to prevent financial error or fraud.

Devon & Cornwall Police completes the mandatory National Fraud Initiative set by the Cabinet Office. No incidents of fraud were detected from the data matches created from the 2017/18 submission.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The OPCC in Devon & Cornwall has established a series of scrutiny panels designed to evidence good working practices and identify areas for improvement. The OPCC has developed a Scrutiny Framework document that explains how scrutiny will be used to inform policy and hold the Chief Constable to account for the delivery of an efficient and effective police service. Scrutiny Panel reports are submitted to the Devon & Cornwall Joint Leadership Board and where relevant updates are provided to the Police & Crime Panel for their information.

Devon & Cornwall OPCC have been awarded the CoPaCC Transparency Quality Mark in recognition of their continued commitment to operational transparency. CoPaCC (Comparison of Police and Crime Commissioners) is an independent organisation that compares OPCC's across the country on their statutory requirement to be open and transparent. The Devon & Cornwall OPCC received the highest grade of very good; with transparency at the heart of their work, and supporting their connection with their communities. Key information was judged to be easily accessible within the OPCC website.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Substantial assurance provided

The Police & Crime Panel scrutinise the Police & Crime Commissioner's decisions and the achievement of the Police & Crime Plan. The Police & Crime Commissioner is responsible for demonstrating robust financial management and providing the public with value for money. The panel consists of twenty members, two co-opted independent members one from Devon and one from Cornwall, with the remainder being councillors from local authorities in the Devon & Cornwall policing area. The panel meets on a regular basis to review the actions and decisions of the Commissioner, assess progress on the Police & Crime Plan objectives, to scrutinise the proposed council tax precept, and consider any non-criminal complaints against the Commissioner. The Panel also hold confirmation hearings for the Police & Crime Commissioner's proposed appointment of a Chief Constable and senior support staff.

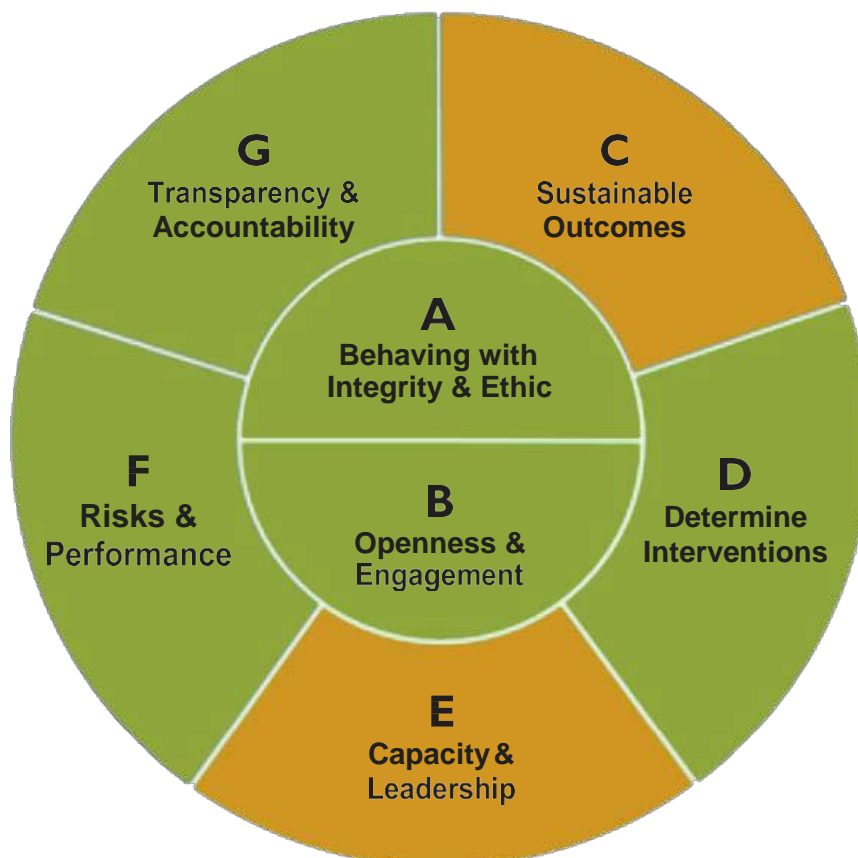
The internal audit function is completed by an independent audit partnership (South West Audit Partnership) that provide objective scrutiny and assurance on the controls in place that prevent error, fraud or corruption. The Audit Charter is reviewed annually to ensure it meets the requirements of the Force and Commissioner and supports the needs of the auditors. The Force and Commissioner must provide adequate resources and open access to any information required by the auditors to complete the annual programme of audits. The audit plan is risk based and includes reviews of financial management, key financial controls and the efficient and effective use of resources. The annual plan is agreed by the Independent Audit Committee which operates across the Alliance who consider recommendations and reports from the auditors.

The Force and OPCC publish certified copies of the annual accounts. The external auditors are responsible for the independent scrutiny of financial arrangements and they verify the accounts prior to their publication. They provide an annual independent opinion on how the Force provides value for money and its financial management. They also provide assurance to the public that the accounts provide a true and fair view of the financial management of the Force. The external auditors are appointed by the Public Sector Audit Appointments who review the quality of the auditors work. Last year the external auditors provided 'unqualified' assurance on the value for money provided by Devon & Cornwall Police and their financial management. To have achieved this the Force has evidenced its effective use of resources and financial planning.

3.2 Self-assessment and methodology

The following summarises the corporate governance framework self-assessment review for Devon & Cornwall Police and the Office of the Police & Crime Commissioner against each of the seven principles of good governance.

The attached table provides the assurance definitions.



Assurance Definitions	
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	Most of the areas reviewed found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	The areas reviewed were inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

4. An agreed action plan

4.1 Actions 2018-19

No significant governance issues have been identified for 2018/19. However for completeness the following table provides a summary of identified weaknesses.

Principle	Actions to be delivered 2018-19
Defining outcomes in terms of sustainable economic, social and environmental benefits.	The decision not to proceed with the proposed merger between Devon & Cornwall and Dorset Police has required a review of governance and reporting arrangements that support effective planning and decision making. The proposed governance structure is being considered and implemented as agreed but has not yet had time to embed or be reviewed for effectiveness.
Developing the Force capacity including the capability of its leadership and the individuals within it.	Over the eight years of austerity the reduction in central funding and precept has forced a reduction in Force capacity. Robust financial planning and the transformational change programmes like the Strategic Alliance with Dorset Police and the PRISM programme have increased efficiencies and improved the capacity of the Force. There have been significant investments in talent, leadership and wellness to enhance both capacity and capability. The close working with Dorset has enhanced resilience.

5. Reference to how issues raised in the previous year's AGS have been resolved

5.1 Actions 2017/18 progress update

No significant issues were identified during 2017/18 for completeness the following table provides an update on the minor issues addressed.

Reference	Risk / Weakness 2017 / 18	
A. Integrity & Ethics	Stop & Search	<p>The Force should ensure all stop and searches record 'reasonable grounds'. (PEEL Legitimacy 2017)</p> <p>Complete: A Stop and Search Scrutiny Panel has been established that is monitored by the D&C OPCC.</p>
	Complaints	<p>The Force should ensure that all allegations of discrimination are investigated to a consistent and acceptable standard following IOPC guidelines. The force should improve the quality and timeliness of updates to complainants, in line with IPCC statutory guidance. (PEEL Legitimacy 2017)</p> <p>Complete: Professional Standards provide an initial investigation of all complaints which are reported and scrutinised by the Equality, Diversity and Human Rights Board. The members of the joint Standards & Ethics Appeals Committee provide independent scrutiny of arrangements.</p>
	Performance Appraisals	<p>The Force needs to improve the management of its PDR process to increase its understanding of workforce performance, development and outcomes. (PEEL Legitimacy 2017)</p> <p>Complete: A Pulse survey has been conducted to review current arrangements and provide ideas for improvement to the appraisal process across the Alliance.</p>
	Appointments & Remuneration Committee (ARC)	<p>The OPCC should review the Terms of Reference and independent membership of ARC for dealing with Chief Officer appointments and remuneration.</p> <p>Complete: The terms of reference for the Appointments and Remuneration Committee has been reviewed. It was decided to keep the Committee which will convene as and when required</p>

Reference	Risk / Weakness 2017 / 18	
C. Sustainable Outcomes	Performance & Accountability	<p>The OPCC needs to improve its approach to measuring outcomes in the OPCC as well as methods of accountability, by holding the Chief Constable to account.</p> <p>Complete: A performance review has been undertaken and an OPCC performance framework established that holds the Chief Constable to account.</p>
D. Determining Interventions	Call Handling	<p>The Force needs to improve its call-handling systems and processes to ensure that service quality remains at acceptable levels and crime-recording standards are adhered to. (PEEL Efficiency 2017).</p> <p>Complete: Improvements have been implemented to the call handling processes which have improved service delivery and standards of crime recording. The 'channel shift' report on investment in technology identified notable improvements to systems.</p>
	Leadership Capacity & Capability	<p>The Force should conduct a 'whole force' leadership and skills audit, to better understand leadership capacity and capability. This should help to inform the force's succession planning with regards to its future leadership requirements. (PEEL Efficiency 2017)</p> <p>Complete: A whole force leadership and skills audit was conducted that has informed workforce and succession planning.</p>
F. Manage Risks & Performance	Governance Arrangements - Strategic Alliance	<p>Carried forward from 2016/17: The force will continue to work with its partners, as the Strategic Alliance moves from managing the Programme to managing delivery, to put in place effective governance arrangements.</p> <p>This will provide clear responsibilities and speed up decision making. A formal review of governance arrangements has been commissioned.</p> <p>Complete: (Refer to proposed governance processes outlined in depth in the main document).</p>

Reference	Risk / Weakness 2017 / 18	
F. Manage Risks & Performance	Governance Arrangements - PRISM	<p>Carried forward from 2016/17: Develop the governance of the Transformational PRISM Programme, ensuring dependencies are clearly defined. PRISM governance arrangements will be included in the corporate governance review.</p> <p>Complete: PRISM governance arrangements have been reviewed and the proposed governance structure is being considered and implemented as outlined in depth within the main document.</p>
	Transparency of Decision Making	<p>Carried forward from 2016/17: Review the application of Freedom of Information and Data Protection criteria, and signposting to decisions reported at the Police & Crime Panel, to ensure the maximum transparency of decision making to the public.</p> <p>Complete: Freedom of Information and Data Protection application was reviewed as part of the LAD and (Law Enforcement Directive) GDPR (General Data Protection Regulations Act 2018) implementation programme. The Force and OPCC are compliant with the new regulations.</p>
	Good Practices in Transparency	<p>The Force will work with Strategic Alliance partners to implement the requirements of the Law Enforcement Directive and the General Data Protection Regulations Act 2018.</p> <p>Complete: LAD and GDPR have been implemented.</p>

6. The Conclusion

6.1 Mission Statement and Objectives

This statement is written on behalf of the Chief Constable of Devon & Cornwall Police and the Police & Crime Commissioner in line with CIPFA Standards. Both organisations are responsible for ensuring that public money is used effectively and have proper governance arrangements in place.

The overall strategic plan for policing in Devon and Cornwall is set out in the Police & Crime Commissioners Police & Crime Plan. This plan is fully consulted with the Chief Constable and outlines five broad policing priorities:

- Connecting communities and policing
- Preventing and deterring crime
- Protecting people at risk of abuse and those who are vulnerable
- Supporting victims and witnesses and helping them to get justice
- Getting the best out of the police

Devon & Cornwall Police's mission is underpinned by values of professionalism, courage, integrity, fairness and respect. The mission is to:

- Detect and prevent harm; protect the vulnerable and reduce crime
- Work together as one team to safeguard communities and neighbourhoods
- Be sustainable and resilient, providing a high quality service to the public
- Act in accordance with the Code of Ethics and our force standards of behaviour

6.2 Overall opinion and signature

Opinion

Based upon the above review of the governance framework in accordance with the assurance definitions listed in section 3.2 the overall assurance opinion is **substantial**.

The Force and Office of the Police & Crime Commissioner have all the elements of good governance, which are working well. Whilst the proposal to merge with Dorset has not proceeded, the Strategic Alliance remains strong and provides a firm foundation to continue to deliver efficiencies, resilience and service improvements across both Forces.

The system of governance has been reviewed and revised. This has now been implemented and its effectiveness will continue to be monitored.

This aspect will be formally assessed within next year's Annual Governance Statement.

Signed:

Dated:

Chief Constable Shaun Sawyer

Alison Hernandez
Police & Crime Commissioner

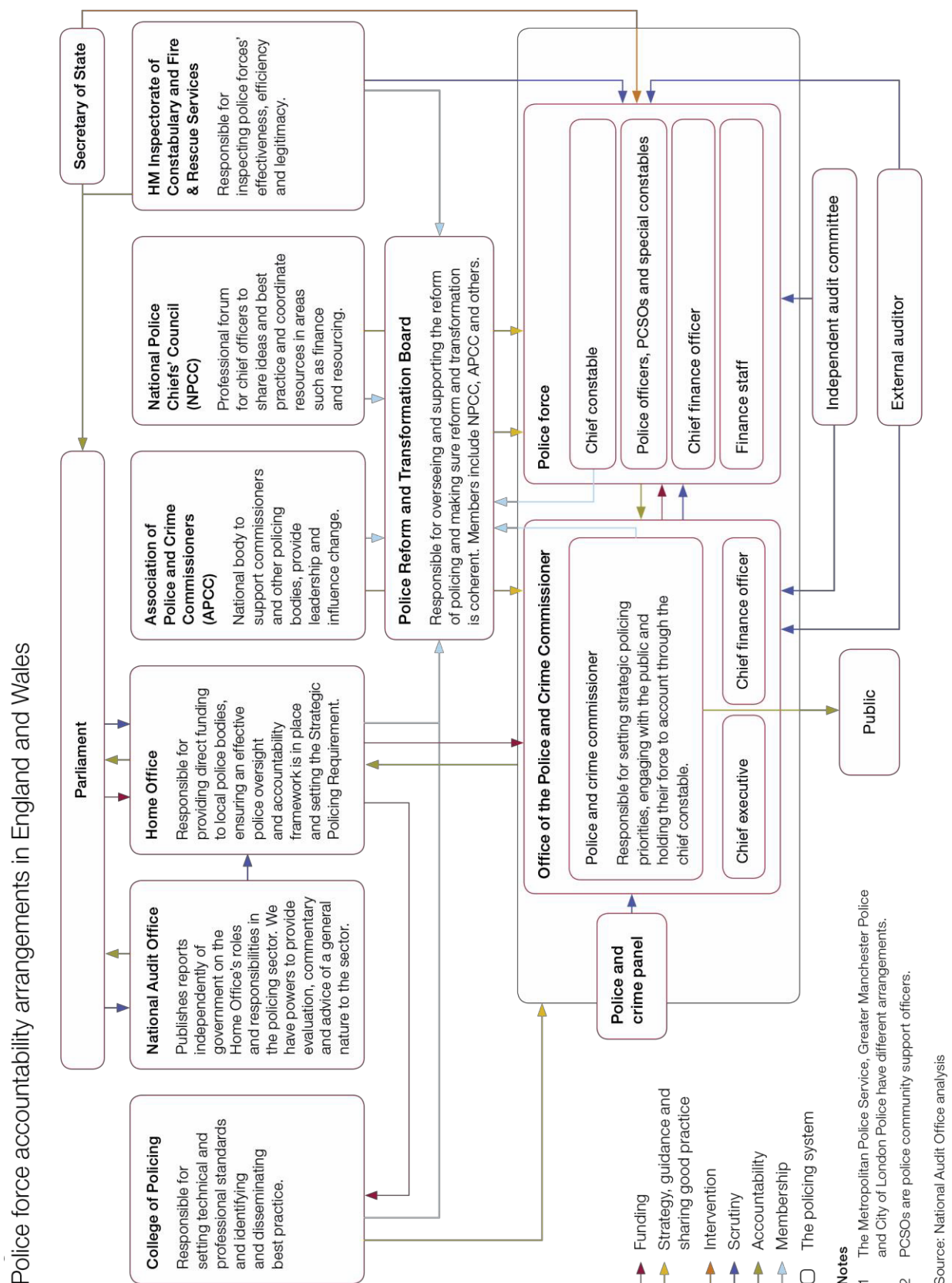
Sandy Goscomb
Director of Finance & Resources

Frances Hughes
Chief Executive

Appendix A

National Audit Office (NAO) Police force accountability arrangements in England and Wales

Flow chart from the NAO Financial sustainability of police forces in England and Wales 2018 report.



Appendix B

Devon & Cornwall Departments

Crime and Criminal Justice

- Major Crime
- Serious and Organised Crime
- Public Protection
- Intelligence
- Criminal Justice
- Custody
- Special Branch

Territorial Policing

The delivery of local policing initiatives:

- Safer Neighbourhood Teams
- Special Constabulary
- Rural Crime Teams
- Victims Bureau

Contact Management

- Call Handling and Police Deployment
- Performance & Analysis
- Performance and Demand
- Internal and External Inspections
- Data Submission
- Data Recording and Accuracy managed by the Force Crime Registrar

Professional Standards

Complaints and Misconduct and the Disclosure and Barring Service for D&C (DBS)

Strategic Alliance Departments

Professional Standards (Alliance phased implementation)

- Complaints
- Confidential Reporting
- Vetting

Operational Support Command

- Roads Policing
- Dogs
- ANPR
- Operational Planning

- Alcohol Licensing
- Firearms Licensing

Prevention

- Crime Reduction
- Reduced Offending
- Reduced Victimisation
- Licensing
- Problem Solving
- Volunteering

Information Management

- Information Assurance
- Freedom of Information and Data Protection
- Records Management
- Disclosure and Data Sharing

Finance

- Financial Planning
- Accountancy
- Budget Management
- Payroll
- Purchasing
- Exchequer

Legal Services

- Legal Advice and Representation

People Services

- Workforce Planning
- Recruitment
- Training
- Absence Management
- Contracts
- Employment Legislation

Business Change

- PRISM
- Local, Regional and National Change Programmes

Fleet

- Fleet Safety and Compliance
- Vehicle Capacity and Capability

ICT

- ICT Systems Support through Design
- Development
- Implementation
- Repair and Maintenance

Audit, Insurance and Risk

- Business Management providing organisational and public assurance

Communication and Engagement

- Internal communications & Public Engagement including social media

Estates

- Building Repairs and Maintenance
- Management of Capital Assets that meet future operational requirements.

Office of the Police & Crime Commissioner for Devon and Cornwall

- [Police & Crime Plan](#)
- [Meet the OPCC Team](#)
- [About Us](#)
- [Our Annual Report](#)
- [What We Spend](#)
- [Multimedia Hub](#)
- [Key Documents](#)
- [OPCC Commitment to Engage the Public](#)
- [OPCC Calendar](#)
- [Meet Your Police & Crime Commissioner Events](#)
- [Partnership Working](#)
 - [LCJB](#)
 - [Community Safety Partnerships](#)
 - [Commissioning](#)
- [Victims Information](#)
- [Performance](#)
- [Scrutiny](#)

Glossary



Police and Crime Commissioner for Devon and Cornwall

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
Contingency	A reserve set aside to meet unexpected costs. For example, the Force always has major operations every year, but can never tell how many will happen or how much each will cost.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Police and Crime Commissioner for Devon and Cornwall

Glossary Continued

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FVOCI	Classification of a financial asset. FVOCI stands for Fair Value through other Comprehensive Income.
FVPL	Classification of a financial asset. FVPL stands for Fair Value through profit or loss.
International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.

Police and Crime Commissioner for Devon and Cornwall

Glossary Continued

Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
LAAP	Local Authority Accounting Panel sets accounting rules for the public sector.
Medium Term Financial Strategy	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Mid-Price	A valuation of financial assets based on the mid-point between bid and offered prices.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non Distributed Costs (NDC)	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.

Police and Crime Commissioner for Devon and Cornwall

Glossary Continued

Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Revenue Support Grant (RSG)	A general central government grant paid to the Police and Crime Commissioner, as well as the Home Office Grant, to support its day to day expenditure.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Statement of Standard Accounting Practice	Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.