

Chief Constable for Devon and Cornwall

Statement of Accounts for the year ended 31 March 2020

Unaudited



Devon & Cornwall Police

Chief Constable for Devon and Cornwall

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

Shaun Sawyer Chief Constable

Sandy Goscomb Chief Financial Officer to the Chief Constable

Address: Police Headquarters
Middlemoor
Exeter
EX2 7HQ

Website: www.devon-cornwall.police.uk

Chief Constable for Devon and Cornwall

Statement of Accounts 2019/20

Contents

Accompanying Reports	Page
Chief Financial Officer's Narrative Report	6
Independent Auditor's Report	13
Statement of Responsibilities	14
 Financial Statements	
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
 Notes to the Financial Statements	
Note 1 Accounting Policies	22
Note 2 Accounting Standards Issued, Not Adopted	28
Note 3 Critical Judgements in Applying Accounting Policies	28
Note 4 The Chief Constable as an Accounting Entity	29
Note 5 Events After the Balance Sheet Date	30
Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty	30
Note 7 Expenditure and Funding Analysis	32
Note 8 Expenditure and Income Analysed by Nature	35
Note 9 ICT and Equipment	35
Note 10 Provisions	36
Note 11 Accumulated Absences	37
Note 12 External Audit Costs	37
Note 13 Officers' Remuneration	38
Note 14 Related Party Transactions, Partnerships and Collaborations	41
Note 15 Contingent Liabilities	43

Chief Constable for Devon and Cornwall

Statement of Accounts 2019/20

Contents

Notes to the Financial Statements continued	Page
Note 16 Capital Expenditure and Financing	43
Note 17 Defined Benefit Pension Schemes	44
 Police Officers' Pension Fund Statement	 54
Glossary	56

Accompanying Reports



Devon & Cornwall Police

Chief Constable for Devon and Cornwall

Narrative Report by Sandy Goscomb, Chief Financial Officer

1. INTRODUCTION

- 1.1. Welcome to the Chief Constable's Statement of Accounts for 2019/20. The statement of accounts reports the income and expenditure on service provision for the year and the value of the Chief Constable'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 Chief Constable is to provide an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, ensuring that the area remains one of the safest in the country in which to live. The Chief Constable has a number of operational priorities which are based on today's risks, and on what the local communities and the Police and Crime Commissioner have raised as areas of concern. Each year these priorities are reviewed and throughout the year the Chief Constable works with the Police and Crime Commissioner to ensure the Force is focused on them. The current priorities are:
- Reducing crime and bringing criminals to justice
 - Protecting people from harm
 - Improving satisfaction in policing services
 - Improving public confidence in policing
 - Meeting relevant national policing requirements
- 1.3. To achieve these priorities, the Force Control Strategy sets out the areas that the Force will focus on:



- 1.4. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate booklet.
- 1.5. The aim of this narrative report is to provide an easily understandable explanation of the Chief Constable's financial and non financial performance in 2019/20 and its position at the end of the year.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

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** - shows the changes in the Chief Constable's financial resources over the year
- **Comprehensive Income and Expenditure Statement** - show the gains and losses that contributed to the changes in resources
- **Balance Sheet as at 31 March 2020** - shows how the resources available to the Chief Constable 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 give further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

3. RESOURCES AVAILABLE IN 2019/20

Setting the Financial Strategy for 2019/20 and Beyond

- 3.1. The Police and Crime Commissioner for Devon and Cornwall allocates the significant proportion of the available annual funding to the Chief Constable. In 2019/20, the allocation to the Chief Constable was £306.9m out of the total Police and Crime Commissioner funding of £312.1m.
- 3.2. The Chief Constable works with the Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying budget requirement for the following year and for the subsequent three years.
- 3.3. A significant factor for the Commissioner in setting the 2019/20 budget was the expectation of continuing real terms reductions in central government funding over the period of the MTFS. This was based on assumptions that showed forecast increases in grant funding being below the level of potential pay awards and inflation, and the increasing cost of pension schemes. The budget was therefore designed to drive out continued efficiencies, delivered through existing saving plans and further service area reviews. The Police and Crime Commissioner increased the Council Tax precept by 12.75% which, with the programme of efficiencies, enabled to Force to address the following key areas:
- Increased officer numbers by 54. This provides an additional connectivity neighbourhood police officer in each of our 27 sectors, and increases detectives numbers to address most serious offending and areas where demand has exceeded current resources.
 - Increased the investment in collaborative posts such as an increase of 17 bi-service and tri-service officers.
 - Continued with the previously piloted police staff team who ensure accuracy of crime data and take statements, removing work from the front line, providing a better service for the front line and witnesses.
 - Rolled out Integrated Service Delivery (ISD), taking significant workload from the local policing teams. ISD fundamentally changes the way the police deal with non-emergency demands, resolving calls earlier and allocating tasks, where appropriate, across the whole force, rather than to specialist teams, providing a better service to the public.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- Investment in modernised training and in improving mental health and supporting good mental wellbeing in the workforce.
- Technological investment in call handling, command & control and improved management information.

Additional Officers

- 3.4. The main focus of the precept increase allowed a further rise in police officers. The overall increase in officer numbers was 54. During the course of the year the government announced plans to increase police officer numbers nationally by 20,000 by 31 March 2023. The first tranche of these was agreed and funded in 2019/20, with 47 additional officers taken on in Devon and Cornwall – a total increase of 101 officers in the year.

Police Pensions

- 3.5. The most significant issue that affected Force funding in 2019/20 was the increased cost of the Police Officer pension scheme, following changes to the way in which these pensions are calculated. For Devon and Cornwall Police, the Treasury provided an additional £3.3m specific pensions grant in addition to a £3.5m increase in core grant funding from the Home Office towards this additional cost. The increased cost for Devon and Cornwall was £7.7m, meaning that the precept increase was required to meet the shortfall of £0.9m, as well as pressures such as inflation and pay awards, before funding the above developments.

Actual Expenditure 2019/20

- 3.6. The Chief Constable spent £305.876m against the budget allocation of £306.943m, resulting in an underspend of £1.067m. This final spend is reflected in the Expenditure and Funding Analysis in the accounts, at note 7.
- 3.7. The outturn presents a net position, which covers a number of over and under spends, some of which offset each other. The key pressures were:
- The police officer overtime budget remained under pressure and ended the financial year with a £985k overspend. A significant amount of work was carried out during the year to address spend on overtime, and ensure that it is appropriately managed and properly used as a necessary resourcing tool.
 - The number of officers that retired on grounds of ill health exceeded the original forecast, resulting in an overspend of £293k.
 - Additional costs charged against the supplies and services budget resulted in an overspend of £373k. This includes an increase in the costs of the custody healthcare contract, and greater than anticipated legal costs.
 - The transport budget was overspent by £407k, in particular travel costs and vehicle maintenance were higher than originally anticipated.

The above overspending areas were offset by the variances below:

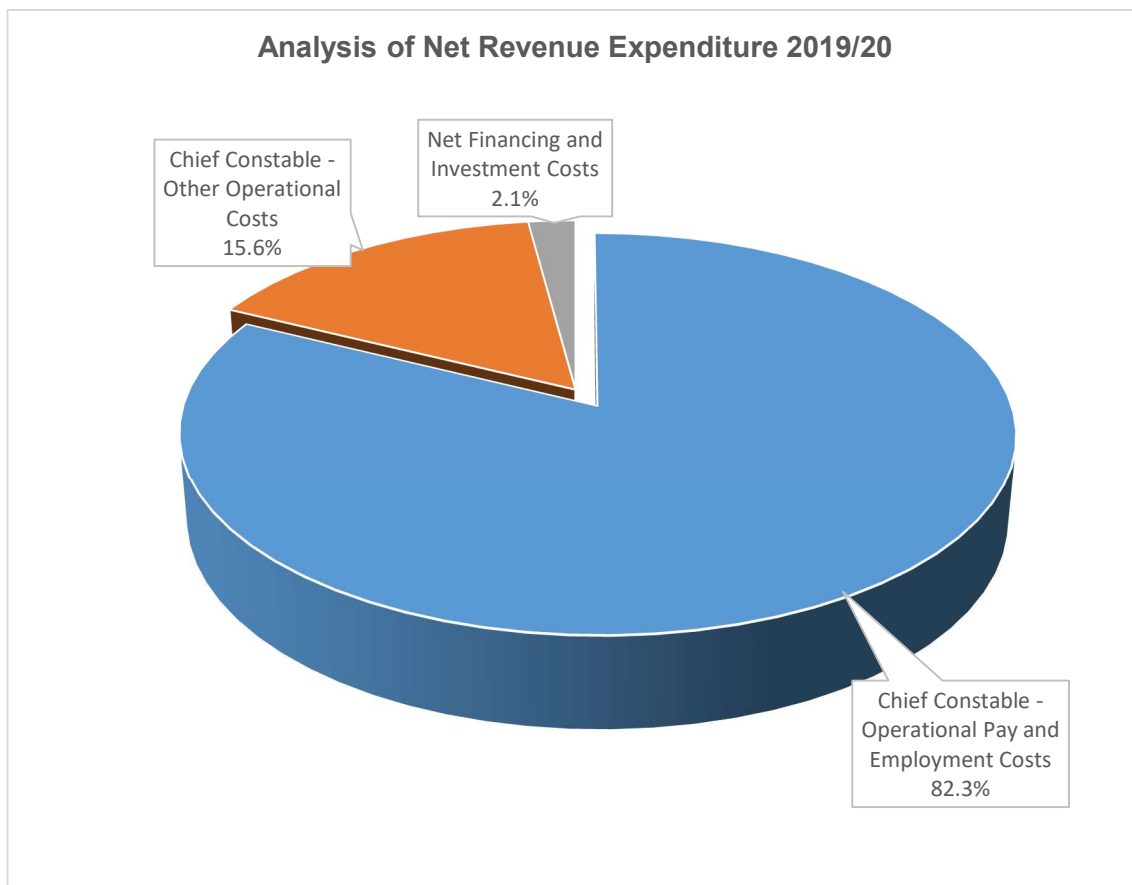
- Police officer pay underspent by £1,427k, partly due to changes in timing of recruitment, and partly due to additional abstractions, including to regional and national programmes. There is a correlation between this underspend and the overspend in the use of overtime.
- Police staff pay budgets were underspent by £627k. This was the result of staff turnover during the year, with posts vacancies taking longer to fill than anticipated.
- The level of income and specific grants exceeded the budget by £3,126k. Of this, £1,492k related to income from other public bodies, including police forces, for provision of services, including seconded officers and staff. A further £1,266k related to additional grant funding received during the

Chief Constable for Devon and Cornwall

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

year, such as £676k from the Home Office towards the cost of recruiting additional police officers under the national uplift initiative.

- 3.8. The effect of the coronavirus pandemic on the 2019/20 outturn was marginal, and is reflected in the figures within these accounts. The financial effect of the pandemic, including the eventual impact on valuations, is expected to a far more significant impact on the 2020/21 year.
- 3.9. The below chart shows a breakdown of total net revenue expenditure for 2019/20 by category of spend



Capital Programme

- 3.10. The table below shows the Chief Constable's capital expenditure, and funding, during 2019/20. The majority of the assets relating to policing, most significantly buildings, are owned by the Police and Crime Commissioner. However certain items of equipment and ICT are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with a value in excess of £10,000. There were no individual acquisitions or disposals that are material in 2019/20.

	£000's
Equipment and ICT	1,877
	<hr/> 1,877
<u>Funded by</u>	
Advance from Police and Crime Commissioner	1,877
	<hr/> 1,877

Chief Constable for Devon and Cornwall

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- 3.11. ICT and capital equipment across the Force area is replaced when necessary to ensure that officers and staff have the most appropriate access to technology and equipment to support them in their roles. The majority of ICT assets are reflected on the Police and Crime Commissioner's balance sheet. The capital purchases that fall under the Chief Constable are primarily equipment, including ICT developments to allow officers to carry out more of their work away from the station, and body worn video.

Workforce Resources

- 3.12. Workforce costs make up 82.3% of the annual expenditure of Devon and Cornwall Police. The full time equivalents (FTE) of officers and staff employed by Devon and Cornwall Police at the beginning and end of the period were:

31/03/19 (FTE)		31/03/20 (FTE)
2,982	Police Officers	3,083
1,940	Police Staff (inc PCSOs)	1,967
4,922		5,050

4. PERFORMANCE INDICATORS

External Indicators

- 4.1. The principal independent financial indicators available to Chief Constable and Police and Crime Commissioner are as follows:
- 4.1.1 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 (2018/19) indicated that Devon and Cornwall Police was 'good' in each of the three areas reviewed:
- The extent to which the force is effective at reducing crime and keeping people safe is **good**.
 - The extent to which the force operates efficiently and sustainably is **good**.
 - The extent to which the force treats the public and its workforce legitimately is **good**.
- 4.1.2 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 2019. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
- 4.1.3 HMICFRS Value for Money Profile 2019 – 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.

Operational Performance of the Force

- 4.2. During the year, the Force dealt with the following level of activity:

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued



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 2020/21 MTFS reflects an overall improved outlook when compared with the 2019/20 forecasts.
- 5.2 The 2020/21 MTFS includes the resources to:
- Increase officer numbers to 3,241 by 31 March 2021, expected to increase further by the end of the following year with additional Government funding.
 - Create a violent crime prevention approach, with a significant year one investment between the PCC and the Chief Constable, which will seek to secure further financial and organisational support through partnerships across public health and local government organisations to get to the root cause of violence crime with the aim of building safer and more resilient communities.
 - Invest in Summer Policing – To maintain and build on current approaches.

Narrative Report by Sandy Goscomb, Chief Financial Officer Continued

- Expand Blue Light collaboration - Further development of partnership schemes e.g. Tri Service and Bi-service officers with a particular focus in North Devon and on maritime schemes to better protect our coastline.
- Improve Customer Service - Invest in resilience for front desk opening hours for all eight mainland front desks.
- Formally assess whether or not two call centres are sufficient to keep pace with the level of contacts from both 999 and 101 across Devon and Cornwall.
- Invest in maintenance of estates to start to reverse the decline in planned maintenance and improve sustainability work across the estate.

5.3 For 2021/22 and beyond there is a great deal of uncertainty around funding levels which will impact on our planning process. The uncertainty is exacerbated by the economic impact of the current coronavirus pandemic, and the effect that this will have on future funding and costs. In addition to this fundamental issue, key areas of uncertainty are:-

- The next Comprehensive Spending Review (CSR), which the Government had planned to undertake during 2020, has been delayed. It is now expected that a one year settlement will be agreed for 2021/22, with a multi year CSR carried out in 2021 which will come into effect for the financial year 2022/23 and beyond.
- The anticipated changes to the formula by which Home Office funding is allocated to forces. The timescale for this review is not confirmed, although seems highly unlikely to be implemented in 2021/22 as previously planned.
- Future cost of pension schemes. These schemes have seen increased pressure in recent years, with significant additional costs in 2019/20.
- The impact of the anticipated future recession, including the potential local implications on precept, Collection Funds and taxbase.

6. GOVERNANCE ARRANGEMENTS

6.1. The Annual Governance Statement is published alongside this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also sets out the joint arrangements for managing risk for the Police and Crime Commissioner and the Chief Constable.



Signed by Sandy Goscomb
Chief Financial Officer to the Chief Constable
29 May 2020

Further Information:

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2019/20. It may be read in conjunction with the PCC/Group Accounts, and the [Police and Crime Plan](#). These documents can be found at <https://www.devon-cornwall.police.uk/your-right-to-information/freedom-of-information/what-we-spend/statement-of-accounts/>

Chief Constable for Devon and Cornwall

**Independent Auditor's Report to the
Chief Constable for Devon and Cornwall**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee, in accordance with the required statutory timescales.

Chief Constable for Devon and Cornwall

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

Approval of the Accounts

I approve the Statement of Accounts.

Shaun Sawyer
Chief Constable

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Chief Constable'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 2019/20" (the Code).

In preparing this Statement of Accounts, the Chief Financial 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 Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2020 gives a true and fair view of the financial position of the Chief Constable for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2020.



Signed by Sandy Goscomb
Chief Financial Officer to the Chief Constable
29 May 2020

Financial Statements



Devon & Cornwall Police

Chief Constable for Devon and Cornwall

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2018/19 and 2019/20 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

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 2019		0	0	0	0	0	0	0
Movement in Reserves (Surplus) or Deficit on the Provision of Services		286,914	0	0	0	286,914	0	286,914
Remeasurement of the net defined benefit liability (asset)		(286,914)	0	0	0	(286,914)	0	(286,914)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2020		0	0	0	0	0	0	0

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 2018		0	0	0	0	0	0	0
Movement in Reserves (Surplus) or Deficit on the Provision of Services		39,912	0	0	0	39,912	0	39,912
Remeasurement of the net defined benefit liability (asset)		(39,912)	0	0	0	(39,912)	0	(39,912)
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2019		0	0	0	0	0	0	0

Chief Constable for Devon and Cornwall

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2018/19 and 2019/20. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2018/19				2019/20			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
468,228	(21,012)	447,216	Chief Constable	380,001	(24,451)	355,550	8
468,228	(21,012)	447,216	Cost of Services*	380,001	(24,451)	355,550	
0	(52,327)	(52,327)	Pensions Top Up Grant	0	(45,579)	(45,579)	
(468,228)	73,339	(394,889)	Intra-Group Transaction	(380,001)	70,030	(309,971)	
0	0	0	Cost of Services Net of Pensions Top Up Grant	0	0	0	
			Financing and Investment Income and Expenditure				
91,002	(7,590)	83,412	Pensions Interest Cost	91,197	(7,625)	83,572	17
(91,002)	7,590	(83,412)	Pensions Interest Cost - Intra-Group Transaction	(91,197)	7,625	(83,572)	
(39,912)	0	(39,912)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	286,914	0	286,914	17
(39,912)	0	(39,912)	(Surplus)/Deficit on Provision of Services	286,914	0	286,914	
		39,912	Remeasurement of the net defined benefit liability (asset)		(286,914)		
		0	Other Comprehensive Income and Expenditure			0	
		0	Total Comprehensive Income and Expenditure			0	

*The 2018/19 net cost of services includes an allowance for the impact of the McCloud/Sargeant ruling. There is no equivalent allowance in the net costs of services section in 2019/20; changes to the valuation of this allowance are included within the Remeasurement of the Net Defined Benefit Liability/(Asset).

Chief Constable for Devon and Cornwall

Balance Sheet

The Chief Constable owns some operational non-current assets and these are included on the Balance Sheet. The Chief Constable does not hold reserves but he does have current and long term liabilities which relate to employee benefits. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2019 £'000		31 March 2020 £'000	Notes
	Long Term Assets		
3,190	ICT and Equipment	4,067	9
3,528,281	Pensions Intra-Group Debtor	3,325,344	17
3,531,471	Total Long Term Assets	3,329,411	
	Current Assets		
9,582	Short Term Accumulated Absences - Intra-Group Debtor	9,419	11
831	Short Term Provisions Intra-Group Debtor	764	10
10,413	Total Current Assets	10,183	
	Current Liabilities		
(9,582)	Short Term Accumulated Absences	(9,419)	11
(831)	Short Term Provisions	(764)	10
(10,413)	Total Current Liabilities	(10,183)	
	Long Term Liabilities		
(3,528,281)	Pension Liabilities	(3,325,344)	17
(3,190)	ICT and Equipment - Intra-Group Creditor	(4,067)	9
(3,531,471)	Total Long Term Liabilities	(3,329,411)	
0	Net Assets	0	



Signed by Sandy Goscomb
Chief Financial Officer to the Chief Constable
29 May 2020

Chief Constable for Devon and Cornwall

Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pensions valuation shown against the increase/decrease in pensions liability line.

2018/19		2019/20
£'000		£'000
39,912	Net (Surplus) or Deficit on the Provision of Services	286,914
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	
(39,912)	(Increase)/Decrease in pensions liability	(286,914)
0	Net Cash (Inflows)/Outflows from Operating Activities	0
0	Cash and Cash Equivalents at the end of the reporting period	0

Notes to the Accounts



Devon & Cornwall Police

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 2019/20; and the Accounts and Audit Regulations 2015 and the Accounts and Audit Regulations (Coronavirus) (Amendment) Regulations 2020 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 if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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 those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events. 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.

Note 1 Accounting Policies Continued

6. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Chief Constable 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 Chief Constable.

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. JOINT OPERATIONS

The Chief Constable participates in a number of partnership activities. These arrangements involve the Chief Constable carrying out activities relevant to their own functions jointly with others. The Chief Constable accounts for only their share of the jointly controlled assets; and for the liabilities expenses and income that the Chief Constable incurs in respect to their interest in the partnerships.

8. OVERHEADS

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

9. EMPLOYEE BENEFITS

9.1 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) 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 holiday entitlements are charged to revenue in the financial year in which the absence occurs.

9.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner or Chief Constable 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 (CIES) when the Police and Crime Commissioner or Chief Constable 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 Chief Constable 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.

9.3 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)

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

Note 1 Accounting Policies Continued

9.3.1 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.

9.3.2 The Local Government Pension Scheme

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

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 Chief Constable 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 |

9.3.3 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 CIES 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 CIES.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable - 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 CIES. 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 and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Note 1 Accounting Policies Continued

Remeasurements comprising:

The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other comprehensive income and expenditure. This is only applicable to the Local Government Pension Scheme.

Actuarial gains and losses are 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. These changes are charged to the pensions reserve as other comprehensive income and expenditure.

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

- cash paid as 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.

9.3.4 Police Officers' Injury Benefits

The Chief Constable 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.

9.3.5 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 Chief Constable 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.

9.4 Discretionary Benefits

The Chief Constable 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.

10. PROVISIONS

Provisions are made where an event has taken place that gives the Chief Constable 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 CIES when the Chief Constable has an 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 it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed or reduced and credited back to the CIES.

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 Chief Constable settles the obligation.

Note 1 Accounting Policies Continued

Provision is made for termination payments due to staff resulting from restructuring when the Chief Constable 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 any Force restructuring plan will be treated separately and provision made of the estimated termination payments as and when each element of the plan is announced.

11. 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. Property, plant and equipment and intangible assets are accounted for in the Police and Crime Commissioner accounts with the exception of certain operational assets, which are set out in the Scheme of Consent. These operational assets are offset on the balance sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the CIES of the Chief Constable includes a charge for use of property, plant and equipment and intangible assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. This "asset charge" is exactly equal to the depreciation recognised in the Police and Crime Commissioner's CIES. The accounting policies of the Group in relation to depreciation are set out within the financial statements of the Police and Crime Commissioner.

11.1 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 Chief Constable for more than one year and the cost of the item 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.

11.2 Measurement

Assets are initially measured at cost, comprising: purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Chief Constable 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 CIES, 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 CIES, 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:

- | | | | |
|---|-----------|---|-----------------------------|
| • | ICT | - | depreciated historical cost |
| • | Equipment | - | depreciated historical cost |

11.3 Depreciation

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

Depreciation is calculated on the following bases:

Note 1 Accounting Policies Continued

- Information and Communications 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.
- Equipment – These assets are given specific asset lives and are depreciated monthly.

11.4 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES 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).

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.

12. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Chief Constable as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Chief Constable.

Software that is integral to the operating of hardware is capitalised as part of the relevant item of property, plant and equipment.

12.1 Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Chief Constable can be determined by reference to an active market. No intangible asset held by the Chief Constable meets this criterion, and they are therefore carried at amortised cost.

12.2 Amortisation

The depreciable amount of an intangible asset is amortised over its useful life and charged to the CIES.

13. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

14. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Chief Constable they will be disclosed separately on the face of the CIES if they are material and separate disclosure would be made to aid the understanding of the Chief Constable's financial performance.

15. CHARGES TO REVENUE NON-CURRENT ASSETS

The CIES is debited with the following amounts to record the real cost of holding non-current 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.

Note 1 Accounting Policies Continued

The Chief Constable is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution 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). 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.

16. COST AND INTRA-GROUP RECOGNITION

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

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:

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

All of these standards will be incorporated in the Code from 2020/21 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 Chief Constable 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.
- A long term debtor has been established in the Chief Constable'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 receive funds from the Police and Crime Commissioner 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. 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 Chief Constable. 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.

Chief Constable for Devon and Cornwall

Note 3 Critical Judgements in Applying Accounting Policies Continued

- In light of market conditions arising from COVID-19, a judgement has been made to use the actual conditions as at 31 March to value the Police Staff pensions rather than the usual practice of using a forecast from the end of February. This step has been taken to mitigate some of the uncertainty arising from the current volatility in the market.
- Judgements are made by professional advisors in valuing pensions. Management have accepted these judgements.
- A judgement has been made to include the impact of the McCloud/Sargeant ruling. Whilst the regulations underpinning the Local Government Pension Scheme (LGPS) and police pension schemes have not yet been amended, the outcome of the McCloud and Sargeant tribunals have been deemed to provide evidence that a legal obligation has been created, resulting in a potential liability.

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (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 Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. 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 does not hold any cash or reserves. When Police and Crime 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 2019/20.

The financial consequences of the activity under the control of the Chief Constable are shown in these accounts. As the Chief Constable does not hold reserves, the Chief Constable's CIES 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 the following 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.
- 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.
- Certain categories of provisions and accumulated absences are shown on the Chief Constable balance sheet. These liabilities are offset in the balance sheet by a debtor.

Chief Constable for Devon and Cornwall

Note 4 The Chief Constable as an Accounting Entity Continued

Intra-Group Transactions	2018/19		2019/20	
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	(394,889)	394,889	(309,971)	309,971
Pensions Interest Cost and Pensions Top Up Grant	(83,412)	83,412	(83,572)	83,572
Actuarial gains/(losses) on pensions funds	(39,912)	39,912	286,914	(286,914)
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	3,528,281	0	3,325,344	0
Pensions Long Term Liabilities	(3,528,281)	0	(3,325,344)	0
Pensions Long Term Intra-Group Creditor	0	(3,528,281)	0	(3,325,344)
ICT and Equipment Assets	3,190	0	4,067	0
ICT and Equipment Intra-Group Creditor	(3,190)	0	(4,067)	0
ICT and Equipment Intra-Group Debtor	0	3,190	0	4,067
Current Assets/Liabilities				
Intra-Group Debtors	10,413	0	10,183	0
Current Liabilities	(10,413)	0	(10,183)	0
Intra-Group Creditors	0	(10,413)	0	(10,183)
Unusable Reserves				
Intra-Group Transactions	0	(3,535,504)	0	(3,331,459)

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

There were no events after the balance sheet date to report.

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 Chief Constable's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

6.1 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. Pension fund assets are measured at fair value which requires reference to the market conditions held at the measurement date. As a result of the COVID-19 pandemic, the market has been

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

subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

A remedy process is underway to resolve the age discrimination of the pension changes resulting from the reform of public service pensions schemes. Although the LGPS and Police Pension Scheme regulations have not yet been amended, an allowance has been made for the impact of the McCloud/Sargeant ruling. This allowance was made on the assumption that all those who were previously members of a final salary scheme will remain in that scheme and only new staff joining after 1 April 2015 join the 2015 CARE scheme.

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.

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis

This table shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner and are funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund.

2019/20								
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	305,867	49,683	355,550	7,304	45,983	(3,604)	(49,683)	0
Net Cost of Services	305,867	49,683	355,550	7,304	45,983	(3,604)	(49,683)	0
Other Income and Expenditure from the Funding analysis	0	(45,579)	(45,579)	0	(45,579)	0	45,579	0
Intra-Group Transaction	(305,867)	(4,104)	(309,971)	0	0	0	0	0
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	0	0	7,304	404	(3,604)	(4,104)	0
Opening Revenue Reserve Balance as at 31 March 2019	0							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2020	0							

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis Continued

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	159,622	447,216	7,640	147,430	4,552	(159,622)	0
Net Cost of Services	287,594	159,622	447,216	7,640	147,430	4,552	(159,622)	0
Other Income and Expenditure from the Funding analysis	0	(52,327)	(52,327)	0	(52,327)	0	52,327	0
Intra-Group Transaction	(287,594)	(107,295)	(394,889)	0	0	0	0	0
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services	0	0	0	7,640	95,103	4,552	(107,295)	0
Opening Revenue Reserve Balance as at 31 March 2018	0							
Less/Plus Surplus or (Deficit) on the General Fund in Year	0							
Transfer (to)/from Other Reserves	0							
Closing Revenue Reserve Balance as at 31 March 2019	0							

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.

Chief Constable for Devon and Cornwall

Note 8 Expenditure and Income Analysed by Nature

2018/19 £'000	Expenditure/Income	2019/20 £'000
	Expenditure	
399,396	Employee benefit expenses	310,974
56,892	Other service expense	56,359
11,940	Depreciation, amortisation, impairment	12,668
468,228	Total Expenditure	380,001
	Income	
(21,012)	Fees charges and other service income	(24,451)
(21,012)	Total Income	(24,451)
447,216	Cost on the Provision of Service	355,550

Note 9 ICT and Equipment

This table sets out the ICT and Equipment for the Chief Constable.

31 March 2019			Movements	31 March 2020		
Operational Assets	Assets Under Construction			Operational Assets	Assets Under Construction	
ICT and Equipment	ICT and Equipment	Total		ICT and Equipment	ICT and Equipment	Total
£'000	£'000	£'000	Cost	£'000	£'000	£'000
5,576	0	5,576	Balance at 1 April	6,999	0	6,999
115	0	115	Additions	425	1,452	1,877
0	0	0	Disposals	(1,264)	0	(1,264)
1,308	0	1,308	Reclassification	12	62	74
6,999	0	6,999	Balance at 31 March	6,172	1,514	7,686
			Accumulated Depreciation			
(3,200)	0	(3,200)	Balance at 1 April	(3,809)	0	(3,809)
(573)	0	(573)	Depreciation Charge	(1,074)	0	(1,074)
0	0	0	Disposals	1,264	0	1,264
(36)	0	(36)	Reclassification	0	0	0
(3,809)	0	(3,809)	Balance at 31 March	(3,619)	0	(3,619)
			Net Book Value			
2,376	0	2,376	31 March 2018	0	0	0
3,190	0	3,190	31 March 2019	3,190	0	3,190
0	0	0	31 March 2020	2,553	1,514	4,067

9.1 Recognition

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

Chief Constable for Devon and Cornwall

Note 9 ICT and Equipment Continued

- ICT £10k
- Equipment £10k

9.2 Depreciation

All depreciation is calculated on a straight-line basis. A review of asset lives has taken place in 2019/20 and the useful life for some assets has been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

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

9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 3-10 years. These assets are depreciated monthly.

9.3 Asset Transfers

There were two assets transferred from the PCC to the CC in 2019/20 amounting to £74k

9.4 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.

9.5 Derecognition

In 2019/20 a review of assets classed as ICT on the asset register has been undertaken which has resulted in derecognition of a number of assets that have reached the end of their useful life or have been disposed.

Note 10 Provisions

2019/20	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2019	(576)	(255)	(831)
Additional provisions made	(57)	(328)	(385)
Amounts used	197	255	452
Transfer from long term liabilities	0	0	0
Balance at 31 March 2020	(436)	(328)	(764)

2018/19	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2018	(607)	0	(607)
Additional provisions made	0	(255)	(255)
Amounts used	31	0	31
Transfer from long term liabilities	0	0	0
Balance at 31 March 2019	(576)	(255)	(831)

Chief Constable for Devon and Cornwall

Note 10 Provisions Continued

10.1 Remuneration Provision

10.1.1 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 2020/21.

10.1.2 Employment termination benefits

Critical judgements are applied in determining the level of the redundancy provision.

10.1.3 Other Provisions

A provision has been made for compensation for the originating claimants regarding the public service pension scheme reform.

Note 11 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

2018/19		2019/20
£'000		£'000
(9,037)	Balance at 1 April	(9,582)
9,037	Settlement or cancellation of accrual made at the end of the preceding year	9,582
(9,582)	Amounts accrued at the end of the current year	(9,419)
(545)	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	163
(9,582)	Balance at 31 March	(9,419)

The Chief Constable has a policy of reducing the amount of time police officers can hold "on card" relating to time off in lieu. This policy involves paying any time off in lieu that is above the agreed threshold, it will lead to a reduction in the amount of accumulated absence arising for this reason.

Note 12 External Audit Costs

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

2018/19		2019/20
£'000		£'000
14	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	18
0	Fees payable to external auditors for other services	0
14		18

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration

13.1 Remuneration

This note shows the officer remuneration costs for the Chief Constable:

2019/20	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 £
Chief Constable							
Salary £150,000 plus per year							
Chief Constable – Shaun Sawyer		175,574	0	4,928	180,502	0	180,502
Salary £50,000 to £149,999 per year				0			
Deputy Chief Constable		145,306	0	393	145,699	42,062	187,761
ACC Senior Responsible Officer - Strategic Alliance from 01/04/19 to 16/04/19		2,616	0	235	2,851	782	3,633
ACC Operations Support		125,720	0	0	125,720	35,517	161,237
ACC Operations Support from 13/01/20 to 31/03/20		23,227	0	355	23,582	6,954	30,536
ACC Vulnerability and Crime from 17/04/19 to 28/02/20		106,366	0	4,620	110,986	31,800	142,786
ACC Vulnerability and Crime from 11/10/19 to 31/03/20		55,431	0	511	55,942	16,084	72,026
ACC Innovation and Demand from 10/06/19 to 10/10/19		38,669	0	333	39,002	11,209	50,211
ACC NPCC from 05/08/19 to 31/03/20		76,804	0	89	76,893	21,882	98,775
ACC Local Policing and Partnerships from 03/02/20 to 31/03/20		17,785	0	0	17,785	5,139	22,924
Assistant Chief Officer - People from 03/12/19 to 31/03/20		34,557	1,465	0	36,022	4,526	40,548
Director of Legal Services	2	117,709	4,467	3,085	125,261	15,422	140,683
Director of Finance & Resources		116,875	4,467	0	121,342	15,422	136,764
Ch Supt - Alliance Operations Commander from 01/04/19 to 12/01/20		71,964	0	1,277	73,241	21,424	94,665
Ch Supt - Alliance Operations Commander from 13/01/20 to 31/03/20		18,475	0	583	19,058	5,727	24,785
Ch Supt - Alliance Operations Commander from 25/03/20 to 31/03/20		1,597	0	0	1,597	495	2,092
Ch Supt - Commander from 06/01/20 to 24/03/20		18,475	0	0	18,475	5,727	24,202
Ch Supt - Corporate Development from 01/04/19 to 04/08/19		31,729	0	0	31,729	9,315	41,044
Ch Supt - Crime & Justice		91,286	0	0	91,286	26,940	118,226
Ch Supt - Local Policing from 01/04/19 to 02/02/20		75,237	0	0	75,237	23,001	98,238
Ch Supt - Local Policing from 03/02/20 to 31/03/20		13,654	0	79	13,733	4,233	17,966
Ch Supt - Local Policing from 01/04/19 to 09/06/19		16,975	0	0	16,975	5,189	22,164
Ch Supt - Local Policing		85,833	0	4,790	90,623	26,608	117,231
Ch Supt - Local Policing from 09/12/19 to 31/03/20		26,845	0	0	26,845	8,202	35,047
Ch Supt - Local Policing		93,573	0	0	93,573	27,466	121,039
Ch Supt - Local Policing from 01/04/19 to 12/08/19		33,259	0	0	33,259	10,170	43,429
Ch Supt - Local Policing from 09/12/19 to 31/03/20		28,298	0	0	28,298	8,653	36,951
Ch Supt - Local Policing from 01/04/19 to 14/01/20		70,737	0	0	70,737	21,161	91,898
Ch Supt - Local Policing from 16/12/19 to 31/03/20		25,225	0	0	25,225	7,707	32,932
Ch Supt - Commander – Contact & Resolution Command		85,943	0	0	85,943	26,258	112,201

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

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 £
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		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	2	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

Note 13 Officers' Remuneration Continued

13.1 Notes

1. Subsistence and allowances figure includes removal expenses.

2. 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.

13.2 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 2018/19 and 2019/20. They relate to staff employed by the Chief Constable. 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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £'000	2019/20 £'000
£0 – £20,000	1	1	5	2	6	3	31	30
£20,001 - £40,000	0	2	0	0	0	2	0	46
£40,001 - £60,000	0	1	1	0	1	1	57	42
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	1	0	0	0	1	0	84
£100,001- £150,000	0	0	0	0	0	0	0	0
Total included in bandings and in CIES	1	5	6	2	7	7	88	202
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							(1)	(21)
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement*							53	144
Exit Costs charged to the Comprehensive Income and Expenditure Statement							140	325
All of the exit packages in 2019/20 relate to the Force.								

*Within the costs recharged from Dorset Police is a contribution towards the redundancy payment for the joint Director of HR.

13.3 Remuneration Bands

The 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.

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

13.4 Remuneration Bands continued

2018/19		2019/20
Number of employees	Remuneration Band	Number of employees
312	£50,000 - £54,999	279
127	£55,000 - £59,999	184
45	£60,000 - £64,999	45
12	£65,000 - £69,999	13
9	£70,000 - £74,999	9
9	£75,000 - £79,999	6
3	£80,000 - £84,999	5
3	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£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
520	Total	541

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

The above table does not include staff paid below £50,000 who make up approximately 91% of the workforce.

Note 14 Related Party Transactions, Partnerships and Collaborations

14.1 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties, including central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

14.1.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. The Director of Finance represents the Chief Constable as a trustee of the South West Police Heritage Trust (SWPHT). No remuneration is received by the Director and SWPHT is not recognised in the accounts beyond force contributions to support its activities. The Director is also a member of the South West Audit Partnership (SWAP) that supplies Internal Audit services to the Force. In order to receive the services, Forces have to nominate a member. No remuneration is received by the Director of Finance and Resources and SWAP is not recognised in the Chief Constable's accounts beyond payments for their audit services.

14.2 Partnerships

14.2.1 Partnerships

There is one partnership in which the Chief Constable participates, the Safety Camera Partnership. The Chief Constable carries out activities relevant to its own functions jointly with others. A formal partnership agreement is in place. The Chief Constable and the Group accounts only for their share of the jointly controlled assets, liabilities and expenses that the Chief Constable incurs in relation to the partnership activity, as shown in the table below.

Chief Constable for Devon and Cornwall

Note 14 Related Party **Transactions, Partnerships** and Collaborations Continued

2018/19		Partnerships	2019/20	
Expenditure	Income		Expenditure	Income
£'000	£'000		£'000	£'000
1,614	(1,482)	Safety Camera Partnership	1,941	(1,941)

The table above shows expenditure that has passed through the Chief Constables accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2020.

14.3 Collaborations

14.3.1 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 below shows the regional activities.

2018/19		Notes	Joint Operation	2019/20	
Expenditure				Expenditure	
£'000				£'000	
1,067	1	South West Regional Special Branch		1,154	
5,595	2	South West Regional Forensics Services		5,773	
464	3	South West Procurement Services		476	
3,096	4	Regional Organised Crime Unit (ROCU)		3,146	
343	5	Regional Programme		414	
10,565				10,963	

14.3.1 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 £1,154k. The total cost of £3,993k 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%.

14.3.2 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 £5,773k. Most of the £18,171k 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%.

14.3.3 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 £476k. The total cost of £1,028k 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%.

Chief Constable for Devon and Cornwall

Note 14 Related Party **Transactions, Partnerships** and Collaborations Continued

14.3.4 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 £3,146k. The total cost of £9,447k 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%.

14.3.5 Regional Programme

The Regional Programme is a partnership with Dorset 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 £414k. Most of the £1,319k total cost 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%.

Note 15 Contingent Liabilities

There are no contingent liabilities as at 31 March 2020.

Note 16 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. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets owned by the Chief Constable.

2018/19		2019/20
£'000		£'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
115	Equipment and ICT	1,877
115		1,877
	Less Sources of Finance:	
(115)	Advance from Police and Crime Commissioner	(1,877)
(115)		(1,877)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Note 17 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments. This needs to be disclosed at the time that the employees earn their future entitlement. The Chief Constable 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 Chief Constable, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. A case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, a Written Ministerial Statement on 25 March 2020 made clear that non-claimants who are in the same position as claimants will also be entitled to remedy. It is anticipated the Treasury will consult on proposals to implement remedy in the coming months to be followed by primary legislation and scheme regulation. As the outcome for the remedy, and where the burden for that remedy lies, has not yet been made it may give rise to a possible obligation on the Chief Constable.

For giving full transitional protection to members would lead to an increase in the Police Pension Scheme liabilities. Last year, scheme actuaries estimated the potential increase in scheme liabilities to be £97.281m. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, scheme actuaries have reviewed these assumptions at a force level. The changes in assumptions are reported in the Comprehensive Income and Expenditure Statement (CIES).

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

With regard to the LGPS a similar adjustment was made in the 2018/19 accounts to reflect an increase in the present value of the defined benefit obligation. This increase was shown as a past service cost and amounted to £5.609m. In 2019/20, scheme actuaries have reviewed these assumptions at a force level. The changes in assumptions are reported in the (CIES).

17.1 Police Officer Schemes

17.1.1 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 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 into 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 Chief Constable 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.

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

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

Reconciliation of present value of the scheme liabilities:

2018/19 £'000		2019/20 £'000
(3,080,411)	Opening balance at 1 April	(3,289,250)
(62,706)	Current service cost	(72,495)
(77,662)	Interest cost	(77,958)
(14,758)	Contributions from scheme participants	(15,204)
	Remeasurement gains/(losses):	
84,067	• Actuarial gains/(losses) arising from changes in demographic assumptions	(6,678)
(135,784)	• Actuarial gains/(losses) arising from changes in financial assumptions	244,627
93,927	Benefits paid	96,199
(97,281)	Past service costs, including curtailments	0
1,358	Injury pension payments	1,516
(3,289,250)	Closing balance at 31 March	(3,119,243)

17.1.3 Transactions relating to Retirement Benefits

The Chief Constable 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. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner Group. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long term responsibility to provide funds to enable the Chief Constable to administer police pensions.

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

2018/19 £'000	Comprehensive Income and Expenditure Account	2019/20 £'000
	Cost of Services	
62,706	Current service cost	72,495
97,281	Past service cost	0
	Financing and Investment Income and Expenditure	
77,662	Net interest expense	77,958
237,649	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	150,453
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(84,067)	• Actuarial gains/(losses) arising on changes in demographic assumptions	6,678
135,784	• Actuarial gains/(losses) arising on changes in financial assumptions	(244,627)
289,366	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	(87,496)
	Movement In Reserves Statement	
(237,649)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(150,453)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
28,201	Employers' contributions payable to scheme	36,931
52,327	Home Office Top Up Grant	45,579

The past service cost of £97.281m in 2018/19 relates to the McCloud/Sargeant ruling. Changes in the valuation of this cost has been reflected in the actuarial gains/(losses) arising from changes in financial assumptions line.

17.1.4 Impact on the Chief Constable's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £3.11bn has a substantial impact on the net worth as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position 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

The total contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2021 is £37m.

17.1.5 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 for accounting purposes by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2017.

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2016 which set the contributions for the period from 1 April 2019 to 31 March 2023. The next combined actuarial valuation will be carried out as at 31 March 2020.

The significant assumptions used by the actuary have been:

2018/19	Mortality Assumptions:	2019/20
	Longevity at 65 for current pensioners:	
21.3	Men	21.6
23.7	Women	23.7
	Longevity at 65 for future pensioners:	
23.0	Men	23.3
25.5	Women	25.5
	Financial Assumptions:	
2.40%	Rate of Inflation	1.95%
3.90%	Rate of increase in salaries	3.45%
2.40%	Rate of increase in pensions	1.95%
2.40%	Rate for discounting scheme liabilities	2.35%

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. 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)	125,329	(120,254)
Rate of increase in salaries (increase or decrease by 0.1%)	7,499	(7,447)
Rate of increase in pensions (increase or decrease by 0.1%)	52,081	(51,026)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(58,191)	59,403

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

17.2 Police Staff Scheme

17.2.1 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 Chief Constable 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.

17.2.2 Transactions Relating to Retirement Benefits

The Chief Constable 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.

2018/19 £'000	Comprehensive Income and Expenditure Account	2019/20 £'000
	Cost of Services	
	Service cost comprising:	
19,277	• Current service cost	19,737
5,716	• Past service cost	107
193	• Administration Expenses	228
	Financing and Investment Income and Expenditure	
5,749	Net interest expense	5,615
30,935	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	25,687
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(10,006)	• Return on plan assets (excluding the amount included in the net interest expense)	33,669
(31,926)	• Actuarial gains/(losses) arising on changes in demographic assumptions	(10,204)
29,498	• Actuarial gains/(losses) arising on changes in financial assumptions	(68,529)
631	Apportionment Adjustment	(319)
0	Other actuarial gains/(losses)	138
0	Experience gains/(losses) on defined benefit obligation	(3,720)
19,132	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(23,278)

Included within the 2018/19 past service cost is £5.689m which relates to the McCloud/Sargeant ruling. Changes in the valuation of this cost has been reflected in the actuarial gains/(losses) arising from changes in financial assumptions line.

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

2018/19		2019/20
£'000	Movement in Reserves Statement	£'000
(30,935)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(25,687)
	Funded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
9,383	Employers' contributions payable to scheme	9,506
	Unfunded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
160	Retirement benefits payable to pensioners	149

17.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2019		31 March 2020
£'000		£'000
(555,427)	Present value of the defined benefit obligation	(499,155)
316,396	Fair value of plan assets	293,055
(239,031)	Net liability arising from defined benefit obligation	(206,100)

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

31 March 2019		31 March 2020
£'000		£'000
(524,976)	Opening balance at 1 April	(555,427)
(19,277)	Current service cost	(19,737)
(13,340)	Interest cost	(13,239)
(3,429)	Contributions from scheme participants	(3,457)
	Remeasurement gains/(losses):	
31,926	• Actuarial gains/(losses) arising from changes in demographic assumptions	10,204
(29,498)	• Actuarial gains/(losses) arising from changes in financial assumptions	68,529
0	• Experience gains/(losses) on defined benefit obligation	3,720
(1,443)	Apportionment Adjustment	741
(5,717)	Past service cost including gains/(losses) on curtailments	(107)
10,325	Benefits paid	9,618
(555,427)	Closing balance at 31 March	(499,155)

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

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

31 March 2019		31 March 2020
£'000		£'000
295,533	Opening fair value of scheme assets	316,396
7,590	Interest income	7,624
	Remeasurement gains/(losses):	
10,006	• The return on plan assets, excluding the amount included in the net interest expense	(33,669)
812	Apportionment Adjustment	(422)
(192)	Administration expenses	(228)
9,543	Contributions from employer	9,654
3,429	Contributions from employees into the scheme	3,457
(10,325)	Benefits paid	(9,618)
0	Other actuarial gains/(losses)	(139)
316,396	Closing fair value of scheme assets	293,055

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2021 is estimated to be £9.090m. Expected payments for discretionary benefits for the accounting period to 31 March 2021 are estimated to be £0.212m.

17.2.6 Local Government Pension Scheme assets comprise

31 March 2019		31 March 2020
£'000	Fair Value of Scheme assets	£'000
	Cash and cash equivalents	
52,007	UK Equities	38,996
135,028	Overseas Equities	126,031
10,207	Gilts	12,501
6,077	Other Bonds	15,354
28,345	Property	27,607
11,900	Infrastructure	12,627
45,221	Target Return Portfolio	38,480
5,383	Cash	3,412
5,289	Private Equity	0
16,939	Alternative Assets	18,047
316,396	Total	293,055

Chief Constable for Devon and Cornwall

Note 17 Defined Benefit Pension Schemes Continued

17.2.7 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 2019.

The significant assumptions used by the actuary have been:

2018/19		2019/20
	Long-term expected rate of return on assets in the scheme:	
2.40%	Equity investments	2.35%
2.40%	Bonds	2.35%
2.40%	Other	2.35%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.4	Men	22.9
24.4	Women	24.1
	Longevity at 65 for future pensioners:	
24.1	Men	24.3
26.2	Women	25.5
	Financial Assumptions:	
2.40%	Rate of inflation	1.85%
3.90%	Rate of increase in salaries	2.85%
2.40%	Rate of increase in pensions	1.85%
2.40%	Rate for discounting scheme liabilities	2.35%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

17.2.8 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)	18,022	(17,349)
Rate of increase in salaries (increase or decrease by 0.1%)	1,321	(1,309)
Rate of increase in pensions (increase or decrease by 0.1%)	10,399	(10,155)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(11,396)	11,673

17.2.9 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;

Note 17 Defined Benefit Pension Schemes Continued

- It is assumed that members opted-in to the 50:50 section at the previous valuation date will continue in this section.

17.2.10 Impact on the Chief Constables Cash Flows

The objectives of the scheme, as administered by Peninsula Pensions, 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. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

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 and more detail found at <https://www.peninsulapensions.org.uk>

Pension Fund Accounting Statements



Devon & Cornwall Police

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 2019		31 March 2020
£'000	FUND ACCOUNT	£'000
	Contributions Receivable	
(26,360)	Employers (normal)	(34,658)
(14,758)	Employees (normal)	(15,204)
(482)	Ill Health capital charge	(758)
	Transfers In	
(562)	Individual transfers from other schemes	(661)
	Benefits payable	
76,407	Pensions	79,967
18,082	Commutations & lump sum retirement benefits	16,846
	Payment to and on account of leavers	
0	Individual transfers to other schemes	47
52,327	Net amount paid during the year	45,579
(52,327)	Transfer from Police Fund*	(45,579)
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 as follows:		
40,830	Received in year	38,783
11,497	Debtor	6,796
52,327		45,579

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 Employer paid a contribution equal to 31.0% of police officer pay for 2019/20. 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.

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 2020.

Glossary



Devon & Cornwall Police

Chief Constable 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.)

Chief Constable 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.
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.
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.

Chief Constable for Devon and Cornwall

Glossary Continued

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.
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.

Chief Constable for Devon and Cornwall

Glossary Continued

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.