

# Police and Crime Commissioner for Devon and Cornwall

## Statement of Accounts for the year ended 31 March 2020

Unaudited



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



# Police and Crime Commissioner for Devon and Cornwall

## Officers of the Police and Crime Commissioner

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

|                  |  |
|------------------|--|
| Alison Hernandez | Police and Crime Commissioner                                |
| Frances Hughes   | Chief Executive to the Police and Crime Commissioner         |
| Nicola Allen     | Chief Financial Officer to the Police and Crime Commissioner |

Address: Andy Hocking House  
Alderson Drive  
Middlemoor  
Exeter  
EX2 7RP

Website: [www.devonandcornwall-pcc.gov.uk](http://www.devonandcornwall-pcc.gov.uk)

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

|               |  |
|---------------|--|
| Shaun Sawyer  | Chief Constable                                |
| Sandy Goscomb | Chief Financial Officer to the Chief Constable |

Address: Police Headquarters  
Middlemoor  
Exeter  
EX2 7HQ

Website: [www.devon-cornwall.police.uk](http://www.devon-cornwall.police.uk)

# Police and Crime Commissioner for Devon and Cornwall

## Statement of Accounts 2019/20

### Contents

|  | <b>Page</b> |
|--|-------------|
| <b>Accompanying Reports</b>  |             |
| Chief Financial Officer's Narrative Report   | 6           |
| Independent Auditor's Report   | 17          |
| Statement of Responsibilities  | 21          |
| <br>   |             |
| <b>Financial Statements</b>  |             |
| Group Movement in Reserves Statement   | 24          |
| PCC Movement in Reserves Statement   | 25          |
| Group Comprehensive Income and Expenditure Statement   | 26          |
| PCC Comprehensive Income and Expenditure Statement   | 27          |
| Group and PCC Balance Sheet  | 28          |
| Group Cash Flow Statement  | 29          |
| <br>   |             |
| <b>Notes to the Financial Statements</b>   |             |
| Note 1 Accounting Policies   | 32          |
| Note 2 Accounting Standards Issued, Not Adopted  | 42          |
| Note 3 Critical Judgements in Applying Accounting Policies                                     | 43          |
| Note 4 The Police and Crime Commissioner as an Accounting Entity                               | 43          |
| Note 5 Events After the Balance Sheet Date   | 45          |
| Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty | 45          |
| Note 7 Expenditure and Funding Analysis  | 48          |
| Note 8 Expenditure and Income Analysed by Nature   | 51          |
| Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations                | 51          |
| Note 10 Movements in Earmarked Reserves  | 54          |
| Note 11 Property, Plant and Equipment  | 55          |
| Note 12 Intangible Assets  | 60          |
| Note 13 Capital Reserves   | 61          |
| Note 14 Debtors  | 61          |
| Note 15 Cash and Cash Equivalentents   | 61          |

# Police and Crime Commissioner for Devon and Cornwall

## Statement of Accounts 2019/20

### Contents

| <b>Notes to the Financial Statements continued</b>                                 | <b>Page</b> |
|--|-------------|
| Note 16 Assets Held for Sale   | 61          |
| Note 17 Creditors  | 62          |
| Note 18 Financial Instruments  | 62          |
| Note 19 Provisions   | 66          |
| Note 20 Unusable Reserves  | 68          |
| Note 21 Cash Flow Statement - Operating Activities                                 | 71          |
| Note 22 Cash Flow Statement - Investing Activities                                 | 71          |
| Note 23 Cash Flow Statement - Financing Activities                                 | 71          |
| Note 24 External Audit Costs   | 71          |
| Note 25 Officers' Remuneration   | 72          |
| Note 26 Grant Income   | 77          |
| Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations | 77          |
| Note 28 Contingent Liabilities   | 81          |
| Note 29 Capital Expenditure and Financing  | 81          |
| Note 30 Office of the Police and Crime Commissioner Costs                          | 82          |
| Note 31 Operating Leases   | 82          |
| Note 32 Defined Benefit Pension Schemes  | 83          |
| Note 33 Long Term Borrowing  | 91          |
| Note 34 Investment Property  | 91          |
| <b>Police Officers' Pension Fund Statement</b>                                     | <b>94</b>   |
| <b>Glossary</b>  | <b>96</b>   |



# Accompanying Reports



# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer

### 1. INTRODUCTION

- 1.1. Welcome to the Police and Crime Commissioner's Statement of Accounts for 2019/20. The Statement reports the income and expenditure on service provision for the year and the value of the Police and Crime Commissioner's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2. The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the Police and Crime Commissioner Group and for the Police and Crime Commissioner as a single entity. The Chief Constable's single entity accounts are published separately. Further information on the structure of the group is provided within the accounts.
- 1.3. The aim of this narrative report is to provide an easily understandable explanation of the Police and Crime Commissioner Group's financial and non-financial performance in 2019/20 and its position at the end of the financial year.
- 1.4. The accounting policies of the Police and Crime Commissioner mean that the bottom line financial position of the Police and Crime Commissioner Group and the Police and Crime Commissioner as a single entity are the same. For this reason this foreword only covers the financial position as set out in the Group Financial Statements with the exception of the Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner which shows that although the year end bottom line position is the same, the charges that flow through the group and single entity Comprehensive Income and Expenditure Statements are different.

### 2. THE STATEMENT OF ACCOUNTS

- 2.1. A brief explanation of the purpose of each of the four primary statements is provided below:
  - **Movement in Reserves Statement** - for the Group and for the Police and Crime Commissioner as a single entity, shows the changes in the Police and Crime Commissioner's financial resources over the year
  - **Comprehensive Income and Expenditure Statement** - for the Group and for the Police and Crime Commissioner as a single entity, these show the gains and losses that contributed to the changes in resources
  - **Balance Sheet as at 31 March 2020**, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities
  - **Cash Flow Statement**, shows how the movement in resources has been reflected in cash flows
- 2.2. The notes to the accounts include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

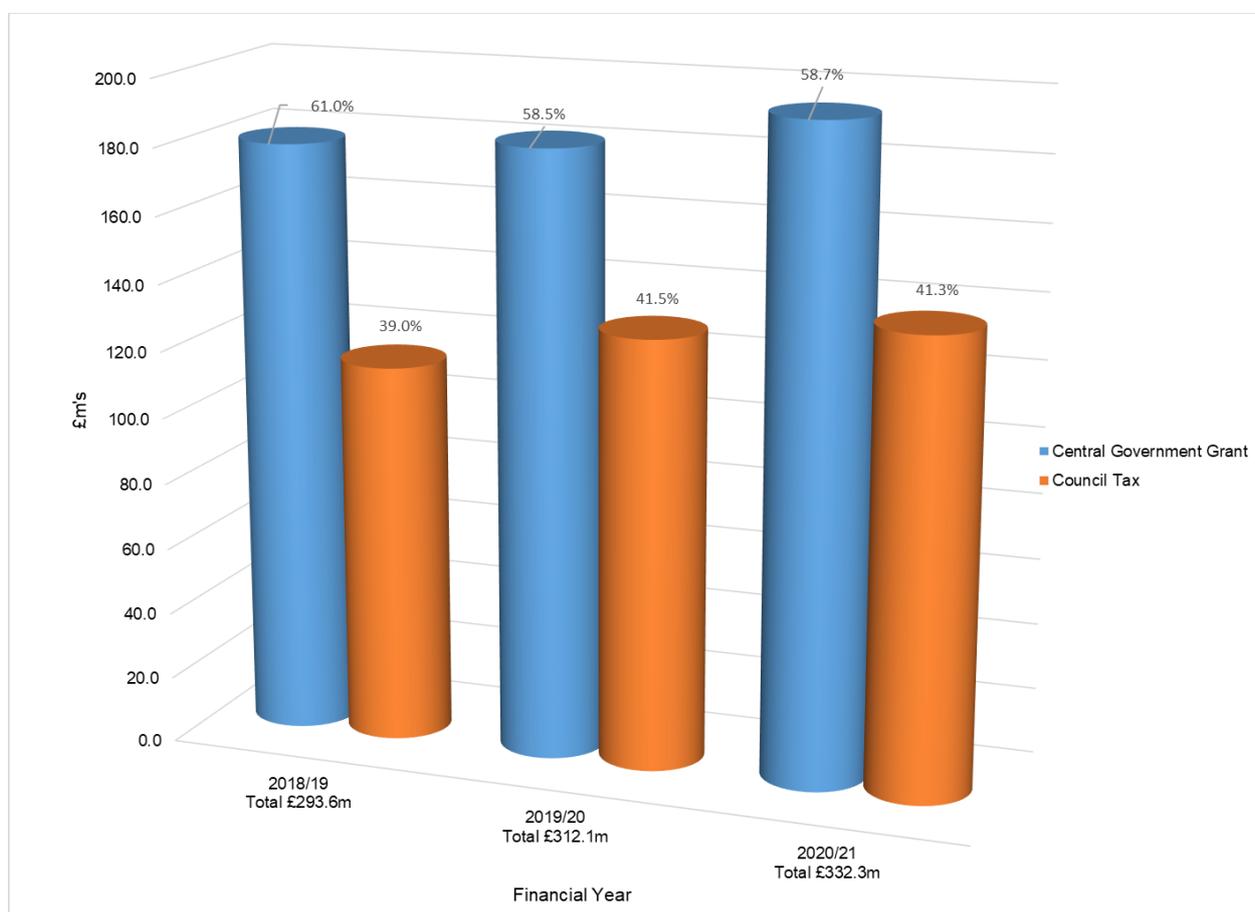
### 3. RESOURCES AVAILABLE IN 2019/20

- 3.1. The budget for 2019/20 was set in the context of a 1.9% increase in central Government funding, the first increase in a number of years, and a similar modest increase was assumed into future years. Although this represented a cash increase in funding, this below inflation increase continued to represent a decrease in central funding in real terms and was coupled with significant additional pressures, such as the increase in the employer cost of the Police Officer pension scheme. No account of any potential future formula funding review was taken in the projections.

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 3.2. As part of the 2019/20 overall central government funding settlement the council tax flexibility provided to Police and Crime Commissioners was set at a maximum of £24 per Band D equivalent property before a referendum was required. The Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by the £24 (12.75%) so that services to the public could not only be maintained but enhanced. Council tax was set at £212.28 for a band D property. The overall impact of increases to the Home Office core grant and special grant, and Council Tax increases relating to the precept, taxbase and surplus was an increase in funding in 2019/20 of £22m more than received in 2018/19.
- 3.3. However, significant additional pressures were predicted in relation to police officer pensions (£7.7m), nationally agreed pay awards (£7.5m), developments outlined in section 3.6.4 below (£3.8m), and general inflation (£2.2m). In order to achieve these pressures savings of £4m were still planned and required.
- 3.4. The graph below shows the revenue budget funding sources in 2019/20 as well as the funding in the previous and following year for comparative purposes. In 2018/19 central government grant was 61.0% of revenue funding, in 2019/20 it fell to 58.5% and in 2020/21 it increased slightly to 58.7% following the provision of additional funding in that year to increase officer numbers nationally.

**Revenue Budget funding 2018/19 – 2020/21**



### 3.5 Setting the Financial Strategy for 2019/20 and beyond

- 3.5.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.
- 3.5.2 The Police and Crime Plan for 2017-2020 set out the strategies for 'Safe, resilient and connected communities' and focussed on the following 5 key objectives:

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

- **Preventing and deterring crime** – so we can stop people becoming victims of crime and help them move on with their lives
- **Protecting people at risk of abuse and those who are vulnerable** – safeguarding the vulnerable and keeping them safe from harm
- **Providing high quality and timely support to victims of crime** - to help them recover and to get justice by improving the criminal justice system
- **Getting the best out of the police** – making best use of our resources, supporting and developing our workforce and working well in partnership with others

3.5.3 A significant consideration in setting the 2019/20 budget was the expectation of continuing real terms reductions in central government funding over the period of the Medium Term Financial Strategy (MTFS), in the form of future grant increases 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, largely delivered by the Chief Constable through existing saving plans and further service area reviews. The Police and Crime Commissioner increased the Council Tax by 12.75% which, together with the programme of efficiencies, enabled the following key areas to be addressed:

- 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.
- 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.

3.5.4 We delivered the national Modern Slavery project for a further year, which continues to deliver results, and has since been extended into 2020/21. The Pathfinder project continued throughout 2019/20 and has now been established as 'business as usual' within the Force.

### Additional Officers

3.5.5 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 and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

### Police Pensions

- 3.5.6 The most significant financial pressure that affected the Force 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 the precept increase was required to meet the shortfall of £0.9m, along with other pressures such as inflation and pay awards, before funding the above developments.
- 3.5.7 The 2019/20 MTFS projected a bleak financial outlook, with the years beyond 2019/20 showing continued pressure, and further savings being required:

|   | 2019/20      | 2020/21      | 2021/22      | 2022/23      |
|---|--------------|--------------|--------------|--------------|
|   | £m           | £m           | £m           | £m           |
| Funding Available                               | 312.1        | 322.0        | 331.8        | 341.9        |
|   |              |              |              |              |
| Budget Requirement before Savings               | 313.7        | 324.9        | 335.8        | 346.1        |
| Savings   | (2.1)        | (3.7)        | (4.5)        | (4.8)        |
| Total Budget Requirement before use of Reserves | 311.6        | 321.2        | 331.3        | 341.3        |
| Transfer to / (from) Reserves                   | 0.5          | 0.8          | 0.5          | 0.6          |
| <b>Total Budget Requirement</b>                 | <b>312.1</b> | <b>322.0</b> | <b>331.8</b> | <b>341.9</b> |

- 3.5.8 The 2020/21 budget settlement, and the Police and Crime Commissioner's decision to increase the precept by 4.41% has subsequently mitigated the forecast to some degree, but the position remains one of financial challenges, uncertainty, and anticipated future year budget pressures.

### **3.6 Actual Expenditure 2019/20**

- 3.6.1 The final position for the Police and Crime Commissioner Group showed expenditure of £311,035k against a budget of £312,102k resulting in an overall underspend of £1,067k, 0.34% of the budget. This underspend was transferred to general reserves.
- 3.6.2 The approved net revenue budget for 2019/20 was £312,102k, of which £306,943k was under the direct control of the Chief Constable and £5,159k was under the direct control of the Police and Crime Commissioner.
- 3.6.3 The Chief Constable underspent against his budget allocation by £1,067k with the Police and Crime Commissioner showing a breakeven position.

| Summary of final outturn | Revised Budget<br>£000's | Outturn<br>£000's | (Under) /<br>Over<br>£000's |
|--------------------------|--------------------------|-------------------|-----------------------------|
| Chief Constable          | 306,943                  | 305,876           | (1,067)                     |
| OPCC                     | 5,159                    | 5,159             | 0                           |
| <b>Grand Total</b>       | <b>312,102</b>           | <b>311,035</b>    | <b>(1,067)</b>              |

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

3.6.4 The outturn presents a net position, which includes a number of compensating over and under spends. The key pressures were:

- The police officer overtime budget which 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 was appropriately managed and properly used as a necessary resourcing tool.
- The number of officers who retired on the grounds of ill health exceeded the original forecast, resulting in an overspend of £293k.
- Additional costs charged against the supplies and services budget which resulted in an overspend of £373k. This included an increase in the costs of the custody healthcare contract, and higher than anticipated legal costs.
- A transport budget overspend of £407k, in particular travel costs and vehicle maintenance.

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

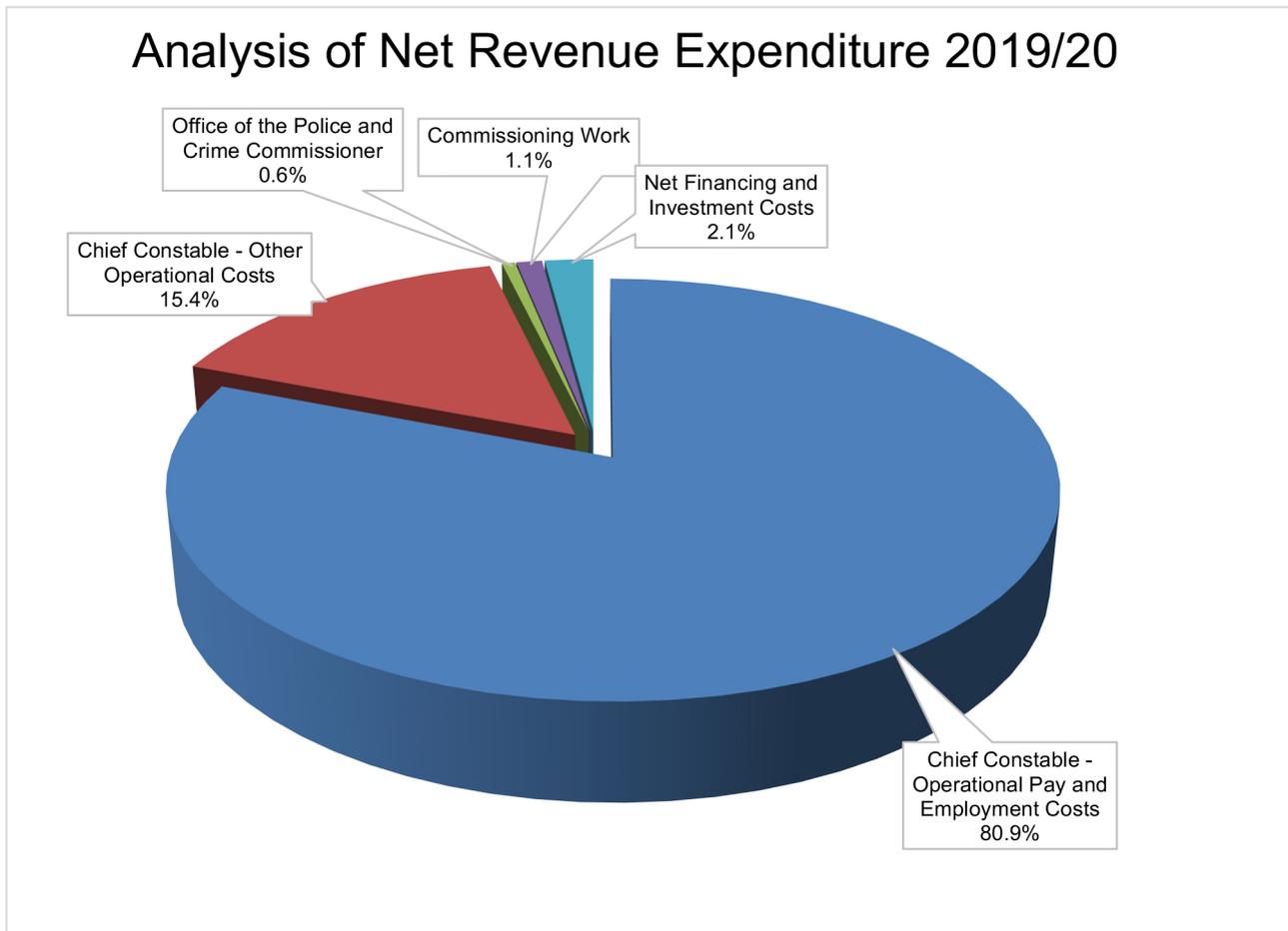
3.6.5 The effect of the coronavirus pandemic on the 2019/20 outturn was marginal and is reflected in the figures within these accounts. The financial effect of the pandemic, including the eventual impact on valuations, is expected to be more significant on the 2020/21 year.

3.6.6 We were able to support carry forward requests of £1,189k. These requests related to the slippage of projects from 2019/20 to 2020/21 and will fund specific expenditure during 2020/21, primarily around investigative capability, training and ICT project costs.

3.6.7 The residual underspend of £1,067k has been transferred to General Balances. The potential to invest this sum in the Local Government Pension Scheme as a contribution to reduce the scheme deficit will be considered, and a decision made in this respect during the first half of 2020/21.

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

3.6.8 The chart below shows a breakdown of actual net revenue expenditure for 2019/20 by category of spend.



### 3.7 Reserves

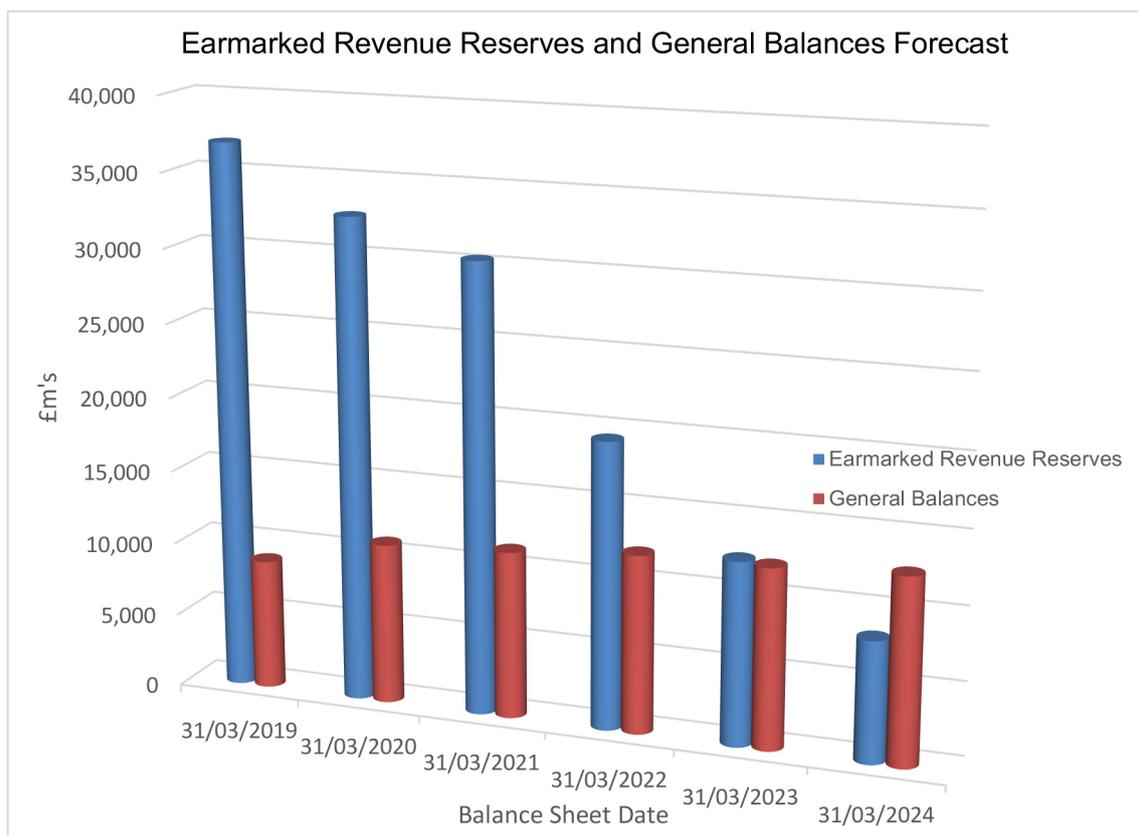
3.7.1 Reserves are held to support both Capital and Revenue spending. A Reserves Strategy is produced annually which looks at the resilience of the reserves of the organisation. The strategy takes a risk based approach to assess the adequacy of the general balances. This strategy is reviewed by the Independent Audit Committee each year with recommendations for improvement referred back to the Police and Crime Commissioner. There has been a Home Office requirement to ensure that reserves held are not excessive and are used to support policing within the area. The following table outlines the details of such reserves over the MTFS period.

# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

|  | Balance<br>31/3/2019<br>£000's | Forecast<br>Balance<br>31/3/2020<br>£000's | Forecast<br>Balance<br>31/3/2021<br>£000's | Forecast<br>Balance<br>31/3/2022<br>£000's | Forecast<br>Balance<br>31/3/2023<br>£000's | Forecast<br>Balance<br>31/3/2024<br>£000's |
|--|--------------------------------|--|--|--|--|--|
| <b>Revenue Reserves</b>                                    |                                |  |  |  |  |  |
| Programme and Projects Reserve                             | 203                            | 0  | 0  | 0  | 0  | 0  |
| Estates Development Reserve                                | 955                            | 794  | 312  | 70   | 70   | 70   |
| Capital Financing Reserve                                  | 23,978                         | 23,119                                     | 21,088                                     | 16,387                                     | 11,012                                     | 6,821                                      |
| ESN Capital Reserve  | 2,520                          | 2,520                                      | 2,520                                      | 0  | 0  | 0  |
| Capital Programme Reserve                                  | 8,013                          | 2,748                                      | 1,748                                      | 186  | 0  | 0  |
| Budget Management Fund                                     | 221                            | 2,114                                      | 420  | 420  | 420  | 420  |
| Police and Crime Plan Reserve                              | 1,027                          | 991  | 826  | 826  | 826  | 826  |
| PEQF Reserve   | 0                              | 265  | 68   | 0  | 0  | 0  |
| Uplift Reserve   | 0                              | 0  | 3,290                                      | 1,410                                      | 0  | 0  |
| <b>Total Revenue Reserves</b>                              | <b>36,917</b>                  | <b>32,551</b>                              | <b>30,272</b>                              | <b>19,299</b>                              | <b>12,328</b>                              | <b>8,137</b>                               |
| <b>Capital Reserves</b>                                    |                                |  |  |  |  |  |
| Capital Grant  | 0                              | 0  | 0  | 0  | 0  | 0  |
| Capital Receipts   | 0                              | 0  | 0  | 0  | 0  | 0  |
| <b>Total Capital Reserves</b>                              | <b>0</b>                       | <b>0</b>                                   | <b>0</b>                                   | <b>0</b>                                   | <b>0</b>                                   | <b>0</b>                                   |
| General Balances   | 8,808                          | 10,893                                     | 11,329                                     | 12,072                                     | 12,201                                     | 12,637                                     |
| <b>Total Reserves and Balances</b>                         | <b>45,725</b>                  | <b>43,444</b>                              | <b>41,601</b>                              | <b>31,371</b>                              | <b>24,529</b>                              | <b>20,774</b>                              |
| <i>NB: General Balances as % of 2019/20 Revenue Budget</i> | 2.82%                          | 3.49%                                      | 3.63%                                      | 3.87%                                      | 3.91%                                      | 4.05%                                      |

3.7.2 In line with the Police and Crime Commissioners Strategy to reduce the level of reserves, which was then supported by the Home Office direction, it has been the chosen strategy of the Treasurer to maximise use of earmarked reserves in this MTF5 period, reducing to a minimum level by the end 31 March 2024.



# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

### 3.8 Capital programme

3.8.1 The table below shows the Police and Crime Commissioners Groups capital expenditure, and funding, during 2019/20. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with a value in excess of £10,000. The most significant capital spend during 2019/20 was incurred on a new Exeter Police Station at Middlemoor where £15m of the £31m scheme was spent.

|                                   | <b>£000's</b> |
|-----------------------------------|---------------|
| <b>Capital Investment</b>         |               |
| Vehicles                          | 1,749         |
| Land and Buildings                | 19,827        |
| Equipment & ICT                   | 6,495         |
| <b>Total</b>                      | <b>28,071</b> |
| <b>Funded by</b>                  |               |
| Grants                            | 1,332         |
| Capital Financing Reserve         | 833           |
| Capital Receipts & Asset Disposal | 0             |
| Revenue Funding                   | 3,658         |
| Reserves                          | 5,265         |
| Borrowing                         | 16,983        |
| <b>Total</b>                      | <b>28,071</b> |

3.8.2 Vehicle expenditure related to the continual acquisition of replacement vehicles, to ensure that the vehicle fleet remains fit for purpose. The vehicle replacement scheme was met in full this year.

3.8.3 As previously mentioned the most significant building spend related to the new Exeter Police Station at Middlemoor, other spending was on the new Liskeard Police Station, and more general refurbishment.

3.8.4 It is important for officers and staff to have access to the most suitable IT and equipment in order to deliver their service. This year has seen increased investment particularly in a replacement records management system, computer equipment replacement, and solutions to allow officers to carry out more tasks away from a police station.

### 3.9 Workforce Resources

3.9.1 Workforce costs made up 80.9% 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<br>(FTE) |   | 31/03/20<br>(FTE) |
|-------------------|---|-------------------|
| 2,982             | Police Officers                             | 3,083             |
| 1,940             | Police Staff (inc PCSOs)                    | 1,967             |
| 27                | Office of the Police and Crime Commissioner | 26                |
| <b>4,949</b>      |   | <b>5,076</b>      |

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

3.9.2 There was growth of 112 officers during the year. Of these officers, 65 were funded by the local precept. The remaining 47 officers were funded by the Government under the new, national, Police Officer Uplift Programme.

### 4 PERFORMANCE INDICATORS

#### 4.1 External Indicators

4.1.1 The principal independent financial indicators available to the Police and Crime Commissioner are as follows:

4.1.2 HMICFRS PEEL Report – Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent report (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**.

4.1.3 Auditors Value for Money Opinion – External auditors provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 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.

4.1.4 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.

#### 4.2 Office of Police and Crime Commissioner Performance Measures

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

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

**Public Confidence – ‘Police do a good/excellent job’ GREEN**

**Repeat Victimisation: GREEN**

**Public Confidence – Overall confidence GREEN**

**Priority Victim Satisfaction GREEN**

**Emergency Call (999) GREEN**

**Attendance time for Immediate calls for service: GREEN**

**Non Priority Calls (101) AMBER**

**Emails (101) GREEN**

**Value for Money – Officer Cost 2017 (ungraded \*)**

**Value for Money – Police Staff Cost 2017 (ungraded \*)**

**Value for Money – OPCC Staff Cost 2017 (ungraded \*)**

\* These measures are not indicators of performance but provide important information regarding the relative funding position and resource levels of our area compared to other areas in England and Wales

4.2.3 As at 7 February which was the date of the last Police and Crime panel meeting one of these indicators was amber, and the remaining were green. Full detail of the review of each indicator can be found in the PCC Performance Report February 2020 at the following link. [Police and Crime Panel – PCC Performance Report 7th February 2020](#)

# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

### 4.3 Operational performance of the force

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



### 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 reflected an overall improved outlook when compared with the 2019/20 forecasts. However, the impact of the coronavirus pandemic is yet to be fully assessed.

5.2 The 2020/21 MTFS includes the resources to:

- Increase officer numbers to 3,241 by 31 March 2021, and is expected to increase further by the end of the following year with additional Government funding.
- Create a violent crime prevention approach, with a year one investment £1m as a joint venture between the Police and Crime Commissioner and the Chief Constable, which will seek to secure further financial and organisational support through partnerships across public health and local government organisations

# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer Continued

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.
- 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 it seems unlikely to be implemented in the 2021/22 financial year 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 Nicola Allen**  
**Chief Financial Officer to the Police and Crime Commissioner**  
**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 single entity accounts of the Chief Constable, and the [Police and Crime Plan](#). These documents can be found at [www.devonandcornwall-pcc.gov.uk/about-us/what-we-spend/](http://www.devonandcornwall-pcc.gov.uk/about-us/what-we-spend/)

**Police and Crime Commissioner for Devon and Cornwall**

**Independent Auditor's Report to the  
Police and Crime Commissioner 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.**







# Police and Crime Commissioner for Devon and Cornwall

## Statement of Responsibilities

### The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

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

### Approval of the Accounts

I approve the Statement of Accounts.

**Alison Hernandez**  
**Police and Crime Commissioner**

### The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Police and Crime Commissioner's Annual Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom 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 Police and Crime Commissioner for Devon and Cornwall at the accounting date and of the income and expenditure for the year ended 31 March 2020.

**Signed by Nicola Allen**  
**Chief Financial Officer to the Police and Crime Commissioner**  
**29 May 2020**



# Financial Statements



# Police and Crime Commissioner for Devon and Cornwall

## Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2018/19 and 2019/20 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

| Current Year   | Notes        | General Fund Balance        | Earmarked Reserves        | Capital Receipts Reserve        | Capital Grants Unapplied Account        | Total Usable Reserves        | Unusable Reserves        | Total Reserves        |
|--|--------------|-----------------------------|---------------------------|---------------------------------|---|------------------------------|--------------------------|-----------------------|
|  |              | £'000                       | £'000                     | £'000                           | £'000                                   | £'000                        | £'000                    | £'000                 |
| <b>Balance at 31 March 2019</b>  |              | 8,808                       | 36,917                    | 0                               | 252                                     | <b>45,977</b>                | (3,400,726)              | <b>(3,354,749)</b>    |
| <b>Movement in Reserves</b>  |              |                             |                           |                                 |   |                              |                          |                       |
| Total Comprehensive Income and Expenditure                               |              | (87,608)                    | 0                         | 0                               | 0                                       | <b>(87,608)</b>              | 292,270                  | <b>204,662</b>        |
| Adjustments between accounting basis and funding basis under regulations | 9            | 85,281                      | 0                         | 0                               | 272                                     | <b>85,553</b>                | (85,553)                 | <b>0</b>              |
| Transfers (to)/from Earmarked Reserves                                   | 10           | 4,366                       | (4,366)                   | 0                               | 0                                       | <b>0</b>                     | 0                        | <b>0</b>              |
| <b>Increase/(Decrease)</b>   |              | <b>2,039</b>                | <b>(4,366)</b>            | <b>0</b>                        | <b>272</b>                              | <b>(2,055)</b>               | <b>206,717</b>           | <b>204,662</b>        |
| <b>Balance at 31 March 2020</b>  |              | <b>10,847</b>               | <b>32,551</b>             | <b>0</b>                        | <b>524</b>                              | <b>43,922</b>                | <b>(3,194,009)</b>       | <b>(3,150,087)</b>    |
| <b>Comparative Year</b>  | <b>Notes</b> | <b>General Fund Balance</b> | <b>Earmarked Reserves</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grants Unapplied Account</b> | <b>Total Usable Reserves</b> | <b>Unusable Reserves</b> | <b>Total Reserves</b> |
|  |              | £'000                       | £'000                     | £'000                           | £'000                                   | £'000                        | £'000                    | £'000                 |
| <b>Balance at 31 March 2018</b>  |              | 11,653                      | 38,372                    | 2,980                           | 778                                     | <b>53,783</b>                | (3,193,272)              | <b>(3,139,489)</b>    |
| <b>Movement in Reserves</b>  |              |                             |                           |                                 |   |                              |                          |                       |
| Total Comprehensive Income and Expenditure                               |              | (187,499)                   | 0                         | 0                               | 0                                       | <b>(187,499)</b>             | (27,761)                 | <b>(215,260)</b>      |
| Adjustments between accounting basis and funding basis under regulations | 9            | 183,199                     | 0                         | (2,980)                         | (526)                                   | <b>179,693</b>               | (179,693)                | <b>0</b>              |
| Transfers (to)/from Earmarked Reserves                                   | 10           | 1,455                       | (1,455)                   | 0                               | 0                                       | <b>0</b>                     | 0                        | <b>0</b>              |
| <b>Increase/(Decrease)</b>   |              | <b>(2,845)</b>              | <b>(1,455)</b>            | <b>(2,980)</b>                  | <b>(526)</b>                            | <b>(7,806)</b>               | <b>(207,454)</b>         | <b>(215,260)</b>      |
| <b>Balance at 31 March 2019</b>  |              | <b>8,808</b>                | <b>36,917</b>             | <b>0</b>                        | <b>252</b>                              | <b>45,977</b>                | <b>(3,400,726)</b>       | <b>(3,354,749)</b>    |

# Police and Crime Commissioner for Devon and Cornwall

## PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2018/19 and 2019/20 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease shows the statutory General Fund Balance movements in the year following those adjustments.

| <b>Current Year</b>  | <b>Notes</b> | <b>General Fund Balance</b> | <b>Earmarked Reserves</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grants Unapplied Account</b> | <b>Total Usable Reserves</b> | <b>Unusable Reserves</b> | <b>Total Reserves</b> |
|--|--------------|-----------------------------|---------------------------|---------------------------------|---|------------------------------|--------------------------|-----------------------|
|  |              | £'000                       | £'000                     | £'000                           | £'000                                   | £'000                        | £'000                    | £'000                 |
| <b>Balance at 31 March 2019</b>  |              | 8,808                       | 36,917                    | 0                               | 252                                     | <b>45,977</b>                | (3,400,726)              | <b>(3,354,749)</b>    |
| <b>Movement in Reserves</b>  |              |                             |                           |                                 |   |                              |                          |                       |
| Total Comprehensive Income and Expenditure                               |              | 199,306                     | 0                         | 0                               | 0                                       | <b>199,306</b>               | 5,356                    | <b>204,662</b>        |
| Adjustments between accounting basis and funding basis under regulations | 9            | (201,633)                   | 0                         | 0                               | 272                                     | <b>(201,361)</b>             | 201,361                  | <b>0</b>              |
| Transfers (to)/from Earmarked Reserves                                   | 10           | 4,366                       | (4,366)                   | 0                               | 0                                       | <b>0</b>                     | 0                        | <b>0</b>              |
| <b>Increase/(Decrease)</b>   |              | <b>2,039</b>                | <b>(4,366)</b>            | <b>0</b>                        | <b>272</b>                              | <b>(2,055)</b>               | <b>206,717</b>           | <b>204,662</b>        |
| <b>Balance at 31 March 2020</b>  |              | <b>10,847</b>               | <b>32,551</b>             | <b>0</b>                        | <b>524</b>                              | <b>43,922</b>                | <b>(3,194,009)</b>       | <b>(3,150,087)</b>    |
| <b>Comparative Year</b>  |              |                             |                           |                                 |   |                              |                          |                       |
| <b>Comparative Year</b>  | <b>Notes</b> | <b>General Fund Balance</b> | <b>Earmarked Reserves</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grants Unapplied Account</b> | <b>Total Usable Reserves</b> | <b>Unusable Reserves</b> | <b>Total Reserves</b> |
|  |              | £'000                       | £'000                     | £'000                           | £'000                                   | £'000                        | £'000                    | £'000                 |
| <b>Balance at 31 March 2018</b>  |              | 11,653                      | 38,372                    | 2,980                           | 778                                     | <b>53,783</b>                | (3,193,272)              | <b>(3,139,489)</b>    |
| <b>Movement in Reserves</b>  |              |                             |                           |                                 |   |                              |                          |                       |
| Total Comprehensive Income and Expenditure                               |              | (227,411)                   | 0                         | 0                               | 0                                       | <b>(227,411)</b>             | 12,151                   | <b>(215,260)</b>      |
| Adjustments between accounting basis and funding basis under regulations | 9            | 223,111                     | 0                         | (2,980)                         | (526)                                   | <b>219,605</b>               | (219,605)                | <b>0</b>              |
| Transfers (to)/from Earmarked Reserves                                   | 10           | 1,455                       | (1,455)                   | 0                               | 0                                       | <b>0</b>                     | 0                        | <b>0</b>              |
| <b>Increase/(Decrease)</b>   |              | <b>(2,845)</b>              | <b>(1,455)</b>            | <b>(2,980)</b>                  | <b>(526)</b>                            | <b>(7,806)</b>               | <b>(207,454)</b>         | <b>(215,260)</b>      |
| <b>Balance at 31 March 2019</b>  |              | <b>8,808</b>                | <b>36,917</b>             | <b>0</b>                        | <b>252</b>                              | <b>45,977</b>                | <b>(3,400,726)</b>       | <b>(3,354,749)</b>    |

# Police and Crime Commissioner for Devon and Cornwall

## Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2018/19 and 2019/20 of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (Precepts) to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

| 2018/19                    |                       |                          |  | 2019/20                    |                       |                          |       |
|----------------------------|-----------------------|--------------------------|--|----------------------------|-----------------------|--------------------------|-------|
| Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |  | Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 | Notes |
| 468,228                    | (21,012)              | 447,216                  | Chief Constable  | 380,001                    | (24,451)              | 355,550                  |       |
| 1,628                      | (2)                   | 1,626                    | Office of the Police and Crime Commissioner                  | 1,750                      | (10)                  | 1,740                    | 30    |
| 5,585                      | (2,342)               | 3,243                    | Commissioning  | 6,122                      | (2,720)               | 3,402                    | 27    |
| <b>475,441</b>             | <b>(23,356)</b>       | <b>452,085</b>           | <b>Net Cost of Services*</b>                                 | <b>387,873</b>             | <b>(27,181)</b>       | <b>360,692</b>           |       |
|                            |                       |                          | <b>Other Operating Income and Expenditure</b>                |                            |                       |                          |       |
| 138                        | 0                     | 138                      | Net (Surplus)/Deficit from the Sale of Non-Current Assets    | 160                        | 0                     | 160                      |       |
| 991                        | (1,698)               | (707)                    | (Gain)/Loss on Revaluation of Non-Current Assets             | 1,581                      | (669)                 | 912                      |       |
| 0                          | (52,327)              | (52,327)                 | Pensions Top Up Grant  | 0                          | (45,579)              | (45,579)                 |       |
|                            |                       |                          | <b>Financing and Investment Income and Expenditure</b>       |                            |                       |                          |       |
| 1,273                      | 0                     | 1,273                    | Interest Payable   | 1,278                      | 0                     | 1,278                    |       |
| 0                          | (435)                 | (435)                    | Interest and Investment Income                               | 0                          | (248)                 | (248)                    |       |
| 15                         | (40)                  | (25)                     | (Gain)/Loss on the Revaluation of Investment Property        | 0                          | 0                     | 0                        |       |
| 16                         | (162)                 | (146)                    | (Gain)/Loss on Financial Instruments                         | 204                        | (34)                  | 170                      |       |
| 91,189                     | (7,697)               | 83,492                   | Pensions Interest Cost and Expected Return on Pension Assets | 91,401                     | (7,742)               | 83,659                   |       |
|                            |                       |                          | <b>Taxation and Non-Specific Grant Income</b>                |                            |                       |                          |       |
| 0                          | (163,529)             | (163,529)                | Police Grant   | 0                          | (166,963)             | (166,963)                | 26    |
| 0                          | (15,461)              | (15,461)                 | Council Tax Support Grants                                   | 0                          | (15,461)              | (15,461)                 | 26    |
| 0                          | (113,579)             | (113,579)                | Council Tax Precept  | 0                          | (129,244)             | (129,244)                |       |
| 0                          | (3,280)               | (3,280)                  | Capital Grants and Contributions                             | 0                          | (1,768)               | (1,768)                  | 26    |
| <b>569,063</b>             | <b>(381,564)</b>      | <b>187,499</b>           | <b>(Surplus)/Deficit on Provision of Services</b>            | <b>482,497</b>             | <b>(394,889)</b>      | <b>87,608</b>            |       |
|                            |                       | (11,347)                 | (Surplus)/Deficit on Revaluation of Non-Current Assets       |                            |                       | (4,926)                  | 11    |
|                            |                       | 39,108                   | Remeasurement of the Net Defined Benefit Liability/(Asset)   |                            |                       | (287,344)                | 32    |
|                            |                       | <b>27,761</b>            | <b>Other Comprehensive Income and Expenditure</b>            |                            |                       | <b>(292,270)</b>         |       |
|                            |                       | <b>215,260</b>           | <b>Total Comprehensive Income and Expenditure</b>            |                            |                       | <b>(204,662)</b>         |       |

\*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).

# Police and Crime Commissioner for Devon and Cornwall

## PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2018/19 and 2019/20 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (Precepts) to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

| 2018/19           |                  |                 |  | 2019/20           |                  |                  |       |
|-------------------|------------------|-----------------|--|-------------------|------------------|------------------|-------|
| Gross Expenditure | Gross Income     | Net Expenditure |  | Gross Expenditure | Gross Income     | Net Expenditure  | Notes |
| £'000             | £'000            | £'000           |  | £'000             | £'000            | £'000            |       |
| 468,228           | (73,339)         | 394,889         | Chief Constable - Intra-group transaction                                  | 380,001           | (70,030)         | 309,971          | 4     |
| 1,628             | (2)              | 1,626           | Office of the Police and Crime Commissioner                                | 1,750             | (10)             | 1,740            | 30    |
| 5,585             | (2,342)          | 3,243           | Commissioning  | 6,122             | (2,720)          | 3,402            | 27    |
| <b>475,441</b>    | <b>(75,683)</b>  | <b>399,758</b>  | <b>Net Cost of Services*</b>   | <b>387,873</b>    | <b>(72,760)</b>  | <b>315,113</b>   |       |
|                   |                  |                 | <b>Other Operating Income and Expenditure</b>                              |                   |                  |                  |       |
| 138               | 0                | 138             | Net (Surplus)/Deficit from the Sale of Non-Current Assets                  | 160               | 0                | 160              |       |
| 991               | (1,698)          | (707)           | (Gain)/Loss on Revaluation of Non-Current Assets                           | 1,581             | (669)            | 912              |       |
|                   |                  |                 | <b>Financing and Investment Income and Expenditure</b>                     |                   |                  |                  |       |
| 1,460             | (107)            | 1,353           | Interest Payable   | 1,482             | (117)            | 1,365            |       |
| 0                 | (435)            | (435)           | Interest and Investment Income   | 0                 | (248)            | (248)            |       |
| 15                | (40)             | (25)            | (Gain)/Loss on the Revaluation of Investment Property                      | 0                 | 0                | 0                |       |
| 16                | (162)            | (146)           | (Gain)/Loss on Financial Instruments                                       | 204               | (34)             | 170              |       |
| 91,002            | (7,590)          | 83,412          | Pensions interest cost - Intra-Group Transaction                           | 91,197            | (7,625)          | 83,572           | 4     |
|                   |                  |                 | <b>Taxation and Non-Specific Grant Income</b>                              |                   |                  |                  |       |
| 0                 | (163,529)        | (163,529)       | Police Grant   | 0                 | (166,963)        | (166,963)        | 26    |
| 0                 | (15,461)         | (15,461)        | Council Tax Support Grants   | 0                 | (15,461)         | (15,461)         | 26    |
| 0                 | (113,579)        | (113,579)       | Council Tax Precept  | 0                 | (129,244)        | (129,244)        |       |
| 0                 | (3,280)          | (3,280)         | Capital Grants and Contributions   | 0                 | (1,768)          | (1,768)          | 26    |
| 39,912            | 0                | 39,912          | <b>Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction</b> | (286,914)         | 0                | (286,914)        | 4     |
| <b>608,975</b>    | <b>(381,564)</b> | <b>227,411</b>  | <b>(Surplus)/Deficit on Provision of Services</b>                          | <b>195,583</b>    | <b>(394,889)</b> | <b>(199,306)</b> |       |
|                   |                  | (11,347)        | (Surplus)/Deficit on Revaluation of Non-Current Assets                     |                   |                  | (4,926)          | 11    |
|                   |                  | (804)           | Remeasurement of the Net Defined Benefit Liability (Asset)                 |                   |                  | (430)            | 32    |
|                   |                  | <b>(12,151)</b> | <b>Other Comprehensive Income and Expenditure</b>                          |                   |                  | <b>(5,356)</b>   |       |
|                   |                  | <b>215,260</b>  | <b>Total Comprehensive Income and Expenditure</b>                          |                   |                  | <b>(204,662)</b> |       |

\*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).

# Police and Crime Commissioner for Devon and Cornwall

## Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2019 and 31 March 2020 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets and liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

| As at<br>PCC<br>£'000 | 31 March 2019<br>PCC Group<br>£'000 |  | As at<br>PCC<br>£'000 | 31 March 2020<br>PCC Group<br>£'000 | Notes |
|-----------------------|-------------------------------------|--|-----------------------|-------------------------------------|-------|
|                       |                                     | <b>Long Term Assets</b>                                |                       |                                     |       |
| 157,365               | 157,365                             | Land & Buildings                                       | 177,685               | 177,685                             | 11    |
| 930                   | 930                                 | Intangible Assets                                      | 2,961                 | 2,961                               | 12    |
| 7,926                 | 7,926                               | Surplus Assets   | 4,000                 | 4,000                               | 11    |
| 17,582                | 20,772                              | Vehicle, Plant & Equipment                             | 17,477                | 21,544                              | 11    |
| 385                   | 385                                 | Investment Property                                    | 385                   | 385                                 | 34    |
| 1,033                 | 1,033                               | Long Term Debtor                                       | 762                   | 762                                 |       |
| 3,190                 | 0                                   | Long Term Debtor - Intra-Group Debtor                  | 4,067                 | 0                                   |       |
| <b>188,411</b>        | <b>188,411</b>                      | <b>Total Long Term Assets</b>                          | <b>207,337</b>        | <b>207,337</b>                      |       |
|                       |                                     | <b>Current Assets</b>                                  |                       |                                     |       |
| 10,203                | 10,203                              | Short Term Investments                                 | 12,063                | 12,063                              | 18    |
| 0                     | 0                                   | Assets Held for Sale                                   | 0                     | 0                                   | 16    |
| 880                   | 880                                 | Inventories  | 724                   | 724                                 |       |
| 31,723                | 31,723                              | Short Term Debtors                                     | 28,777                | 28,777                              | 14    |
| 13,943                | 13,943                              | Cash and Cash Equivalents                              | 3,168                 | 3,168                               | 15    |
| <b>56,749</b>         | <b>56,749</b>                       | <b>Total Current Assets</b>                            | <b>44,732</b>         | <b>44,732</b>                       |       |
|                       |                                     | <b>Current Liabilities</b>                             |                       |                                     |       |
| 0                     | 0                                   | Short Term Borrowing                                   | (6,000)               | (6,000)                             |       |
| (25,054)              | (34,636)                            | Short Term Creditors                                   | (25,246)              | (34,665)                            | 17    |
| (510)                 | (1,341)                             | Provisions   | (257)                 | (1,021)                             | 19    |
| (9,582)               | 0                                   | Short Term Accumulated Absences - Intra-Group Creditor | (9,419)               | 0                                   |       |
| (831)                 | 0                                   | Short Term Provisions - Intra-Group Creditor           | (764)                 | 0                                   |       |
| <b>(35,977)</b>       | <b>(35,977)</b>                     | <b>Total Current Liabilities</b>                       | <b>(41,686)</b>       | <b>(41,686)</b>                     |       |
|                       |                                     | <b>Long Term Liabilities</b>                           |                       |                                     |       |
| (776)                 | (776)                               | Provisions   | (806)                 | (806)                               | 19    |
| (30,277)              | (30,277)                            | Borrowing  | (30,277)              | (30,277)                            | 33    |
| (207)                 | (207)                               | Finance Lease  | (108)                 | (108)                               |       |
| (1,033)               | (1,033)                             | Deferred Capital Receipts                              | (762)                 | (762)                               |       |
| (3,358)               | (242,389)                           | Pensions Liability - Staff                             | (3,174)               | (209,274)                           | 32    |
| 0                     | (3,289,250)                         | Pensions Liability - Officers                          | 0                     | (3,119,243)                         | 32    |
| (3,528,281)           | 0                                   | Pension Liabilities - Intra-Group Creditor             | (3,325,343)           | 0                                   |       |
| <b>(3,563,932)</b>    | <b>(3,563,932)</b>                  | <b>Total Long Term Liabilities</b>                     | <b>(3,360,470)</b>    | <b>(3,360,470)</b>                  |       |
| <b>(3,354,749)</b>    | <b>(3,354,749)</b>                  | <b>Net Liabilities</b>                                 | <b>(3,150,087)</b>    | <b>(3,150,087)</b>                  |       |
|                       |                                     | <b>Represented by</b>                                  |                       |                                     |       |
| (3,400,726)           | (3,400,726)                         | Unusable Reserves                                      | (3,194,009)           | (3,194,009)                         | 20    |
| 45,977                | 45,977                              | Usable Reserves  | 43,922                | 43,922                              |       |
| <b>(3,354,749)</b>    | <b>(3,354,749)</b>                  | <b>Total Reserves</b>                                  | <b>(3,150,087)</b>    | <b>(3,150,087)</b>                  |       |

Signed by Nicola Allen  
Chief Financial Officer to the Police and Crime Commissioner  
29 May 2020

# Police and Crime Commissioner for Devon and Cornwall

## Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. As there is no distinction between the Group and the Police and Crime Commissioner, there is no separate Statement for the Police and Crime Commissioner. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities consist of short and long term borrowing in addition to repayment of finance lease liabilities and other payments for financing activities and are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

| 2018/19         |  | 2019/20         | Notes |
|-----------------|--|-----------------|-------|
| £'000           |  | £'000           |       |
| 187,499         | <b>Net (Surplus) or Deficit on the Provision of Services</b>                                     | 87,608          |       |
|                 | <b>Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements</b> |                 |       |
| (178,815)       | (Increase)/Decrease in pensions liability  | (84,223)        |       |
| (11,942)        | Depreciation and amortisation  | (12,670)        |       |
| (484)           | (Increase)/Decrease in provisions  | 290             |       |
| (138)           | Surplus/(Loss) on sales of non-current assets  | (160)           |       |
| 732             | Surplus/(Loss) on revaluation of non-current assets  | (912)           |       |
| (2,352)         | Movement in relevant assets/liabilities  | 4,555           |       |
| <b>(5,500)</b>  | <b>Net Cash (Inflows)/Outflows from Operating Activities</b>                                     | <b>(5,512)</b>  | 21    |
| 3,428           | <b>Investing Activities</b>  | 22,174          | 22    |
| (52)            | <b>Financing Activities</b>  | (5,887)         | 23    |
| <b>(2,124)</b>  | <b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>                                      | <b>10,775</b>   |       |
| <b>(11,819)</b> | <b>Cash and Cash Equivalents at the beginning of the reporting period</b>                        | <b>(13,943)</b> |       |
| <b>(13,943)</b> | <b>Cash and Cash Equivalents at the end of the reporting period</b>                              | <b>(3,168)</b>  | 15    |



# Notes to the Accounts



## Note 1 Accounting Policies

### 1. GENERAL PRINCIPLES

The statement of accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and the Accounts and Audit Regulations 2015 supported by International Financial Reporting Standards (IFRS).

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

### 2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (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 Group a possible obligation whose existence can only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

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

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

### 7. COUNCIL TAX

The council tax income included in the comprehensive income and expenditure statement (CIES) is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

The Group recognises its share of the council tax debtor and creditor balances and impairment allowances in its balance sheet. The Group also recognises:

- a creditor in its balance sheet for cash received from the billing authority in advance of the Police and Crime Commissioner receiving the cash from council tax debtors or;
- a debtor in its balance sheet for its attributable share of net cash collected from council tax debtors by the billing authority but not paid over to it at the balance sheet date.

### 8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUE

Local Authority accounting regulations allow some items of expenditure, which do not result in the creation of a non-current asset for the PCC Group, to be funded as capital expenditure. Such expenditure is charged to the relevant service in the CIES in the year. Where the Group has determined to meet the cost of this expenditure from capital resources, a matching transfer is made in the movement in reserves statement from the capital adjustment account to the general fund balance so that there is no impact in the level of council tax.

### 9. FOREIGN CURRENCY TRANSLATION

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

### 10. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions are recognised as due to the Group when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the movement of reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustments account once they have been applied to fund capital expenditure.

## Note 1 Accounting Policies Continued

### 11. FINANCIAL INSTRUMENTS

#### 11.1 Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

#### 11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Group holds financial assets measured at:

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

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

#### 11.3 Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

#### 11.4 Expected Credit Loss Model

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

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

#### 11.5 Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

## Note 1 Accounting Policies Continued

### 11.6 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or deficit on the provision of services.

### 11.7 Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES.

## 12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term investments that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value.

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

## 13. LEASES

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

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

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

### 13.1 The Group as Lessee

#### 13.1.1 Finance Leases

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

Lease payments are apportioned between:

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

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

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

## Note 1 Accounting Policies Continued

### 13.1.2 Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payment (e.g. there is a rent-free period at the commencement of the lease).

### 13.2 The Group as Lessor

#### 13.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the CIES. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

## 14. JOINT OPERATIONS

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

## 15. OVERHEADS

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

## 16. EMPLOYEE BENEFITS

### 16.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that 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 holiday absence occurs.

### 16.2 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 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 Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies).

In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### 16.3 Post-Employment Benefits

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

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

## Note 1 Accounting Policies Continued

- The Local Government Pensions Scheme (CARE)

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

### 16.3.1 Police Officers' Pension Schemes

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

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

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

### 16.3.2 The Local Government Pension Scheme

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

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

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

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

### 16.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is 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 Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the 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 to pensioners including injury pension payments.

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

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

### 16.3.4 Police Officers' Injury Benefits

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

### 16.3.5 Impact on Reserves

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

### 16.4 Discretionary Benefits

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

## 17. PROVISIONS

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

Provisions are charged as an expense to the appropriate service line in the CIES when the Group 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 Group settles the obligation.

Provision is made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular

## Note 1 Accounting Policies Continued

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.

### 18. RESERVES

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the general fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the CIES. The reserve is then transferred back to the general fund balance so that there is no net charge against council tax for the expenditure.

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

### 19. PROPERTY, PLANT AND EQUIPMENT

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

#### 19.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost 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.

#### 19.2 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 Group does not capitalise borrowing costs incurred whilst the assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the 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:

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

Property assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end but as a minimum every three years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

(Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.)

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

## Note 1 Accounting Policies Continued

- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

### 19.3 Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES.

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

### 19.4 Depreciation

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

Depreciation is calculated on the following bases:

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

### 19.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet is written off to the 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). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the usable capital receipts reserve. Receipts are appropriated to the reserve from the general fund balance in the movement in reserves statement.

## Note 1 Accounting Policies Continued

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.

### 19.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

### 19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or assets held for sale are classified as surplus assets within property, plant and equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

## 20. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (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 Group. Software that is integral to the operating of hardware is capitalised as part of the relevant item of property, plant and equipment.

### 20.1 Measurement

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

### 20.2 Amortisation

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

### 20.3 Impairment

Where there is an indication that the asset might be impaired – any losses recognised are posted to the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to other operating expenditure in the CIES.

## 21. 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.

## 22. INVENTORIES

Inventories are included in the balance sheet at the lower of cost and net realisable value. The cost of inventories is ascertained using an average cost formula.

## 23. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

## Note 1 Accounting Policies Continued

### 24. EXCEPTIONAL ITEMS

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

### 25. CHARGES TO REVENUE NON-CURRENT ASSETS

The 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.

The Group 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.

### 26. INVESTMENT PROPERTY

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

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

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

## 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.

IFRS 16 Leases is an accounting standard that was due to be implemented on the 1 April 2020. However it has been delayed nationally to 1 April 2021 in response to the COVID-19 pandemic. The new IFRS introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The

# Police and Crime Commissioner for Devon and Cornwall

## Note 2 Accounting Standards Issued, Not Adopted Continued

impact of IFRS 16 is not yet known; work is in progress to assess the impact in readiness for the 2020/21 Statement of Accounts.

## Note 3 Critical Judgements in Applying Accounting Policies

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

- The PCC Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA SeRCOP and the Police Reform and Social Responsibility Act.
- As required, a provision has been established in the Police and Crime Commissioner's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of pensions and other employee benefits. It is reasonable to expect that should the PCC Group be required to settle future pension liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.
- The contingent liability note describes liabilities with regard to potential claims against the Police and Crime Commissioner Group. Judgement has been applied in determining that for each of these actual or potential claims, either the outflow of resources is not probable or the obligation cannot be estimated with sufficient reliability. For this reason the appropriate accounting treatment is judged to be disclosure of a contingent liability rather than the making of a provision.
- There is a high degree of uncertainty about future levels of funding for the Police. The Police and Crime Commissioner has made a judgement on the level of general balances which is reviewed on an annual basis as part of the Medium Term Financial Strategy process.
- In light of market conditions arising from COVID-19, a judgement has been made to use the actual conditions as at 31 March 2020 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 assets, pensions and financial instruments. 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 Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to below as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the 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.

# Police and Crime Commissioner for Devon and Cornwall

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

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 the Chief Constable's single entity accounts which are published separately. 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.

# Police and Crime Commissioner for Devon and Cornwall

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

| Intra-Group Transactions                               | 2018/19                  |  | 2019/20                  |  |
|--|--------------------------|--|--------------------------|--|
|  | Chief Constable<br>£'000 | Police and Crime Commissioner<br>£'000 | Chief Constable<br>£'000 | Police and Crime Commissioner<br>£'000 |
| <b>Comprehensive Income and Expenditure Statements</b> |                          |  |                          |  |
| 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)                              |
| <b>Balance Sheet</b>                                   |                          |  |                          |  |
| <b>Non-Current Assets/Liabilities</b>                  |                          |  |                          |  |
| 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                                  |
| <b>Current Assets/Liabilities</b>                      |                          |  |                          |  |
| 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)                               |
| <b>Unusable Reserves</b>                               |                          |  |                          |  |
| 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

The Financial Statements were authorised for issue on 29 May 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The valuers have highlighted that asset valuations are reported on the basis of "material valuation uncertainty" as a result of the ongoing COVID-19 pandemic. However, they have advised that there is currently no basis for altering valuations, but that this should be kept under review.

A defect has been identified on one of the properties which will mean that it will be vacated during the year, but the valuation as at 31 March 2020 remains unchanged as it was operational and occupied at that date.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Police and Crime Commissioners' Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

# Police and Crime Commissioner for Devon and Cornwall

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

### 6.1 Property, Plant and Equipment

#### Valuation Uncertainty

COVID-19 has had an impact on market activity. A valuation was provided by our valuers as at 1 January 2020 with a further review conducted at 31 March 2020. The valuation has been reported on the basis of “material valuation uncertainty” as it has been prepared under extraordinary circumstances; therefore comparison to historical market data is less reliable.

#### Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, affecting the useful lives assigned to assets. The estimated value of property, plant and equipment as at 31 March 2020 is £203m.

#### Effect if Actual Results Differ from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.878m for every year that useful lives had to be reduced.

### 6.2 Provisions

#### Uncertainties

The Police and Crime Commissioner has made a provision of £1.063m to cover the cost of self-insured public and employers' liability claims. The cost of these claims has been estimated by the Force Legal Team.

#### Effect if Actual Results Differ from Assumptions

A 10 percent increase in the cost of the outstanding claims would increase the charge to the Comprehensive Income and Expenditure Statement by £0.106m.

### 6.3 Pensions Liability

#### Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. 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 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.

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

### **6.4 Financial Instruments**

#### **Uncertainties**

Estimating a loss allowance for expected credit losses on investments has been impacted by the volatility in the market as a result of COVID-19. The valuation of the investments held as at 31 March 2020 have been prepared using the 2020 average forecast rates provided by Arlingclose and the impact shown in the Financial Instrument Note.

### **6.5 Trade Receivables**

#### **Assumption**

COVID-19 may have an impact on the ability of organisations to make payments in lieu of services provided. An assumption has been made that income due from Central Government, Local Authorities and the NHS will not be affected. A 2% loss allowance has been made for income due from other entities and individuals.

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis

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

| 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                 |
| Office for Police and Crime Commissioner   | 1,746          | (6)           | 1,740                       | 2  | 142                                 | (150)             | 49,683              | 49,677            |
| Commissioning  | 3,413          | (11)          | 3,402                       | 0  | 18                                  | (29)              | 0                   | (11)              |
| <b>Net Cost of Services</b>  | <b>311,026</b> | <b>49,666</b> | <b>360,692</b>              | <b>7,306</b>   | <b>46,143</b>                       | <b>(3,783)</b>    | <b>0</b>            | <b>49,666</b>     |
| Other Operating Income and Expenditure   | 0              | (44,507)      | (44,507)                    | 1,072  | (45,579)                            | 0                 | 0                   | (44,507)          |
| Financing and Investment Income and Expenditure  | 1,072          | 83,786        | 84,858                      | 164  | 83,656                              | (34)              | 0                   | 83,786            |
| Taxation and Non-Specific Grant Income   | (312,098)      | (1,337)       | (313,435)                   | 0  | 0                                   | (1,337)           | 0                   | (1,337)           |
| <b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b> | <b>0</b>       | <b>87,608</b> | <b>87,608</b>               | <b>8,542</b>   | <b>84,220</b>                       | <b>(5,154)</b>    | <b>0</b>            | <b>87,608</b>     |
| <b>Opening Revenue Reserve Balance as at 31 March 2019</b>   | <b>8,808</b>   |               |                             |  |                                     |                   |                     |                   |
| Less/Plus Surplus or (Deficit) on the General Fund in Year   | 2,039          |               |                             |  |                                     |                   |                     |                   |
| Transfer (to)/from Other Reserves  | 0              |               |                             |  |                                     |                   |                     |                   |
| <b>Closing Revenue Reserve Balance as at 31 March 2020</b>   | <b>10,847</b>  |               |                             |  |                                     |                   |                     |                   |

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

| 2018/19  | Adjustments between the Funding and Accounting Basis |                |                             |  |   |                                 |                     |                   |
|--|--|----------------|-----------------------------|--|---|---------------------------------|---------------------|-------------------|
| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts              | Outturn  | Adjustments    | Net Expenditure in the CIES | Adjustments for Capital Purposes<br>(Note 7.1) | Net Change for Pensions Adjustments<br>(Note 7.2) | Other Differences<br>(Note 7.3) | Intra-Group Funding | Total Adjustments |
|  | £'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                 |
| Office for Police and Crime Commissioner   | 1,498  | 128            | 1,626                       | 0  | 197   | (69)                            | 159,622             | 159,750           |
| Commissioning  | 3,653  | (410)          | 3,243                       | 0  | 25  | (435)                           | 0                   | (410)             |
| <b>Net Cost of Services</b>  | <b>292,745</b>                                       | <b>159,340</b> | <b>452,086</b>              | <b>7,640</b>                                   | <b>147,652</b>                                    | <b>4,048</b>                    | <b>0</b>            | <b>159,340</b>    |
| Other Operating Income and Expenditure   | 0  | (52,895)       | (52,895)                    | (568)  | (52,327)  | 0                               | 0                   | (52,895)          |
| Financing and Investment Income and Expenditure  | 854  | 83,304         | 84,158                      | (25)   | 83,491  | (162)                           | 0                   | 83,304            |
| Taxation and Non-Specific Grant Income   | (293,599)  | (2,250)        | (295,849)                   | 0  | 0   | (2,250)                         | 0                   | (2,250)           |
| <b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b> | <b>0</b>   | <b>187,499</b> | <b>187,499</b>              | <b>7,047</b>                                   | <b>178,816</b>                                    | <b>1,636</b>                    | <b>0</b>            | <b>187,499</b>    |
| <b>Opening Revenue Reserve Balance as at 31 March 2018</b>   | <b>11,653</b>  |                |                             |  |   |                                 |                     |                   |
| Less/Plus Surplus or (Deficit) on the General Fund in Year   | (2,845)  |                |                             |  |   |                                 |                     |                   |
| Transfer (to)/from Other Reserves  | 0  |                |                             |  |   |                                 |                     |                   |
| <b>Closing Revenue Reserve Balance as at 31 March 2019</b>   | <b>8,808</b>   |                |                             |  |   |                                 |                     |                   |

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

### 7.1 Adjustment for Capital Purposes

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

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

### 7.2 Net Change for Pensions' Adjustments

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

- For Services this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### 7.3 Other Differences

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

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

### 7.4 Chief Constable Outturn

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 8 Expenditure and Income Analysed by Nature

| 2018/19<br>£'000 | Expenditure/Income                          | 2019/20<br>£'000 |
|------------------|---|------------------|
|                  | <b>Expenditure</b>                          |                  |
| 395,229          | Employee benefit expenses                   | 404,327          |
| 159,477          | Other service expense                       | 62,277           |
| 11,940           | Depreciation, amortisation, impairment      | 12,670           |
| 1,273            | Interest payments                           | 1,278            |
| 15               | Loss on financial instruments               | 204              |
| 991              | Loss on revaluation of fixed assets         | 1,581            |
| 138              | Loss on the disposal of assets              | 160              |
| <b>569,063</b>   | <b>Total Expenditure</b>                    | <b>482,497</b>   |
|                  | <b>Income</b>                               |                  |
| (14,320)         | Fees charges and other service income       | (18,892)         |
| (1,738)          | Gain on revaluation of fixed assets         | (669)            |
| (162)            | Gain on financial instruments               | (34)             |
| 0                | Gain on the disposal of assets              | 0                |
| (8,132)          | Interest and investment income              | (7,990)          |
| (113,579)        | Income from council tax                     | (129,244)        |
| (243,633)        | Government grants and contributions         | (238,060)        |
| <b>(381,564)</b> | <b>Total Income</b>                         | <b>(394,889)</b> |
| <b>187,499</b>   | <b>Deficit on the Provision of Services</b> | <b>87,608</b>    |

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the PCC Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the PCC Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### 9.1 General Fund Balance

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

### 9.2 Capital Receipts Reserve

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

### 9.3 Capital Grants Unapplied

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

# Police and Crime Commissioner for Devon and Cornwall

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

| Current Year   | 2019/20          |                          |                          | Unusable Reserves |
|--|------------------|--------------------------|--------------------------|-------------------|
|  | Usable Reserves  |                          |                          |                   |
|  | General Balances | Capital Receipts Reserve | Capital Grants Unapplied |                   |
|  | £'000            | £'000                    | £'000                    | £'000             |
| <b>Adjustments to Revenue Resources</b>  |                  |                          |                          |                   |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                  |                          |                          |                   |
| Pensions costs (transferred to ( or from) the Pensions Reserve)  | 84,223           | 0                        | 0                        | (84,223)          |
| Financial instruments (transferred to the Pooled Fund Adjustments Account)   | 128              | 0                        | 0                        | (128)             |
| Council Tax and NDR (transfers to or from Collection Fund)   | 430              | 0                        | 0                        | (430)             |
| Holiday pay (transferred to the Accumulated Absences Reserve)  | (177)            | 0                        | 0                        | 177               |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):             | 13,907           | 0                        | (164)                    | (13,743)          |
| <b>Total Adjustments to Revenue Resources</b>  | <b>98,511</b>    | <b>0</b>                 | <b>(164)</b>             | <b>(98,347)</b>   |
| <b>Adjustments between Revenue and Capital Resources</b>   |                  |                          |                          |                   |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | 0                | 0                        | 0                        | 0                 |
| Transfer of Grants from Revenue to the Capital Grant Reserve   | (1,768)          | 0                        | 1,768                    | 0                 |
| Statutory provision for the repayment of debt (transfer from the CAA)  | (1,706)          | 0                        | 0                        | 1,706             |
| Capital expenditure financed from revenue balances (transfer to the CAA)   | (9,756)          | 0                        | 0                        | 9,756             |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>(13,230)</b>  | <b>0</b>                 | <b>1,768</b>             | <b>11,462</b>     |
| <b>Adjustments to Capital Resources</b>  |                  |                          |                          |                   |
| Use of the Capital Receipts Reserve to finance capital expenditure   | 0                | 0                        | 0                        | 0                 |
| Application of capital grants to finance capital expenditure   | 0                | 0                        | (1,332)                  | 1,332             |
| <b>Total Adjustments to Capital Resources</b>  | <b>0</b>         | <b>0</b>                 | <b>(1,332)</b>           | <b>1,332</b>      |
| <b>Total Adjustments excluding Earmarked Adjustments</b>   | <b>85,281</b>    | <b>0</b>                 | <b>272</b>               | <b>(85,553)</b>   |
| <b>Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis</b>   |                  |                          |                          | <b>0</b>          |
| <b>Total Adjustments including Earmarked Adjustments</b>   |                  |                          |                          | <b>(85,553)</b>   |

# Police and Crime Commissioner for Devon and Cornwall

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

| Comparative Year  | 2018/19                   |                                   |                                   | Unusable Reserves<br>£'000 |
|---|---------------------------|-----------------------------------|-----------------------------------|----------------------------|
|   | Usable Reserves           |                                   | Capital Grants Unapplied          |                            |
|   | General Balances<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | £'000                      |
| <b>Adjustments to Revenue Resources</b>   |                           |                                   |                                   |                            |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:. |                           |                                   |                                   |                            |
| Pensions costs (transferred to ( or from) the Pensions Reserve)   | 178,813                   | 0                                 | 0                                 | (178,814)                  |
| Financial instruments (transferred to the Pooled Fund Adjustments Account)  | (162)                     | 0                                 | 0                                 | 162                        |
| Council Tax and NDR (transfers to or from Collection Fund)  | 1,030                     | 0                                 | 0                                 | (1,030)                    |
| Holiday pay (transferred to the Accumulated Absences Reserve)   | 552                       | 0                                 | 0                                 | (552)                      |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):              | 11,348                    | 0                                 | 0                                 | (11,348)                   |
| <b>Total Adjustments to Revenue Resources</b>   | <b>191,583</b>            | <b>0</b>                          | <b>0</b>                          | <b>(191,583)</b>           |
| <b>Adjustments between Revenue and Capital Resources</b>  |                           |                                   |                                   |                            |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve  | 0                         | 902                               | 0                                 | (902)                      |
| Transfer of Grants from Revenue to the Capital Grant Reserve  | (3,280)                   | 0                                 | 3,280                             | 0                          |
| Statutory provision for the repayment of debt (transfer from the CAA)   | (1,770)                   | 0                                 | 0                                 | 1,770                      |
| Capital expenditure financed from revenue balances (transfer to the CAA)  | (3,334)                   | 0                                 | 0                                 | 3,334                      |
| <b>Total Adjustments between Revenue and Capital Resources</b>  | <b>(8,384)</b>            | <b>902</b>                        | <b>3,280</b>                      | <b>4,202</b>               |
| <b>Adjustments to Capital Resources</b>   |                           |                                   |                                   |                            |
| Use of the Capital Receipts Reserve to finance capital expenditure  | 0                         | (3,882)                           | 0                                 | 3,882                      |
| Application of capital grants to finance capital expenditure  | 0                         | 0                                 | (3,806)                           | 3,806                      |
| <b>Total Adjustments to Capital Resources</b>   | <b>0</b>                  | <b>(3,882)</b>                    | <b>(3,806)</b>                    | <b>7,688</b>               |
| <b>Total Adjustments excluding Earmarked Adjustments</b>  | <b>183,199</b>            | <b>(2,980)</b>                    | <b>(526)</b>                      | <b>(179,693)</b>           |
| <b>Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis</b>  |                           |                                   |                                   | <b>0</b>                   |
| <b>Total Adjustments including Earmarked Adjustments</b>  |                           |                                   |                                   | <b>(179,693)</b>           |

# Police and Crime Commissioner for Devon and Cornwall

## Note 10 Movement in Earmarked Reserves

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

|                                | <b>Balance at 1<br/>April 2018</b> | Transfer<br>Out<br>2018/19 | Transfer<br>In<br>2018/19 | <b>Balance at 31<br/>March 2019</b> | Transfer<br>Out<br>2019/20 | Transfer<br>In<br>2019/20 | <b>Balance at 31<br/>March 2020</b> |
|--------------------------------|------------------------------------|----------------------------|---------------------------|-------------------------------------|----------------------------|---------------------------|-------------------------------------|
|                                | <b>£'000</b>                       | £'000                      | £'000                     | <b>£'000</b>                        | £'000                      | £'000                     | <b>£'000</b>                        |
| Budget Management Fund         | <b>502</b>                         | (282)                      | 0                         | <b>220</b>                          | (161)                      | 2,055                     | <b>2,114</b>                        |
| Programmes & Projects          | <b>1,584</b>                       | (1,381)                    | 0                         | <b>203</b>                          | (203)                      | 0                         | <b>0</b>                            |
| Workforce Modernisation        | <b>0</b>                           | 0                          | 0                         | <b>0</b>                            | 0                          | 265                       | <b>265</b>                          |
| Capital Financing Reserve      | <b>23,802</b>                      | (574)                      | 750                       | <b>23,978</b>                       | (1,609)                    | 750                       | <b>23,119</b>                       |
| Estates Development            | <b>1,205</b>                       | (249)                      | 0                         | <b>956</b>                          | (162)                      | 0                         | <b>794</b>                          |
| Police and Crime Plan          | <b>545</b>                         | (29)                       | 511                       | <b>1,027</b>                        | (200)                      | 164                       | <b>991</b>                          |
| Capital Programme Reserve      | <b>8,027</b>                       | (201)                      | 187                       | <b>8,013</b>                        | (5,265)                    | 0                         | <b>2,748</b>                        |
| ESN Capital Reserve            | <b>2,520</b>                       | 0                          | 0                         | <b>2,520</b>                        | 0                          | 0                         | <b>2,520</b>                        |
| Merger Related Capital Reserve | <b>187</b>                         | (187)                      | 0                         | <b>0</b>                            | 0                          | 0                         | <b>0</b>                            |
| <b>Total</b>                   | <b>38,372</b>                      | <b>(2,903)</b>             | <b>1,448</b>              | <b>36,917</b>                       | <b>(7,600)</b>             | <b>3,234</b>              | <b>32,551</b>                       |

The purpose of the Funds and Reserves held at 31 March 2020 are set out below:

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment

This table sets out the 2019/20 property, plant and equipment for the PCC Group.

| Movements for 2019/20  | Operational and Non-Operational Assets |                             | Assets under Construction |                             | Surplus Assets | Total           |
|--|--|-----------------------------|---------------------------|-----------------------------|----------------|-----------------|
|  | Land & Buildings                       | Vehicles, Plant & Equipment | Land & Buildings          | Vehicles, Plant & Equipment | Surplus Assets |                 |
| Cost or Valuation  | £'000                                  | £'000                       | £'000                     | £'000                       | £'000          | £'000           |
| <b>Balance at 1 April 2019</b>   | <b>146,680</b>                         | <b>47,174</b>               | <b>16,678</b>             | <b>4,783</b>                | <b>8,006</b>   | <b>223,321</b>  |
| Additions  | 3,606                                  | 1,518                       | 16,220                    | 6,568                       | 0              | <b>27,912</b>   |
| Revaluation recognised in the Revaluation Reserve                            | 814                                    | 0                           | 0                         | 0                           | (3,570)        | <b>(2,756)</b>  |
| Revaluation recognised in the Surplus/Deficit on the Provision of Services   | (744)                                  | 0                           | 0                         | 0                           | (436)          | <b>(1,180)</b>  |
| Derecognition-Disposals  | 0                                      | (10,588)                    | 0                         | 0                           | 0              | <b>(10,588)</b> |
| Reclassification   | 32,898                                 | 3,647                       | (32,898)                  | (5,860)                     | 0              | <b>(2,213)</b>  |
| <b>Balance at 31 March 2020</b>  | <b>183,254</b>                         | <b>41,751</b>               | <b>0</b>                  | <b>5,491</b>                | <b>4,000</b>   | <b>234,496</b>  |
| <b>Accumulated Depreciation and Impairments</b>                              |  |                             |                           |                             |                |                 |
| <b>Balance at 1 April 2019</b>   | <b>(5,993)</b>                         | <b>(31,185)</b>             | <b>0</b>                  | <b>0</b>                    | <b>(80)</b>    | <b>(37,258)</b> |
| Depreciation Charge  | (7,445)                                | (4,943)                     | 0                         | 0                           | 0              | <b>(12,388)</b> |
| Depreciation written out to the Revaluation Reserve                          | 7,680                                  | 0                           | 0                         | 0                           | 0              | <b>7,680</b>    |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 189                                    | 0                           | 0                         | 0                           | 80             | <b>269</b>      |
| Derecognition-Disposals  | 0                                      | 10,430                      | 0                         | 0                           | 0              | <b>10,430</b>   |
| Reclassification   | 0                                      | 0                           | 0                         | 0                           | 0              | <b>0</b>        |
| <b>Balance at 31 March 2020</b>  | <b>(5,569)</b>                         | <b>(25,698)</b>             | <b>0</b>                  | <b>0</b>                    | <b>0</b>       | <b>(31,267)</b> |
| <b>Net Book Value</b>  |  |                             |                           |                             |                |                 |
| <b>Balance at 31 March 2019</b>  | <b>140,687</b>                         | <b>15,989</b>               | <b>16,678</b>             | <b>4,783</b>                | <b>7,926</b>   | <b>186,063</b>  |
| <b>Balance at 31 March 2020</b>  | <b>177,685</b>                         | <b>16,053</b>               | <b>0</b>                  | <b>5,491</b>                | <b>4,000</b>   | <b>203,229</b>  |

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

This table sets out the 2019/20 property, plant and equipment for the PCC.

| <b>Movements for 2019/20</b>   | <b>Operational and Non-Operational Assets</b> |  | <b>Assets under Construction</b> |  | <b>Surplus Assets</b> | <b>Total</b>    |
|--|---|--|----------------------------------|--|-----------------------|-----------------|
|  | <b>Land &amp; Buildings</b>                   | <b>Vehicles, Plant &amp; Equipment</b> | <b>Land &amp; Buildings</b>      | <b>Vehicles, Plant &amp; Equipment</b> | <b>Surplus Assets</b> |                 |
| <b>Cost or Valuation</b>   | <b>£'000</b>                                  | <b>£'000</b>                           | <b>£'000</b>                     | <b>£'000</b>                           | <b>£'000</b>          | <b>£'000</b>    |
| <b>Balance at 1 April 2019</b>   | <b>146,679</b>                                | <b>40,176</b>                          | <b>16,678</b>                    | <b>4,783</b>                           | <b>8,006</b>          | <b>216,320</b>  |
| Additions  | 3,606   | 1,094                                  | 16,220                           | 5,116                                  | 0                     | <b>26,036</b>   |
| Revaluation recognised in the Revaluation Reserve                            | 814   | 0                                      | 0                                | 0                                      | (3,570)               | <b>(2,754)</b>  |
| Revaluation recognised in the Surplus/Deficit on the Provision of Services   | (744)   | 0                                      | 0                                | 0                                      | (436)                 | <b>(1,180)</b>  |
| Derecognition-Disposals  | 0   | (9,326)                                | 0                                | 0                                      | 0                     | <b>(9,326)</b>  |
| Reclassification   | 32,898  | 3,634                                  | (32,898)                         | (5,922)                                | 0                     | <b>(2,288)</b>  |
| <b>Balance at 31 March 2020</b>  | <b>183,253</b>                                | <b>35,578</b>                          | <b>0</b>                         | <b>3,977</b>                           | <b>4,000</b>          | <b>226,808</b>  |
| <b>Accumulated Depreciation and Impairments</b>                              |   |  |                                  |  |                       |                 |
| <b>Balance at 1 April 2019</b>   | <b>(5,992)</b>                                | <b>(27,376)</b>                        | <b>0</b>                         | <b>0</b>                               | <b>(80)</b>           | <b>(33,447)</b> |
| Depreciation Charge  | (7,445)                                       | (3,868)                                | 0                                | 0                                      | 0                     | <b>(11,314)</b> |
| Depreciation written out to the Revaluation Reserve                          | 7,680   | 0                                      | 0                                | 0                                      | 0                     | <b>7,680</b>    |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 189   | 0                                      | 0                                | 0                                      | 80                    | <b>269</b>      |
| Derecognition-Disposals  | 0   | 9,166                                  | 0                                | 0                                      | 0                     | <b>9,166</b>    |
| Reclassification   | 0   | 0                                      | 0                                | 0                                      | 0                     | <b>0</b>        |
| <b>Balance at 31 March 2020</b>  | <b>(5,568)</b>                                | <b>(22,078)</b>                        | <b>0</b>                         | <b>0</b>                               | <b>0</b>              | <b>(27,646)</b> |
| <b>Net Book Value</b>  |   |  |                                  |  |                       |                 |
| <b>Balance at 31 March 2019</b>  | <b>140,687</b>                                | <b>12,799</b>                          | <b>16,678</b>                    | <b>4,783</b>                           | <b>7,926</b>          | <b>182,873</b>  |
| <b>Balance at 31 March 2020</b>  | <b>177,685</b>                                | <b>13,500</b>                          | <b>0</b>                         | <b>3,977</b>                           | <b>4,000</b>          | <b>199,162</b>  |

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

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

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

### 11.1 Recognition

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

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

### 11.2 Surplus Assets

One property was held as at the 31 March 2020.

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

### 11.3 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:

#### 11.3.1 Land and Buildings

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

#### 11.3.2 Vehicles

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

#### 11.3.3 Information 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.

#### 11.3.4 Plant and Equipment

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

### 11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2019/20 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year, and the ongoing work in ensuring that the Force estate is as lean and efficient as possible, while remaining fully fit for purpose to support operational policing. As at 31 March 2020, significant capital commitments amounted to £2.018m.

### 11.5 Revaluations

Land and buildings are revalued by a qualified external valuer, every three years. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation exercise was undertaken in 2017/18 with valuations and remaining useful lives provided as at 1 January 2018. Between revaluations, the external valuer undertakes an annual review to identify any significant impairments or any other significant change in the valuation of assets. The valuer undertook an annual review in 2019/20 and concluded that the valuation of buildings had increased by £4.012m.

### 11.6 Componentisation

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

### 11.7 Derecognition

In 2019/20 a review of assets classed as Vehicles, ICT, Plant and Equipment and Intangibles has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful life or have been disposed of. The net effect is £5k which has been charged to the (Surplus)/Deficit on the Provision of Services.

# Police and Crime Commissioner for Devon and Cornwall

## Note 12 Intangible Assets

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

| 2018/19<br>Non-Operational<br>Assets<br>£'000 |   | 2019/20<br>Non-Operational<br>Assets<br>£'000 |
|---|---|---|
|   | <b>Balance at start of year</b>             |   |
| 1,754   | Gross carrying amounts                      | 2,284   |
| (1,147)                                       | Accumulated amortisation                    | (1,353)                                       |
| <b>607</b>                                    | <b>Net carrying amount at start of year</b> | <b>931</b>                                    |
|   |   |   |
| 530   | Additions                                   | 100   |
| 0   | Reclassification                            | 2,213   |
| (207)   | Amortisation for the period                 | (283)   |
| <b>930</b>                                    | <b>Net carrying amount at end of year</b>   | <b>2,961</b>                                  |
|   |   |   |
|   | <b>Comprising:</b>                          |   |
| 2,284   | Gross carrying amounts                      | 4,597   |
| (1,354)                                       | Accumulated Amortisation                    | (1,636)                                       |
| <b>930</b>                                    |   | <b>2,961</b>                                  |

### 12.1 Amortisation

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

### 12.2 Depreciation

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 13 Capital Reserves

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

|                                 | <b>Capital Receipts<br/>Reserve</b> | <b>Capital Grants<br/>Unapplied</b> | <b>Total</b>   |
|---------------------------------|-------------------------------------|-------------------------------------|----------------|
|                                 | <b>£'000</b>                        | <b>£'000</b>                        | <b>£'000</b>   |
| <b>Balance at 1 April 2018</b>  | <b>2,980</b>                        | <b>778</b>                          | <b>3,758</b>   |
| Proceeds of Disposals           | 902                                 | 0                                   | 902            |
| Financing of Fixed Assets       | (3,882)                             | (3,806)                             | (7,688)        |
| Capital Grants Received         | 0                                   | 3,280                               | 3,280          |
| <b>Balance at 31 March 2019</b> | <b>0</b>                            | <b>252</b>                          | <b>252</b>     |
| Proceeds of Disposals           | 0                                   | 0                                   | 0              |
| Financing of Fixed Assets       | 0                                   | (1,128)                             | (1,128)        |
| Capital Grants Received         | 0                                   | 1,400                               | 1,400          |
| <b>Balance at 31 March 2020</b> | <b>0</b>                            | <b>524</b>                          | <b>524</b>     |
| <b>Net Movement for 2018/19</b> | <b>(2,980)</b>                      | <b>(526)</b>                        | <b>(3,506)</b> |
| <b>Net Movement for 2019/20</b> | <b>0</b>                            | <b>272</b>                          | <b>272</b>     |

## Note 14 Debtors

| <b>31 March 2019</b> |                  |                                | <b>31 March 2020</b> |                  |
|----------------------|------------------|--------------------------------|----------------------|------------------|
| <b>PCC</b>           | <b>PCC Group</b> |                                | <b>PCC</b>           | <b>PCC Group</b> |
| <b>£'000</b>         | <b>£'000</b>     |                                | <b>£'000</b>         | <b>£'000</b>     |
| 16,811               | 16,811           | Central government bodies      | 14,507               | 14,507           |
| 9,732                | 9,732            | Other local authorities        | 10,090               | 10,090           |
| 525                  | 525              | National Health Service        | 84                   | 84               |
| 4,655                | 4,655            | Other entities and individuals | 4,096                | 4,096            |
| <b>31,723</b>        | <b>31,723</b>    | <b>Total Debtors</b>           | <b>28,777</b>        | <b>28,777</b>    |

## Note 15 Cash and Cash Equivalents

| <b>31 March 2019</b> |                  |  | <b>31 March 2020</b> |                  |
|----------------------|------------------|--|----------------------|------------------|
| <b>PCC</b>           | <b>PCC Group</b> |  | <b>PCC</b>           | <b>PCC Group</b> |
| <b>£'000</b>         | <b>£'000</b>     |  | <b>£'000</b>         | <b>£'000</b>     |
| 31                   | 31               | Cash held by the PCC                   | 31                   | 31               |
| 6,171                | 6,171            | Bank current accounts                  | 1,543                | 1,543            |
| 7,741                | 7,741            | Short-term deposits                    | 1,594                | 1,594            |
| <b>13,943</b>        | <b>13,943</b>    | <b>Total Cash and Cash Equivalents</b> | <b>3,168</b>         | <b>3,168</b>     |

## Note 16 Assets Held for Sale

There were no assets held for sale as at 31 March 2020.

# Police and Crime Commissioner for Devon and Cornwall

## Note 17 Creditors

| 31 March 2019   |                 |                                | 31 March 2020   |                 |
|-----------------|-----------------|--------------------------------|-----------------|-----------------|
| PCC             | PCC Group       |                                | PCC             | PCC Group       |
| £'000           | £'000           |                                | £'000           | £'000           |
| (5,582)         | (5,582)         | Central government bodies      | (4,348)         | (4,348)         |
| (5,486)         | (5,486)         | Other local authorities        | (4,401)         | (4,401)         |
| (25)            | (25)            | National Health Service        | (68)            | (68)            |
| (13,961)        | (23,543)        | Other entities and individuals | (16,429)        | (25,848)        |
| <b>(25,054)</b> | <b>(34,636)</b> | <b>Total Creditors</b>         | <b>(25,246)</b> | <b>(34,665)</b> |

## Note 18 Financial Instruments

### 18.1 Categories of Financial Instruments

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

#### 18.1.1 Borrowing

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

#### 18.1.2 Financial assets

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

#### 18.1.3 Cash and cash equivalents

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

|  | Long Term                 |                           | Current                   |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 31 March<br>2019<br>£'000 | 31 March<br>2020<br>£'000 | 31 March<br>2019<br>£'000 | 31 March<br>2020<br>£'000 |
| <b>Investments</b>                     |                           |                           |                           |                           |
| Fair value through profit or loss      | 0                         | 0                         | 10,203                    | 12,063                    |
| <b>Total Investments</b>               | <b>0</b>                  | <b>0</b>                  | <b>10,203</b>             | <b>12,063</b>             |
| <b>Cash and Cash Equivalents</b>       |                           |                           |                           |                           |
| Amortised Cost                         | 0                         | 0                         | 13,943                    | 3,168                     |
| <b>Total Cash and Cash Equivalents</b> | <b>0</b>                  | <b>0</b>                  | <b>13,943</b>             | <b>3,168</b>              |
| <b>Debtors (Trade Receivables)</b>     |                           |                           |                           |                           |
| Amortised Cost                         | 0                         | 0                         | 4,655                     | 4,096                     |
| <b>Total included in Debtors</b>       | <b>0</b>                  | <b>0</b>                  | <b>4,655</b>              | <b>4,096</b>              |
| <b>Borrowings</b>                      |                           |                           |                           |                           |
| Amortised Cost                         | (30,277)                  | (30,277)                  | 0                         | 0                         |
| <b>Total Borrowings</b>                | <b>(30,277)</b>           | <b>(30,277)</b>           | <b>0</b>                  | <b>0</b>                  |
| <b>Finance Lease</b>                   |                           |                           |                           |                           |
| Amortised Cost                         | (207)                     | (108)                     | (72)                      | (58)                      |
| <b>Total Finance Lease</b>             | <b>(207)</b>              | <b>(108)</b>              | <b>(72)</b>               | <b>(58)</b>               |
| <b>Creditors (Trade Payables)</b>      |                           |                           |                           |                           |
|  |                           |                           | (23,543)                  | (25,848)                  |
| <b>Total included in Creditors</b>     | <b>0</b>                  | <b>0</b>                  | <b>(23,543)</b>           | <b>(25,848)</b>           |

## 18.2 Income, Expense, Gains and Losses

|   | 2018/19   | 2019/20      |
|---|---|--------------|
|   | Surplus or Deficit on the Provision of Services -<br>Financing and Investment Income and<br>Expenditure |              |
|   | £'000   | £'000        |
| <b>Net (gains)/losses on:</b>                                   |   |              |
| Financial assets measured at fair value through profit and loss | (162)   | (34)         |
| Financial assets measured at amortised                          | 1   | 1            |
| Financial liabilities   | 0   | 0            |
| <b>Total net (gains)/losses</b>                                 | <b>(161)</b>  | <b>(33)</b>  |
| <b>Interest revenue</b>   |   |              |
| Financial assets measured at amortised                          | (435)   | (248)        |
| <b>Total Interest revenue</b>                                   | <b>(435)</b>  | <b>(248)</b> |
| <b>Interest expense</b>   |   |              |
| Financial liabilities at amortised cost                         | 1,273   | 1,278        |
| <b>Total Interest expense</b>                                   | <b>1,273</b>  | <b>1,278</b> |

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

### 18.3 Fair Value of Financial Assets and Financial Liabilities

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

- The fair value balances for financial assets as at 31 March 2020 have been calculated using interest rates in force as at 31 March 2019 and 2020.
- The long-term borrowing as at 31 March 2019 and 31 March 2020 have been calculated by reference to the premature repayment set of rates in force as at the respective dates.

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

| <b>Financial Assets</b>            | <b>31 March 2019<br/>Carrying<br/>Amount<br/>£'000</b> | <b>31 March 2019<br/>Fair Value<br/>£'000</b> | <b>31 March 2020<br/>Carrying<br/>Amount<br/>£'000</b> | <b>31 March 2020<br/>Fair Value<br/>£'000</b> |
|------------------------------------|--|---|--|---|
| Short term investments             |  |   |  |   |
| Investments held at Amortised Cost | 0  | 0   | 0  | 0   |
| Investments held at FVPL           | 0  | 10,162  | 0  | 12,033  |
| Cash and cash equivalents          |  |   |  |   |
| Investments held at Amortised Cost | 4,007  | 4,007   | 999  | 999   |
| Investments held at FVPL           | 0  | 7,726   | 0  | 2,990   |
| Debtors (Trade Receivables)        | 4,655  | 4,655   | 4,096  | 4,096   |
|                                    | <b>8,661</b>   | <b>26,549</b>                                 | <b>5,095</b>   | <b>20,118</b>                                 |
| <b>Financial Liabilities</b>       | <b>31 March 2019<br/>Carrying<br/>Amount<br/>£'000</b> | <b>31 March 2019<br/>Fair Value<br/>£'000</b> | <b>31 March 2020<br/>Carrying<br/>Amount<br/>£'000</b> | <b>31 March 2020<br/>Fair Value<br/>£'000</b> |
| Borrowing                          | (30,277)   | (36,312)                                      | (30,277)   | (35,769)                                      |
| Creditors (Trade Payables)         | (23,543)   | (23,543)                                      | (25,848)   | (25,848)                                      |
| Finance Lease                      | (279)  | (279)   | (166)  | (166)   |
|                                    | <b>(54,099)</b>  | <b>(60,134)</b>                               | <b>(56,291)</b>  | <b>(61,783)</b>                               |

### Nature and extent of risks arising from financial instruments

The Police and Crime Commissioner's activities expose it to a variety of financial risks, including:

- credit risk the possibility that other parties might fail to pay amounts due to the Police and Crime Commissioner.
- liquidity risk the possibility that the Police and Crime Commissioner might not have funds available to meet its commitments to make payments
- market risk the possibility that financial loss may arise for the Police and Crime Commissioner as a result of changes in measures such as interest rates and stock market movements.

The Police and Crime Commissioner overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Alliance Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy.

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

The Police and Crime Commissioner provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### 18.7.1 Credit Risk

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

This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are contained within the Treasury Management Strategy which is published on the Police and Crime Commissioner website.

The Police and Crime Commissioner exposure to credit risk is an average credit rating of A+.

### 18.7.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

### 18.7.3 Amounts Arising from Expected Credit Losses

The changes in the loss allowance during the year are as follows:

| <b>Amounts Arising from Expected Credit Losses</b> | <b>12 month<br/>expected<br/>credit losses<br/>£'000</b> |
|--|--|
| Interest revenue                                   | 1  |
| Financial assets measured at amortised cost        | 57   |
| <b>Total loss allowance</b>                        | <b>58</b>  |

### 18.7.4 Liquidity Risk

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Police and Crime Commissioner has access to funds held with money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Police and Crime Commissioner will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates. The maturity analysis of borrowing held as at 31 March 2020 is shown in the long term borrowing note.

At 31 March 2020 the Police and Crime Commissioner held £15.99m (31 March 2019 £17.73m) in on-call and money market fund accounts to manage short term liquidity requirements.

### 18.7.5 Market Risk

#### 18.7.5.1 Interest Rate Risk

The PCC is exposed to risk in terms of interest rate movements on investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates      the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates      the fair value of the liabilities borrowings will fall

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

- investments at variable rates      the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates          the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Police and Crime Commissioner manages interest rate risk by setting an indicator to control the exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasurer assesses interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

All borrowing held at 31 March 2020 is with fixed interest rates. All investments held have variable rates. If interest rates had been 1% higher with all other variables held constant, the financial effect on interest receivable on investments would be £2.5k. This would have an impact on the Surplus or Deficit on the Provision of Services. The impact of 1% fall in interest rates would be as above but with the movements being reversed.

### 18.7.5.2 Price Risk

The Police and Crime Commissioner is exposed to price risk in terms of movement in the value of pooled investments and financial assets valued at fair value through profit and loss. Controls for this exposure is set out in the Treasury Management Strategy.

## Note 19 Provisions

| 2019/20                             | Insurance<br>£'000 | Remuneration<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|-------------------------------------|--------------------|-----------------------|----------------|----------------|
| <b>Current Liabilities</b>          |                    |                       |                |                |
| <b>Balance at 1 April 2019</b>      | <b>(510)</b>       | <b>(576)</b>          | <b>(255)</b>   | <b>(1,341)</b> |
| Additional provisions made          | (32)               | (57)                  | (328)          | (417)          |
| Amounts used                        | 308                | 197                   | 255            | 760            |
| Transfer from long term liabilities | (23)               | 0                     | 0              | (23)           |
| <b>Balance at 31 March 2020</b>     | <b>(257)</b>       | <b>(436)</b>          | <b>(328)</b>   | <b>(1,021)</b> |
| <b>Long Term Liabilities</b>        |                    |                       |                |                |
| <b>Balance at 1 April 2019</b>      | <b>(776)</b>       | <b>0</b>              | <b>0</b>       | <b>(776)</b>   |
| Additional provisions made          | (63)               | 0                     | 0              | (63)           |
| Amounts used                        | 10                 | 0                     | 0              | 10             |
| Transfer from long term liabilities | 23                 | 0                     | 0              | 23             |
| <b>Balance at 31 March 2020</b>     | <b>(806)</b>       | <b>0</b>              | <b>0</b>       | <b>(806)</b>   |
| <b>Total Provisions Balance</b>     | <b>(1,063)</b>     | <b>(436)</b>          | <b>(328)</b>   | <b>(1,827)</b> |

# Police and Crime Commissioner for Devon and Cornwall

## Note 19 Provisions Continued

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

### 19.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.1m of each public and employers liability claim up to a total stop loss of £0.8m for claims. The insurance provision is to cover any claims from 2019/20 and previous years. The majority of payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2020 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

### 19.2 Remuneration Provision

#### 19.2.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2020/21.

#### 19.2.2 Employment termination benefits

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

#### 19.2.3 Other Provisions

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 20 Unusable Reserves

| 31 March<br>2019<br>£'000 | Note   | 31 March<br>2020<br>£'000 |
|---------------------------|--|---------------------------|
| 85,726                    | 20.1 Capital Adjustment Account                | 89,352                    |
| 52,340                    | 20.2 Revaluation Reserve                       | 52,691                    |
| 162                       | 20.3 Pooled Investment Fund Adjustment Account | 33                        |
| (3,531,639)               | 20.4 Pensions Reserve                          | (3,328,517)               |
| 2,293                     | 20.5 Collection Fund Adjustment Account        | 1,863                     |
| (9,608)                   | 20.6 Accumulated Absences Account              | (9,431)                   |
| <b>(3,400,726)</b>        | <b>Total Unusable Reserves</b>                 | <b>(3,194,009)</b>        |

### 20.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition and enhancement. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

| 2018/19<br>£'000 | Capital Adjustment Account   | 2019/20<br>£'000 |
|------------------|--|------------------|
| <b>82,380</b>    | <b>Balance at 1 April</b>  | <b>85,726</b>    |
|                  | <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>                        |                  |
| (11,736)         | • Charges for depreciation and impairment of non-current assets  | (12,389)         |
| (1,006)          | • Revaluation losses on Property, Plant and Equipment  | (1,581)          |
| 0                | • Revaluation losses on Assets Held for Sale   | 0                |
| (205)            | • Amortisation of intangible assets  | (281)            |
| 0                | • Revenue expenditure funded from capital under statute  | 0                |
| (1,041)          | • Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (160)            |
| <b>(13,988)</b>  |  | <b>(14,411)</b>  |
| 4,542            | Adjusting amounts written out of the Revaluation Reserve   | 5,243            |
| <b>(9,446)</b>   | <b>Net written out amount of the cost of non-current assets consumed in the year</b>   | <b>(9,168)</b>   |
|                  | <b>Capital Financing applied in the year:</b>  |                  |
| 3,882            | Use of the Capital Receipts Reserve to finance new capital expenditure   | 0                |
| 3,806            | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing                | 1,332            |
| 1,770            | Statutory provision for the financing of capital investment charged against the General Fund balances  | 1,706            |
| 3,334            | Capital expenditure charged against the General Fund balances  | 9,756            |
| <b>12,792</b>    |  | <b>12,794</b>    |
| <b>85,726</b>    | <b>Balance at 31 March</b>   | <b>89,352</b>    |

# Police and Crime Commissioner for Devon and Cornwall

## Note 20 Unusable Reserves Continued

### 20.2 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

| 2018/19 |               | Revaluation Reserve  | 2019/20 |               |
|---------|---------------|--|---------|---------------|
| £'000   | £'000         |  | £'000   | £'000         |
|         | 43,798        | <b>Balance at 1 April</b>  |         | <b>52,340</b> |
|         | 11,347        | Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services |         | 4,926         |
| (2,506) |               | Difference between fair value depreciation and historical cost depreciation  | (3,225) |               |
| (299)   |               | Accumulated gains on assets sold or scrapped   | (1,350) |               |
|         | (2,805)       | Amount written off to the Capital Adjustment Account   |         | (4,575)       |
|         | <u>52,340</u> | <b>Balance at 31 March</b>   |         | <u>52,691</u> |

### 20.3 Pooled Investment Fund Adjustment Account Reserve

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

| 2018/19 |            | Pooled Investment Fund Adjustment Account  | 2019/20 |            |
|---------|------------|--|---------|------------|
| £'000   | £'000      |  | £'000   | £'000      |
| 0       |            | <b>Balance at 1 April</b>  |         | 162        |
| 162     |            | Upward revaluation of investments  |         | 34         |
| 0       |            | Downward revaluation of investments  |         | 0          |
| 162     |            |  |         | <u>196</u> |
| 0       |            | Gains/Losses on derecognition of investment written out to the Financing and Investment Income and Expenditure Statement |         | (162)      |
|         | <u>162</u> | <b>Balance at 31 March</b>   |         | <u>34</u>  |

### 20.4 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Police and Crime Commissioner accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

# Police and Crime Commissioner for Devon and Cornwall

## Note 20 Unusable Reserves Continued

| 2018/19            |                    | Pension Reserve  | 2019/20            |                    |
|--------------------|--------------------|--|--------------------|--------------------|
| PCC<br>£'000       | PCC Group<br>£'000 |  | PCC<br>£'000       | PCC Group<br>£'000 |
| (3,313,717)        | (3,313,717)        | <b>Balance at 1 April</b>  | (3,531,639)        | (3,531,639)        |
| (218,426)          | 0                  | Intra-Group Adjustments  | 202,938            | 0                  |
| 804                | (39,108)           | Remeasurements of the net defined benefit liability/(asset)  | 430                | 287,344            |
| (434)              | (269,019)          | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (395)              | (176,535)          |
| 134                | 90,205             | Employer's pensions contributions and direct payments to pensioners payable in the year  | 149                | 92,313             |
| <b>(3,531,639)</b> | <b>(3,531,639)</b> | <b>Balance at 31 March</b>   | <b>(3,328,517)</b> | <b>(3,328,517)</b> |

### 20.5 Collection Fund Adjustment Account

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

| 2018/19      |  | Collection Fund Adjustment Account   | 2019/20 |              |
|--------------|--|--|---------|--------------|
| £'000        |  |  | £'000   |              |
| 3,323        |  | <b>Balance at 1 April</b>  |         | <b>2,293</b> |
| (1,030)      |  | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements |         | (430)        |
| <b>2,293</b> |  | <b>Balance at 31 March</b>   |         | <b>1,863</b> |

### 20.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2018/19      |                    | Accumulated Absences Account   | 2019/20      |                    |
|--------------|--------------------|--|--------------|--------------------|
| PCC<br>£'000 | PCC Group<br>£'000 |  | PCC<br>£'000 | PCC Group<br>£'000 |
| (19)         | (9,056)            | <b>Balance at 1 April</b>  | (26)         | (9,608)            |
| 19           | 9,056              | Settlement or cancellation of accrual made at the end of the preceding year  | 26           | 9,608              |
| (26)         | (9,608)            | Amounts accrued at the end of the current year   | (12)         | (9,431)            |
| (7)          | (552)              | <b>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</b> | <b>14</b>    | <b>177</b>         |
| <b>(26)</b>  | <b>(9,608)</b>     | <b>Balance at 31 March</b>   | <b>(12)</b>  | <b>(9,431)</b>     |

# Police and Crime Commissioner for Devon and Cornwall

## Note 21 Cash Flow Statement - Operating Activities

| 2018/19<br>£'000 |   | 2019/20<br>£'000 |
|------------------|---|------------------|
| (4,661)          | Net cash receipts/(payments) from operating activities excluding interest receipts and payments | (4,482)          |
| 435              | Interest received   | 248              |
| (1,274)          | Interest paid   | (1,278)          |
| <b>(5,500)</b>   | <b>Net cash flows from operating activities</b>   | <b>(5,512)</b>   |

## Note 22 Cash Flow Statement - Investing Activities

| 2018/19<br>£'000 |  | 2019/20<br>£'000 |
|------------------|--|------------------|
| 20,200           | Purchase of property, plant and equipment, investment property and intangible assets               | 23,914           |
| (15,870)         | Net movement in short-term and long term investments   | (1,740)          |
| (902)            | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 0                |
| <b>3,428</b>     | <b>Net cash flows from investing activities</b>  | <b>22,174</b>    |

## Note 23 Cash Flow Statement – Financing Activities

| 2018/19<br>£'000 |   | 2019/20<br>£'000 |
|------------------|---|------------------|
| 0                | Cash receipt of short term borrowing              | (6,000)          |
| 0                | Net movement in long term borrowing               | 0                |
| (52)             | Cash payments to reduce finance lease liabilities | 113              |
| <b>(52)</b>      | <b>Net cash flows from financing activities</b>   | <b>(5,887)</b>   |

## Note 24 External Audit Costs

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

| 2018/19      |                       |  | 2019/20      |                       |
|--------------|-----------------------|--|--------------|-----------------------|
| PCC<br>£'000 | PCC<br>Group<br>£'000 |  | PCC<br>£'000 | PCC<br>Group<br>£'000 |
| 28           | 42                    | Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year         | 35           | 52                    |
| 0            | 2                     | Proposed additional fees in respect of assessing the impact of the McCloud ruling on age discrimination on pensions liabilities. * | 0            | 0                     |
| <b>28</b>    | <b>44</b>             |  | <b>35</b>    | <b>52</b>             |

# Police and Crime Commissioner for Devon and Cornwall

## Note 25 Officers' Remuneration

### 25.1 Remuneration

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

| 2019/20   | Note | Salary, Fees and Allowances<br>£ | Subsistence and Expenses Allowances<br>£ | Benefits in Kind<br>£ | Total Remuneration excl Pension Contributions<br>£ | Employers Pension Contributions<br>£ | Total Remuneration incl Pension Contributions<br>£ |
|---|------|----------------------------------|--|-----------------------|--|--------------------------------------|--|
| <b><u>Office of the Police &amp; Crime Commissioner</u></b>                       |      |                                  |  |                       |  |                                      |  |
| <b><u>Salary £50,000 to £149,999 per year</u></b>                                 |      |                                  |  |                       |  |                                      |  |
| OPCC Chief Executive  |      | 107,026                          | 0  | 0                     | 107,026  | 14,916                               | 121,942  |
| OPCC Treasurer  |      | 95,564                           | 0  | 0                     | 95,564   | 13,475                               | 109,039  |
| <b><u>Chief Constable</u></b>   |      |                                  |  |                       |  |                                      |  |
| <b><u>Salary £150,000 plus per year</u></b>                                       |      |                                  |  |                       |  |                                      |  |
| Chief Constable – Shaun Sawyer  |      | 175,574                          | 0  | 4,928                 | 180,502  | 0                                    | 180,502  |
| <b><u>Salary £50,000 to £149,999 per year</u></b>                                 |      |                                  |  |                       |  |                                      |  |
| Deputy Chief Constable  |      | 145,306                          | 0  | 393                   | 145,699  | 42,062                               | 187,761  |
| ACC Senior Responsible Officer - Strategic Alliance from 01/04/2019 to 16/04/2019 |      | 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   |

## Police and Crime Commissioner for Devon and Cornwall

### Note 25 Officers' Remuneration Continued

| 2019/20  | Note | Salary, Fees<br>and<br>Allowances<br>£ | Subsistence<br>and<br>Expenses<br>Allowances<br>£ | Benefits<br>in Kind<br>£ | Total<br>Remuneration<br>excl Pension<br>Contributions<br>£ | Employers<br>Pension<br>Contributions<br>£ | Total<br>Remuneration<br>incl Pension<br>Contributions<br>£ |
|--|------|--|---|--------------------------|---|--|---|
| <b>Chief Constable</b>                             |      |  |   |                          |   |  |   |
| <b>Salary £50,000 to £149,999 per year</b>         |      |  |   |                          |   |  |   |
| 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   |

## Police and Crime Commissioner for Devon and Cornwall

### Note 25 Officers' Remuneration Continued

| 2018/19   | Note | Salary, Fees<br>and<br>Allowances<br>£ | Subsistence<br>and<br>Expenses<br>Allowances<br>£ | Benefits<br>in Kind<br>£ | Total<br>Remuneration<br>excl Pension<br>Contributions<br>£ | Employers<br>Pension<br>Contributions<br>£ | Total<br>Remuneration<br>incl Pension<br>Contributions<br>£ |
|---|------|--|---|--------------------------|---|--|---|
| <b>Office of the Police &amp; Crime Commissioner</b>  |      |  |   |                          |   |  |   |
| <b>Salary £50,000 to £149,999 per year</b>  |      |  |   |                          |   |  |   |
| OPCC Chief Executive  |      | 98,540                                 | 0   | 0                        | 98,540  | 13,719                                     | 112,259   |
| OPCC Treasurer  |      | 87,778                                 | 0   | 0                        | 87,778  | 12,377                                     | 100,155   |
| <b>Chief Constable</b>  |      |  |   |                          |   |  |   |
| <b>Salary £150,000 plus per year</b>  |      |  |   |                          |   |  |   |
| Chief Constable – Shaun Sawyer  | 1    | 171,500                                | 60,306  | 2,517                    | 234,323   | 0  | 234,323   |
| <b>Salary £50,000 to £149,999 per year</b>  |      |  |   |                          |   |  |   |
| 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<br>Project 01/04/18 to 30/05/18 |      | 14,979                                 | 0   | 0                        | 14,979  | 3,397                                      | 18,376  |

# Police and Crime Commissioner for Devon and Cornwall

## Note 25 Officers' Remuneration Continued

### 25.1.1 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.

### 25.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain payments that have been calculated on an actuarial basis in 2018/19 and 2019/20. They relate to staff employed by the Police and Crime Commissioner Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police, these adjustments are set out below:

| Exit package cost band<br>(including special<br>payments)   | Number of<br>compulsory<br>redundancies |          | Number of other<br>departures agreed |          | Total number of<br>exit packages by<br>cost band |          | Total cost of exit<br>packages in each<br>band |                  |  |
|---|---|----------|--------------------------------------|----------|--|----------|--|------------------|--|
|   | 2018/19                                 | 2019/20  | 2018/19                              | 2019/20  | 2018/19  | 2019/20  | 2018/19<br>£'000                               | 2019/20<br>£'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                |  |
| <b>Total included in bandings<br/>and in CIES</b>   | <b>1</b>                                | <b>5</b> | <b>6</b>                             | <b>2</b> | <b>7</b>   | <b>7</b> | <b>88</b>                                      | <b>202</b>       |  |
| <b>Adjustments to reflect costs charged in Comprehensive Income and<br/>Expenditure Statement</b> |   |          |                                      |          |  |          |  |                  |  |
| 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              |  |
| <b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>                   |   |          |                                      |          |  |          | <b>140</b>                                     | <b>325</b>       |  |
| All of the exit packages in 2019/20 relate to the Force.  |   |          |                                      |          |  |          |  |                  |  |

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 25 Officers' Remuneration Continued

### 25.3 Remuneration Bands

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

| <b>2018/19</b>             |                          | <b>2019/20</b>             |
|----------------------------|--------------------------|----------------------------|
| <b>Number of employees</b> | <b>Remuneration Band</b> | <b>Number of employees</b> |
| 313                        | £50,000 - £54,999        | 280                        |
| 128                        | £55,000 - £59,999        | 185                        |
| 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                          |
| <b>522</b>                 | <b>Total</b>             | <b>543</b>                 |

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

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 26 Grant Income

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

| 2018/19<br>£'000 |   | 2019/20<br>£'000 |
|------------------|---|------------------|
|                  | <b>Credited to Taxation and Non Specific Grant Income</b> |                  |
| (163,529)        | Police Grant  | (166,963)        |
| (15,461)         | Council Tax Support Grants                                | (15,461)         |
| (3,280)          | Recognised Capital Grant and Contributions                | (1,768)          |
| <b>(182,270)</b> | <b>Total</b>  | <b>(184,192)</b> |
|                  | <b>Credited to Services</b>                               |                  |
| (1,881)          | Commissioning   | (2,453)          |
| (6,142)          | Projects  | (3,244)          |
| (155)            | Other Local Grants  | (1,766)          |
| (858)            | Armed Response Vehicle Uplift                             | (826)            |
| <b>(9,036)</b>   | <b>Total</b>  | <b>(8,289)</b>   |
|                  | <b>Credited to Other Operating Income and Expenditure</b> |                  |
| <b>(52,327)</b>  | Pensions Top Up Grant                                     | <b>(45,579)</b>  |

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

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

### 27.1 Related Party Transactions

#### 27.1.1 Central Government

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

#### 27.1.2 Independent Officers

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

#### 27.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. 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 PCC Group accounts beyond payments for their audit services.

#### 27.1.4 Other Public Bodies

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

# Police and Crime Commissioner for Devon and Cornwall

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

| 31 March 2019  |                       | 31 March 2020  |
|----------------|-----------------------|----------------|
| £'000          | Billing Authority     | £'000          |
| 11,175         | East Devon            | 12,699         |
| 7,051          | Exeter                | 7,973          |
| 5,365          | Mid Devon             | 6,124          |
| 6,366          | North Devon           | 7,288          |
| 13,621         | Plymouth              | 15,745         |
| 7,187          | South Hams            | 8,202          |
| 9,247          | Teignbridge           | 10,551         |
| 8,715          | Torbay                | 9,922          |
| 4,445          | Torrige               | 5,080          |
| 3,848          | West Devon            | 4,337          |
| 37,339         | Cornwall              | 41,473         |
| 250            | Isles of Scilly       | 280            |
| <b>114,609</b> |                       | <b>129,674</b> |
| (1,030)        | Adjusted for accruals | (430)          |
| <b>113,579</b> |                       | <b>129,244</b> |

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

### 27.2 Commissioning and Partnerships

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

| 2018/19                                    |                 |       |   | 2019/20              |                 |
|--|-----------------|-------|---|----------------------|-----------------|
| Expenditure<br>£'000                       | Income<br>£'000 | Notes |   | Expenditure<br>£'000 | Income<br>£'000 |
| <b>OPCC Commissioning and Partnerships</b> |                 |       |   |                      |                 |
| 1,610                                      | 0               | 1     | Community Safety Partnership            | 1,615                | 0               |
| 501  | 0               | 2     | Youth Offending Teams and Services      | 501                  | 0               |
| 494  | (159)           | 3     | Sexual Assault Referral Centres         | 469                  | (212)           |
| 35   | 0               | 4     | Safeguarding Adults and Children        | 0                    | 0               |
| 126  | 0               | 5     | Small Grants and Other Costs            | 116                  | 0               |
| 1,880                                      | (2,015)         | 6     | Victim Services and Restorative Justice | 2,020                | (2,020)         |
| 939  | (168)           | 7     | Other Local Grants and Expenditure      | 1,401                | (488)           |
| <b>5,585</b>                               | <b>(2,342)</b>  |       |   | <b>6,122</b>         | <b>(2,720)</b>  |
| <b>Other Partnerships</b>                  |                 |       |   |                      |                 |
| <b>1,614</b>                               | <b>(1,482)</b>  |       | Safety Camera Partnership               | <b>1,941</b>         | <b>(1,941)</b>  |

# Police and Crime Commissioner for Devon and Cornwall

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

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

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2020.

### **27.2.1 Community Safety Partnership**

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

### **27.2.2 Youth Offending Teams and Services**

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

### **27.2.3 Sexual Assault Referral Centres**

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

### **27.2.4 Safeguarding Adults and Children**

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

### **27.2.5 Small Grants**

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

### **27.2.6 Victim Services and Restorative Justice**

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

### **27.2.7 Other Local Grants and Expenditure**

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

# Police and Crime Commissioner for Devon and Cornwall

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

### 27.3 Collaborations

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

| 2018/19              |       |  | 2019/20              |
|----------------------|-------|--|----------------------|
| Expenditure<br>£'000 | Notes | Joint Operation                        | Expenditure<br>£'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                  |
| <b>10,565</b>        |       |  | <b>10,963</b>        |

#### 27.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The Force cost for the year was £1,154k. 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%.

#### 27.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £5,773k. 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%.

#### 27.3.3 South West Procurement Services

South West Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Dorset Police. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £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%.

#### 27.3.4 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%.

#### 27.3.5 Regional Programme

The Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects. Costs are shared with the Forces that are involved in each project. The Force cost for the year was £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%.

# Police and Crime Commissioner for Devon and Cornwall

## Note 28 Contingent Liabilities

### 28.1 Financial Guarantee

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

### 28.2 Pension Guarantee

The PCC has along with all other PCC's provided a pension guarantee of £21k for the APCC pension fund which is currently held by Merseyside LGPS.

## Note 29 Capital Expenditure and Financing

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

| 2018/19         |                    |   | 2019/20         |                    |
|-----------------|--------------------|---|-----------------|--------------------|
| PCC<br>£'000    | PCC Group<br>£'000 |   | PCC<br>£'000    | PCC Group<br>£'000 |
| <b>38,915</b>   | <b>38,915</b>      | <b>Opening Capital Financing Requirement</b>                        | <b>49,314</b>   | <b>49,314</b>      |
|                 |                    | <b>Capital Investment:</b>  |                 |                    |
| 15,296          | 15,296             | Land and buildings  | 19,827          | 19,827             |
| 2,993           | 2,993              | Vehicles and Other Transport  | 1,749           | 1,749              |
| 4,259           | 4,374              | Equipment and ICT   | 4,461           | 6,338              |
| 529             | 529                | Intangible Assets   | 100             | 100                |
| 0               | 0                  | Revenue Expenditure Funded from Capital under Statute               | 164             | 164                |
| <b>23,077</b>   | <b>23,192</b>      |   | <b>26,301</b>   | <b>28,178</b>      |
|                 |                    | <b>Less Sources of Finance:</b>                                     |                 |                    |
| (3,806)         | (3,806)            | Government Grants   | (1,496)         | (1,496)            |
| (3,884)         | (3,884)            | Capital Receipts  | 0               | 0                  |
| (4,988)         | (5,103)            | Reserves, provisions and MRP  | (9,587)         | (11,464)           |
| <b>(12,678)</b> | <b>(12,793)</b>    |   | <b>(11,083)</b> | <b>(12,960)</b>    |
| 10,399          | 10,399             | Increase/(Decrease) in Capital Financing Requirement                | 15,218          | 15,218             |
| <b>49,314</b>   | <b>49,314</b>      | <b>Closing Capital Financing Requirement</b>                        | <b>64,532</b>   | <b>64,532</b>      |
|                 |                    | <b>Represented by:</b>  |                 |                    |
| 30,277          | 30,277             | External Borrowing (cumulative) excluding accruals for interest due | 30,277          | 30,277             |
| 18,758          | 18,758             | Internal Borrowing  | 34,089          | 34,089             |
| 279             | 279                | Finance Lease Liabilities   | 166             | 166                |
| <b>49,314</b>   | <b>49,314</b>      |   | <b>64,532</b>   | <b>64,532</b>      |
|                 |                    | <b>Borrowing During the Year</b>                                    |                 |                    |
| 0               | 0                  | External Borrowing  | 0               | 0                  |
| 10,233          | 10,233             | Internal Borrowing  | 15,331          | 15,331             |
| 166             | 166                | Finance Lease   | (113)           | (113)              |
| <b>10,399</b>   | <b>10,399</b>      |   | <b>15,218</b>   | <b>15,218</b>      |

# Police and Crime Commissioner for Devon and Cornwall

## Note 30 Office of the Police and Crime Commissioner Costs

| 2018/19      |  | 2019/20      |
|--------------|--|--------------|
| £'000        | Office of the Police and Crime Commissioner            | £'000        |
| 13           | Independent members and advisors costs                 | 10           |
| 98           | Police and Crime Commissioner including reimbursements | 108          |
| 1,040        | Statutory and other OPCC staff                         | 1,260        |
| 273          | Other costs  | 240          |
| 1            | Support for collection of Council Tax                  | 1            |
| (2)          | Income   | (10)         |
| <b>1,423</b> | <b>Sub-total</b>                                       | <b>1,609</b> |
| 195          | Pension costs  | 142          |
| 6            | Accumulated Absence                                    | (12)         |
| 2            | Depreciation   | 1            |
| <b>1,626</b> | <b>Total</b>   | <b>1,740</b> |

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

| 2018/19   |  | 2019/20   |
|-----------|--|-----------|
| £'000     | Police and Crime Commissioner                | £'000     |
| 87        | Salary, Fees and Allowances                  | 87        |
| 0         | Benefits in Kind                             | 0         |
| <b>87</b> | <b>Total excluding pension contributions</b> | <b>87</b> |
| 0         | Employer's Pension                           | 0         |
| <b>87</b> | <b>Total</b>                                 | <b>87</b> |

## Note 31 Operating Leases

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

| 31 March 2019 |   | 31 March 2020 |
|---------------|---|---------------|
| £'000         |   | £'000         |
| 986           | Not later than one year                           | 1,042         |
| 2,512         | Later than one year and not later than five years | 2,548         |
| 1,385         | Later than five years                             | 1,073         |
| <b>4,883</b>  |   | <b>4,663</b>  |

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

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

| 31 March 2019 | 31 March 2020 |
|---------------|---------------|
| £'000         | £'000         |
| 986           | 1,098         |
| <b>986</b>    | <b>1,098</b>  |

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes

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

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 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 gives rise to a possible obligation on the Police and Crime Commissioner Group.

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/Sergeant 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 £5.689m. 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).

### 32.1 Police Officer Schemes

#### 32.1.1 Participation in Pension Schemes

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

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

Reconciliation of present value of the scheme liabilities:

| 2018/19            |  | 2019/20            |
|--------------------|--|--------------------|
| £'000              |  | £'000              |
| <b>(3,080,411)</b> | <b>Opening balance at 1 April</b>  | <b>(3,289,250)</b> |
| (62,706)           | Current service cost   | (72,495)           |
| (77,662)           | Interest cost  | (77,958)           |
| (14,758)           | Contributions from scheme participants                                     | (15,204)           |
|                    | Remeasurement (gains) and 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            |
| 0                  | • Experience gains/(losses) on defined benefit obligation                  | 0                  |
| 93,927             | Benefits paid  | 96,199             |
| (97,281)           | Past service costs, including curtailments                                 | 0                  |
| 1,358              | Injury pension payments  | 1,516              |
| <b>(3,289,250)</b> | <b>Closing balance at 31 March</b>   | <b>(3,119,243)</b> |

### 32.1.3 Transactions relating to Retirement Benefits

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

| 2018/19        | <b>Comprehensive Income and Expenditure Account</b>  | 2019/20         |
|----------------|--|-----------------|
| £'000          |  | £'000           |
|                | <b>Cost of Services</b>  |                 |
| 62,706         | Current service cost   | 72,495          |
| 97,281         | Past service cost  | 0               |
|                | <b>Financing and Investment Income and Expenditure</b>   |                 |
| 77,662         | Net interest expense   | 77,958          |
| <b>237,649</b> | <b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>   | <b>150,453</b>  |
|                | <b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>  |                 |
|                | Remeasurement of the net defined benefit liability comprising:   |                 |
| (84,067)       | • Actuarial (gains) and losses arising on changes in demographic assumptions   | 6,678           |
| 135,784        | • Actuarial (gains) and losses arising on changes in financial assumptions   | (244,627)       |
| 0              | Experience (gain)/loss on defined benefit obligation   | 0               |
| <b>289,366</b> | <b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements</b>   | <b>(87,496)</b> |
|                | <b>Movement In Reserves Statement</b>  |                 |
| (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)       |
|                | <b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>   |                 |
| 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.

### 32.1.4 Impact on the Police and Crime Commissioner's Cashflow

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

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

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

### 32.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

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.

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 |
|---------|--|---------|
|         | <b>Longevity at 65 for current pensioners:</b> |         |
| 21.3    | Men  | 21.6    |
| 23.7    | Women  | 23.7    |
|         | <b>Longevity at 65 for future pensioners:</b>  |         |
| 23.0    | Men  | 23.3    |
| 25.5    | Women  | 25.5    |
|         | <b>Financial Assumptions:</b>                  |         |
| 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. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

| Impact on the Defined Benefit Obligation in the Scheme                 | Increase in Assumption<br>£'000 | Decrease in Assumption<br>£'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                          |

### 32.2 Police Staff Scheme

#### 32.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Peninsula Pensions. This is a funded defined benefit career average scheme, meaning that the Police and Crime Commissioner and employees pay

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets.

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

### 32.2.2 Transactions relating to Retirement Benefits

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

| 2018/19      |                       | Comprehensive Income and Expenditure Account   | 2019/20      |                       |
|--------------|-----------------------|--|--------------|-----------------------|
| PCC<br>£'000 | PCC<br>Group<br>£'000 |  | PCC<br>£'000 | PCC<br>Group<br>£'000 |
|              |                       | <b>Cost of Services</b>  |              |                       |
|              |                       | Service cost comprising:   |              |                       |
| 271          | 19,548                | • Current service cost   | 304          | 20,041                |
| 80           | 5,796                 | • Past service cost  | 2            | 109                   |
| 3            | 196                   | • Administration Expenses  | 3            | 232                   |
|              |                       | <b>Financing and Investment Income and Expenditure</b>   |              |                       |
| 81           | 5,830                 | Net interest expense   | 86           | 5,701                 |
| <b>435</b>   | <b>31,370</b>         | <b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b> | <b>395</b>   | <b>26,083</b>         |
|              |                       | <b>Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>      |              |                       |
|              |                       | Remeasurement of the net defined benefit liability comprising:                                       |              |                       |
| (141)        | (10,147)              | • Return on plan assets (excluding the amount included in the net interest expense)                  | 519          | 34,188                |
| (449)        | (32,375)              | • Actuarial (gains) and losses arising on changes in demographic assumptions                         | (157)        | (10,361)              |
| 414          | 29,912                | • Actuarial (gains) and losses arising on changes in financial assumptions                           | (1,056)      | (69,585)              |
| (631)        | 0                     | <b>Apportionment Adjustment</b>  | 319          | 0                     |
| 0            | 0                     | Other Actuarial Gains/Losses   | 2            | 140                   |
| 0            | 0                     | Experience (gain)/loss on defined benefit obligation   | (57)         | (3,777)               |
| <b>(372)</b> | <b>18,760</b>         | <b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>   | <b>(35)</b>  | <b>(23,312)</b>       |

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.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

| 2018/19              |                    | Movement in Reserves Statement   | 2019/20              |                    |
|----------------------|--------------------|--|----------------------|--------------------|
| PCC<br>£'000         | PCC Group<br>£'000 |  | PCC<br>£'000         | PCC Group<br>£'000 |
| (435)                | (31,370)           | Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code | (396)                | (26,083)           |
| Funded Liabilities   |                    | Actual amount charged against the General Fund<br>Balance for pensions in the year:  | Funded Liabilities   |                    |
| PCC<br>£'000         | PCC Group<br>£'000 |  | PCC<br>£'000         | PCC Group<br>£'000 |
| 132                  | 9,515              | Employers' contributions payable to scheme   | 146                  | 9,652              |
| Unfunded Liabilities |                    | Actual amount charged against the General Fund<br>Balance for pensions in the year:  | Unfunded Liabilities |                    |
| PCC<br>£'000         | PCC Group<br>£'000 |  | PCC<br>£'000         | PCC Group<br>£'000 |
| 2                    | 162                | Retirement benefits payable to pensioners  | 2                    | 151                |

### 32.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

| 31 March 2019  |                    |  | 31 March 2020  |                    |
|----------------|--------------------|--|----------------|--------------------|
| PCC<br>£'000   | PCC Group<br>£'000 |  | PCC<br>£'000   | PCC Group<br>£'000 |
| (7,803)        | (563,230)          | Present value of the defined benefit obligation              | (7,689)        | (506,844)          |
| 4,445          | 320,841            | Fair value of plan assets                                    | 4,515          | 297,570            |
| <b>(3,358)</b> | <b>(242,389)</b>   | <b>Net liability arising from defined benefit obligation</b> | <b>(3,174)</b> | <b>(209,274)</b>   |

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

| 31 March 2019 |                    |  | 31 March 2020 |                    |
|---------------|--------------------|--|---------------|--------------------|
| PCC<br>£'000  | PCC Group<br>£'000 |  | PCC<br>£'000  | PCC Group<br>£'000 |
| 4,975         | 300,509            | <b>Opening fair value of scheme assets</b>   | 4,445         | 320,841            |
| 107           | 7,697              | Interest income  | 118           | 7,742              |
|               |                    | Remeasurement gain/(loss):   |               |                    |
| 141           | 10,147             | • The return on plan assets, excluding the amount included in the net interest expense | (519)         | (34,188)           |
| (812)         | 0                  | Apportionment Adjustment   | 422           | 0                  |
| (3)           | (196)              | Administration expenses  | (4)           | (232)              |
| 134           | 9,677              | Contributions from employer  | 149           | 9,803              |
| 48            | 3,477              | Contributions from employees into the scheme   | 53            | 3,510              |
| (145)         | (10,470)           | Benefits paid  | (148)         | (9,766)            |
| 0             | 0                  | Other actuarial gains and (losses)   | (1)           | (140)              |
| <b>4,445</b>  | <b>320,841</b>     | <b>Closing fair value of scheme assets</b>   | <b>4,515</b>  | <b>297,570</b>     |

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

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

| 31 March 2019  |                    |  | 31 March 2020  |                    |
|----------------|--------------------|--|----------------|--------------------|
| PCC<br>£'000   | PCC Group<br>£'000 |  | PCC<br>£'000   | PCC Group<br>£'000 |
| <b>(8,838)</b> | <b>(533,815)</b>   | <b>Opening balance at 1 April</b>  | <b>(7,803)</b> | <b>(563,230)</b>   |
| (271)          | (19,548)           | Current service cost   | (304)          | (20,041)           |
| (187)          | (13,527)           | Interest cost  | (204)          | (13,443)           |
| (48)           | (3,477)            | Contributions from scheme participants                                     | (53)           | (3,510)            |
|                |                    | Remeasurement gain/(loss):   |                |                    |
| 449            | 32,375             | • Actuarial gains/(losses) arising from changes in demographic assumptions | 157            | 10,361             |
| (414)          | (29,912)           | • Actuarial gains/(losses) arising from changes in financial assumptions   | 1,056          | 69,585             |
| 0              | 0                  | Experience gain/(loss) on defined benefit obligation                       | 57             | 3,777              |
| 1,443          | 0                  | Apportionment Adjustment   | (741)          | 0                  |
| (80)           | (5,796)            | Past service cost including gains/(losses) on curtailments                 | (2)            | (109)              |
| 145            | 10,470             | Benefits paid  | 148            | 9,766              |
| <b>(7,803)</b> | <b>(563,230)</b>   | <b>Closing balance at 31 March</b>   | <b>(7,689)</b> | <b>(506,844)</b>   |

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2021 is estimated to be £9.230m of which £0.140m is for the Police and Crime Commissioner. Expected payments for discretionary benefits for the accounting period to 31 March 2021 are estimated to be £0.215m of which £3k is for the Police and Crime Commissioner.

### 32.2.6 Local Government Pension Scheme assets comprised

| 31 March 2019 |                    |                                  | 31 March 2020 |                    |
|---------------|--------------------|----------------------------------|---------------|--------------------|
| PCC<br>£'000  | PCC Group<br>£'000 | Fair Value of Scheme assets      | PCC<br>£'000  | PCC Group<br>£'000 |
|               |                    | <b>Cash and cash equivalents</b> |               |                    |
| 731           | 52,738             | UK Equities                      | 601           | 39,598             |
| 1,897         | 136,925            | Overseas Equities                | 1,941         | 127,971            |
| 143           | 10,350             | Gilts                            | 193           | 12,694             |
| 85            | 6,162              | Other Bonds                      | 237           | 15,591             |
| 398           | 28,743             | Property                         | 425           | 28,032             |
| 167           | 12,067             | Infrastructure                   | 194           | 12,821             |
| 635           | 45,856             | Target Return Portfolio          | 593           | 39,073             |
| 76            | 5,459              | Cash                             | 53            | 3,465              |
| 74            | 5,363              | Private Equity                   | 0             | 0                  |
| 239           | 17,178             | Alternative Assets               | 278           | 18,325             |
| <b>4,445</b>  | <b>320,841</b>     | <b>Total</b>                     | <b>4,515</b>  | <b>297,570</b>     |

### 32.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2019.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

The significant assumptions used by the actuary have been:

| 2018/19 |   | 2019/20 |
|---------|---|---------|
|         | <b>Long-term expected rate of return on assets in the scheme:</b> |         |
| 2.40%   | Equity investments  | 2.35%   |
| 2.40%   | Bonds   | 2.35%   |
| 2.40%   | Other   | 2.35%   |
|         | <b>Mortality assumptions:</b>                                     |         |
|         | <b>Longevity at 65 for current pensioners:</b>                    |         |
| 22.4    | Men   | 22.9    |
| 24.4    | Women   | 24.1    |
|         | <b>Longevity at 65 for future pensioners:</b>                     |         |
| 24.1    | Men   | 24.3    |
| 26.2    | Women   | 25.5    |
|         | <b>Financial Assumptions:</b>                                     |         |
| 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 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### 32.2.8 Impact on the Defined Benefit Obligation in the Scheme

|  | Increase in Assumption<br>£'000 | Decrease in Assumption<br>£'000 |
|--|---------------------------------|---------------------------------|
| <b>PCC</b>   |                                 |                                 |
| Mortality age rating assumption (increase or decrease in 1 year)       | 278                             | (267)                           |
| Rate of increase in salaries (increase or decrease by 0.1%)            | 20                              | (20)                            |
| Rate of increase in pensions (increase or decrease by 0.1%)            | 160                             | (156)                           |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | (176)                           | 180                             |
| <b>PCC Group</b>   |                                 |                                 |
| Mortality age rating assumption (increase or decrease in 1 year)       | 18,300                          | (17,616)                        |
| Rate of increase in salaries (increase or decrease by 0.1%)            | 1,341                           | (1,329)                         |
| Rate of increase in pensions (increase or decrease by 0.1%)            | 10,559                          | (10,311)                        |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | (11,572)                        | 11,853                          |

### 32.2.9 Other Assumptions

It is assumed that:

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

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

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at a constant 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>

## Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

| 31 March 2019   |                    | Contractual Maturity             | 31 March 2020   |                    |
|-----------------|--------------------|----------------------------------|-----------------|--------------------|
| PCC<br>£'000    | PCC Group<br>£'000 |                                  | PCC<br>£'000    | PCC Group<br>£'000 |
| 0               | 0                  | Less than one year               | 0               | 0                  |
| (2,000)         | (2,000)            | Between five and ten years       | (2,000)         | (2,000)            |
| (28,277)        | (28,277)           | More than ten years              | (28,277)        | (28,277)           |
| <b>(30,277)</b> | <b>(30,277)</b>    | <b>Total Long Term Borrowing</b> | <b>(30,277)</b> | <b>(30,277)</b>    |

## Note 34 Investment Property

Investment Properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. In 2019/20 there were two Investment properties.

| 2018/19<br>£'000 |   | 2019/20<br>£'000 |
|------------------|---|------------------|
| 0                | <b>Balance at 31 March 2019</b>                 | <b>385</b>       |
| 25               | Net gains/losses from fair value adjustments    | 0                |
| 360              | Transfers to/from property, plant and equipment | 0                |
| <b>385</b>       | <b>Balance at 31 March 2020</b>                 | <b>385</b>       |

| 2018/19<br>£'000 |  | 2019/20<br>£'000 |
|------------------|--|------------------|
| (31)             | Rental Income from Investment Property | (54)             |
| <b>(31)</b>      | <b>Balance outstanding at year end</b> | <b>(54)</b>      |



# Pension Fund Accounting Statements



# Police and Crime Commissioner for Devon and Cornwall

## Police Officers' Pension Fund Statement

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

| 31 March 2019<br>£'000   | FUND ACCOUNT  | 31 March 2020<br>£'000 |
|--|---|------------------------|
|  | <b>Contributions Receivable</b>                     |                        |
| (26,360)   | Employers (normal)                                  | (34,658)               |
| (14,758)   | Employees (normal)                                  | (15,204)               |
| (482)  | Ill Health capital charge                           | (758)                  |
|  | <b>Transfers In</b>                                 |                        |
| (562)  | Individual transfers from other schemes             | (661)                  |
|  | <b>Benefits payable</b>                             |                        |
| 76,407   | Pensions  | 79,967                 |
| 18,082   | Commutations & lump sum retirement benefits         | 16,846                 |
|  | <b>Payment to and on account of leavers</b>         |                        |
| 0  | Individual transfers to other schemes               | 47                     |
| <b>52,327</b>  | <b>Net amount paid during the year</b>              | <b>45,579</b>          |
| <b>(52,327)</b>  | <b>Transfer from Police Fund*</b>                   | <b>(45,579)</b>        |
| <b>0</b>   | <b>Net amount payable / receivable for the year</b> | <b>0</b>               |
| *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                  |
| <b>52,327</b>  |   | <b>45,579</b>          |

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



# Police and Crime Commissioner for Devon and Cornwall

## Glossary

|                                   |  |
|-----------------------------------|--|
| <b>Accounting Period</b>          | 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.  |
| <b>Accrual</b>                    | 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.)   |
| <b>Actuarial Gains and Losses</b> | 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.   |
| <b>Actuarial Valuation</b>        | An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.   |
| <b>Agency Services</b>            | Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.   |
| <b>Amortised Cost</b>             | 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. |
| <b>Appropriation</b>              | Charges to the revenue account that build up funds and reserves in the balance sheet.  |
| <b>Asset</b>                      | Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.   |
| <b>Bid Price</b>                  | A valuation of financial assets based on the highest price a buyer is willing to offer.  |
| <b>Budget</b>                     | 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.   |
| <b>Capital Expenditure</b>        | 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> ).  |
| <b>Capital Grants</b>             | Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.  |
| <b>Capital Receipts</b>           | 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.   |
| <b>Carrying Amount</b>            | 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.   |
| <b>Cash Flow Statement</b>        | This statement summarises the inflows and outflows of cash.  |
| <b>CIPFA</b>                      | The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.   |
| <b>Collection Fund</b>            | 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.   |
| <b>Contingency</b>                | 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.   |
| <b>Contingent Liability</b>       | A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)   |

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

|   |  |
|---|--|
| <b>Council Tax</b>  | A tax based on the value of property, which is administered by District and Unitary authorities.   |
| <b>Creditors</b>  | 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.   |
| <b>Current Assets and Liabilities</b>                           | Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.   |
| <b>Current Service Cost</b>                                     | 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.  |
| <b>Curtailments</b>   | 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.  |
| <b>Debtors</b>  | Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.   |
| <b>Deferred Charges</b>   | 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.  |
| <b>Defined Benefit Scheme</b>                                   | 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.  |
| <b>Depreciation</b>   | The accounting principle that spreads the cost of a fixed asset over its useful working life.  |
| <b>Discretionary Benefits</b>                                   | 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.   |
| <b>Earmarked Reserves</b>                                       | These reserves represent monies set aside to be used for a specific purpose.   |
| <b>Exit Costs</b>   | 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.   |
| <b>Expected Return on Assets</b>                                | 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.  |
| <b>Experience Gains and Losses (IAS 19 Pensions disclosure)</b> | This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.  |
| <b>Fair Value</b>   | 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. |
| <b>Fixed Assets</b>   | Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.   |
| <b>FVOCI</b>  | Classification of a financial asset. FVOCI stands for Fair Value through other Comprehensive Income.   |
| <b>FVPL</b>   | Classification of a financial asset. FVPL stands for Fair Value through profit or loss.  |
| <b>International Financial Reporting Standards (IFRS)</b>       | Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.  |

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

|  |  |
|--|--|
| <b>Home Office Grant</b>                     | A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.  |
| <b>Impairment</b>                            | 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.   |
| <b>Intangible Asset</b>                      | An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.  |
| <b>Interest Cost</b>                         | 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.  |
| <b>LAAP</b>                                  | Local Authority Accounting Panel sets accounting rules for the public sector.  |
| <b>Medium Term Financial Strategy</b>        | Often referred to as MTF5, it is the financial plan and management of funding, spending and savings over a four year period.   |
| <b>Mid-Price</b>                             | A valuation of financial assets based on the mid-point between bid and offered prices.   |
| <b>Minimum Revenue Provision</b>             | The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.  |
| <b>Non Distributed Costs (NDC)</b>           | For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.  |
| <b>Non-Operational Assets</b>                | 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.  |
| <b>Past Service Cost</b>                     | 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.  |
| <b>Pension Commutation</b>                   | 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. |
| <b>Pension Scheme (Defined Benefit)</b>      | 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.   |
| <b>Pension Scheme (Funded)</b>               | 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.  |
| <b>Pension Scheme (unfunded)</b>             | 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.  |
| <b>Precept</b>                               | A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.   |
| <b>Present value ( or Net Present Value)</b> | The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.   |
| <b>Principal</b>                             | The amount of a loan that was actually borrowed, before interest is added.   |
| <b>Provisions</b>                            | Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.  |
| <b>Related Parties</b>                       | Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.   |
| <b>Reserves</b>                              | Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.   |

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

|  |  |
|--|--|
| <b>Revaluation Reserve</b>                       | 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. |
| <b>Revenue Support Grant (RSG)</b>               | 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.   |
| <b>Running Costs</b>                             | Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.  |
| <b>Specific Grants</b>                           | Grants (usually from the Home Office) that can only be spent on named services and projects.   |
| <b>Statement of Standard Accounting Practice</b> | Guidance issued by the Financial Reporting Council (FRC) on how to use and apply accounting standards.   |
| <b>Termination Benefits</b>                      | 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.   |
| <b>Third Party Payments</b>                      | Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.   |