



**PCC**

Office of the Police  
and Crime Commissioner  
Devon and Cornwall

# Police and Crime Commissioner for Devon & Cornwall



## Statement of Accounts

For the year ended 31 March 2023

**Unaudited**

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

## Officers of the Police and Crime Commissioner Group

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



Police and Crime Commissioner  
Alison Hernandez



Chief Executive to the Police and Crime Commissioner  
Frances Hughes



Chief Financial Officer to the Police and Crime Commissioner  
Nicola Allen

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

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



Chief Constable  
Will Kerr  
From 29/12/2022



Chief Constable  
Shaun Sawyer  
From 01/04/2010 to 21/08/2022



Temporary Chief Constable  
Jim Colwell  
From 22/08/2022 to 28/12/2022



Chief Financial Officer to the Chief Constable  
Sandy Goscomb

Address: Police Headquarters  
Middlemoor  
Exeter  
EX2 7HQ

**Statement of Accounts 2022/23**

**Contents**

<b>Accompanying Reports</b>	<b>Page</b>
Chief Financial Officer's Narrative Report	<a href="#"><u>5</u></a>
Independent Auditor's Report	<a href="#"><u>19</u></a>
Statement of Responsibilities	<a href="#"><u>20</u></a>
 <b>Financial Statements</b>	
Group Movement in Reserves Statement	<a href="#"><u>22</u></a>
PCC Movement in Reserves Statement	<a href="#"><u>23</u></a>
Group Comprehensive Income and Expenditure Statement	<a href="#"><u>24</u></a>
PCC Comprehensive Income and Expenditure Statement	<a href="#"><u>25</u></a>
Group and PCC Balance Sheet	<a href="#"><u>26</u></a>
Group Cash Flow Statement	<a href="#"><u>27</u></a>
 <b>Notes to the Financial Statements</b>	
Note 1    Accounting Policies	<a href="#"><u>29</u></a>
Note 2    Accounting Standards Issued, Not Adopted	<a href="#"><u>41</u></a>
Note 3    Critical Judgements in Applying Accounting Policies	<a href="#"><u>42</u></a>
Note 4    The Police and Crime Commissioner as an Accounting Entity	<a href="#"><u>42</u></a>
Note 5    Events After the Reporting Period	<a href="#"><u>43</u></a>
Note 6    Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty	<a href="#"><u>43</u></a>
Note 7    Expenditure and Funding Analysis	<a href="#"><u>45</u></a>
Note 8    Expenditure and Income Analysed by Nature	<a href="#"><u>48</u></a>
Note 9    Adjustments between Accounting Basis and Funding Basis under Regulations	<a href="#"><u>48</u></a>
Note 10   Movements in Earmarked Reserves	<a href="#"><u>53</u></a>
Note 11   Property, Plant and Equipment	<a href="#"><u>54</u></a>
Note 12   Intangible Assets	<a href="#"><u>59</u></a>
Note 13   Capital Reserves	<a href="#"><u>60</u></a>
Note 14   Debtors	<a href="#"><u>60</u></a>
Note 15   Cash and Cash Equivalents	<a href="#"><u>60</u></a>

**Statement of Accounts 2022/23**

**Contents**

<b>Notes to the Financial Statements continued</b>	<b>Page</b>
Note 16 Assets Held for Sale	<a href="#"><u>61</u></a>
Note 17 Creditors	<a href="#"><u>61</u></a>
Note 18 Financial Instruments	<a href="#"><u>62</u></a>
Note 19 Provisions	<a href="#"><u>66</u></a>
Note 20 Unusable Reserves	<a href="#"><u>67</u></a>
Note 21 Cash Flow Statement - Operating Activities	<a href="#"><u>71</u></a>
Note 22 Cash Flow Statement - Investing Activities	<a href="#"><u>71</u></a>
Note 23 Cash Flow Statement - Financing Activities	<a href="#"><u>72</u></a>
Note 24 External Audit Costs	<a href="#"><u>72</u></a>
Note 25 Officers' Remuneration	<a href="#"><u>73</u></a>
Note 26 Grant Income	<a href="#"><u>78</u></a>
Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations	<a href="#"><u>78</u></a>
Note 28 Contingent Liabilities	<a href="#"><u>83</u></a>
Note 29 Capital Expenditure and Financing	<a href="#"><u>84</u></a>
Note 30 Office of the Police and Crime Commissioner Costs	<a href="#"><u>85</u></a>
Note 31 Operating Leases	<a href="#"><u>85</u></a>
Note 32 Defined Benefit Pension Schemes	<a href="#"><u>86</u></a>
Note 33 Long Term Borrowing	<a href="#"><u>95</u></a>
Note 34 Investment Property	<a href="#"><u>95</u></a>
<b>Police Officers' Pension Fund Statement (PFS)</b>	<a href="#"><u>97</u></a>
<b>Glossary</b>	<a href="#"><u>99</u></a>



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

# Accompanying Reports

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

## Narrative Report by Nicola Allen, Chief Financial Officer

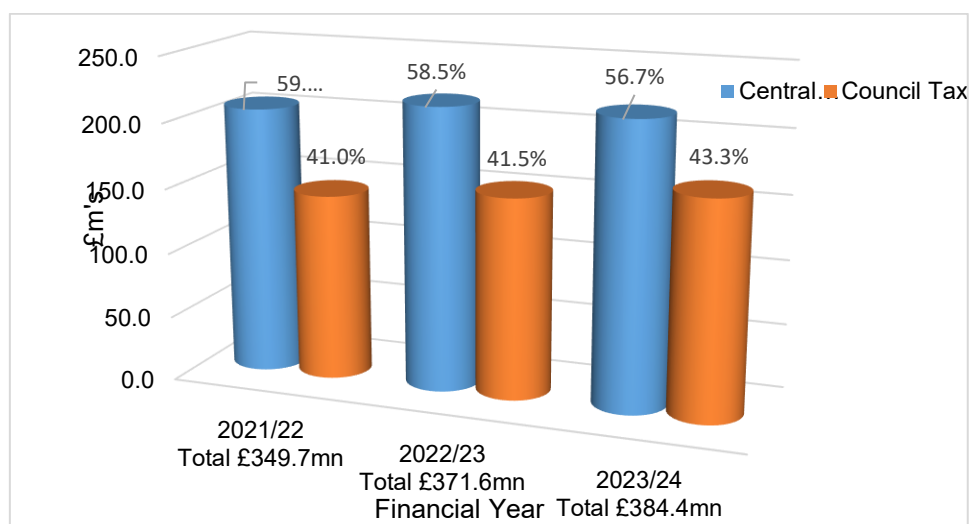
### 1.0 INTRODUCTION

- 1.1 Welcome to the Police and Crime Commissioner's Statement of Accounts for 2022/23. The statement of accounts report 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 in a separate document. 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 performance in 2022/23 and its position at the end of the financial year.

### 2.0 RESOURCES AVAILABLE IN 2022/23

- 2.1 In December 2021 the government provided policing with an indicative three year funding settlement for the period 2022/23 through to 2024/25. The Government recognised the need to maintain investment in policing with the settlement continuing the investment in the uplift of police officers.
- 2.2 The 2022/23 budget was set in the context of an increase of Police Grant funding of 5.4%, which included Devon and Cornwall's share of the £550m allocated nationally; it included funding for the final year of the national Police Officer Uplift Programme and was net of an £80m efficiency target. The three year settlement confirmed national increases of £650m 2023/24, and £800m 2024/25.
- 2.3 As part of the 2022/23 overall central government funding settlement, the council tax flexibility provided to Police and Crime Commissioners was set at a maximum of £10 per Band D equivalent property before a referendum was required. The Police and Crime Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by £10 (4.23%) allowing services to the public to not only be maintained but enhanced. Council tax was set at £246.56 for a band D property.
- 2.4 The graph below shows the revenue budget funding sources in 2022/23 as well as the funding in the previous and following year for comparative purposes. It shows slightly decreasing levels of central grant as a proportion of revenue funding (2021/22 59.0%, 2022/23 58.5%, and 2023/24 56.7%).

Revenue Budget funding 2021/22 – 2023/24



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

### 3.0 THE FINANCIAL STRATEGY FOR 2022/23

- 3.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.
- 3.2 The Police and Crime Plan 2021-2025 sets out the Police and Crime Commissioner's vision for **Safe, Resilient and Connected** communities. This vision is underpinned by priorities for Devon, Cornwall and the Isles of Scilly which are shown below.
- **Violence** – We continue to have inherent violence across our communities. Supporting families and young people affected by violence reduces the chances of those people becoming victims or perpetrators of violence later in life. Our new Serious Violence Prevention Programme will help to drive the earliest possible interventions through partnership working and the scaling of evidence-based practice.
  - **Antisocial Behaviour** – Persistent antisocial behaviour (ASB) is a very visible sign of disorder in communities. It can lead to community tensions and have a significant impact on people's health, wellbeing and daily quality of life.
  - **Drugs** – Drugs can have a devastating social impact on community life and on those who are dependent upon them. They have an adverse impact on individuals, families and businesses and contribute to violence, crime, financial problems and homelessness.
  - **Road Safety** – There are too many crashes on our roads. While the region is one of the safest when it comes to road safety, one death or serious injury is one too many.
  - **Providing high quality and timely support to victims of crime** - To help them recover and to get justice by improving the criminal justice system.
- 3.3 The Medium-Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy are updated annually during the budget setting process.
- 3.4 The overall impact in 2022/23 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 of funding of £21.9m, resulting in a budget of £371.612m (2021/22 budget £349.732m).
- 3.5 The table below outlines how these additional funds were allocated.

Use of additional funding - 2022/23	£'m
<b>Additional Funding (Police Grant &amp; Council Tax)</b>	<b>21.9</b>
<b>Increases:</b>	
National Police Officer Uplift	6.0
	6.0
<b>Unavoidable Changes:</b>	
Pay Inflation	6.2
Increase in National Insurance contributions	2.4
Inflation	3.9
Non-Pay Costs	1.7
Commitments	0.7
Capital Funding	1.2
	16.1
<b>Investment</b>	0.7
<b>Change in use of reserves</b>	1.4
<b>Savings</b>	(2.3)
	<b>21.9</b>



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

- 3.6 The 2022/23 budget also supported a structural financial approach to included funding and investment for:
- Increase officer numbers by 188 to 3,610 by 31 March 2023, funded by central government
  - Placing additional staff and officer capacity into the Contact Centre to address rising demand and have a positive impact on waiting times
  - Expansion of the use of vulnerability lawyers
  - Additional support to ensure we treat information properly and in accordance with the law
- 3.7 The 2022/23 budget also made a provision for a number of unavoidable costs such as pay and non-pay inflation, increase in national insurance contributions, increments and existing policy commitments.
- 3.8 Pay awards were budgeted at 2.5%, and inflation was applied on non-pay budgets only to areas subject to inflationary pressures. The Consumer Price Index (CPI) at November 2021 was 5.1%, an increase of 4.8% when compared to 0.3% in November 2020; and markedly, electricity and gas contracts were expected to increase by 31% and 95% respectively, with fuel 28.5%.

### 4.0 2022/23 OUTCOMES

#### Uplift Officers

- 4.1 The MTFS provided funding for an additional 188 officers for the third and final year of the national Police Officer Uplift Programme (PUP).
- 4.2 Additional government funding was provided for the Force's share of the national officer uplift. The final year of the programme removed the requirement to submit a monthly grant claim but instead replaced it with one claim at the year end, with payment made in arrears in May 2023 subject to achievement of the target headcount of 3,584 by 31 March 2023.
- 4.3 During 2022/23 the Home Office announced details of an incentive scheme for those forces who believed they could exceed their uplift target, with one-off grant funding of up to £20,000 per additional officer above headcount. Devon and Cornwall Police were able to claim the maximum if they achieved an over recruitment of 131 officers by 31 March 2023.
- 4.4 Devon and Cornwall achieved a headcount at 31 March 2023 of 3,716 which was 132 over the target headcount of 3,584. This ensured receipt of the main uplift grant and secured additional one-off grant of £2.620m. These funds were used in part during the year and the balance was transferred to the Budget Management Reserve to support planned one-off commitments across the MTFS.

#### Investment

- 4.5 The 2022/23 Medium Term Financial Strategy identified investment of £0.7m to support increased demand in the Contact Centre; expansion for the use of vulnerability lawyers, and additional support to ensure we treat information properly and in accordance with the law. Staff were appointed to 35 new positions during the year to support these areas.
- 4.6 During 2022/23 the Police and Crime Commissioner supported the opening of an additional six police enquiry offices (front desks) seeing police stations reopened to the public in Newquay, Tiverton, Newton Abbott, Penzance, Falmouth Truro and Bude.
- 4.7 Following the tragic killings in Plymouth in August 2021, the Force has provided staff and officer investment into the Firearms and Explosives Licencing Unit to ensure a consistent and robust application of the law. The Police and Crime Commissioner also secured additional government funding specifically to support the communities of Keyham.

#### Savings

- 4.8 Savings of £2.346m were built into the 2022/23 budget.
- 4.9 Non-staff savings of £0.376m were found within departmental efficiencies. The reductions were built into the base budgets. Permanent savings of £0.493m were identified in the Estates rates budgets following revaluations and building changes, and £1.277m from the removal of temporary or one-off project funding.
- 4.10 Further permanent savings of £0.348m were met during 2022/23 from a rates rebate dating back to 2017/18 received in relation to the Middlemoor site.



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

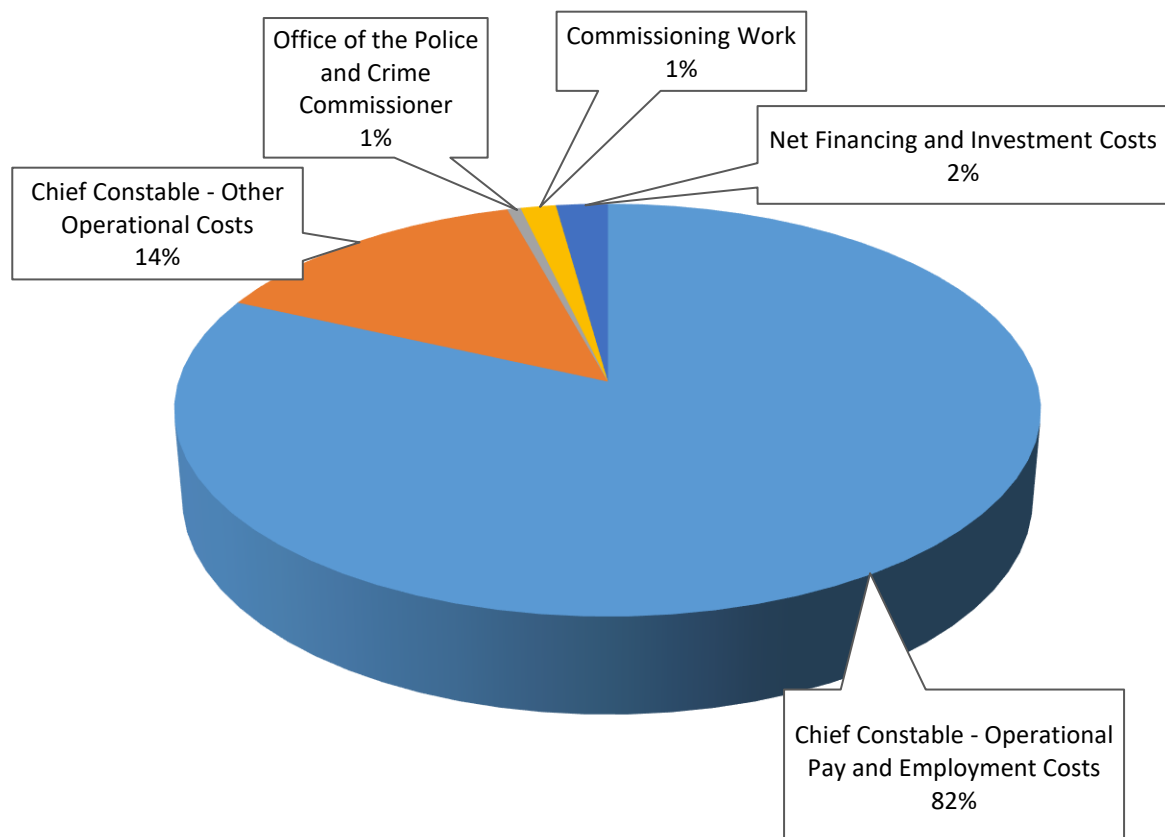
### Vision Zero South West

- 4.11 The Office of the Police and Crime Commissioner continues its role as the lead financial party for the Vision Zero South West Road Safety Partnership. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations) from across the Force area, with an ambition to cut road deaths and serious injuries in Devon and Cornwall to zero by 2040, and to reduce current numbers by 50% by 2030. Governance is provided by a Partnership Governance Board.
- 4.12 A reserve held by the partnership and income generated primarily from driver awareness courses is reinvested to deliver the partnership Road Safety Delivery Plan. The balance on the reserve at 31 March 2023 is £5.242m, with further spending of £1.9m approved by the Board.

### 5.0 ACTUAL EXPENDITURE 2022/23

- 5.1 The Police and Crime Commissioner Group spent £371.930m against a budget allocation of £371.612m, resulting in an overspend of £0.318m.
- 5.2 The approved net revenue budget for 2022/23 was £371.612m, of which £363.880m was under the direct control of the Chief Constable and £7.732m was under the direct control of the Police and Crime Commissioner.
- 5.3 The chart below shows a breakdown of actual net revenue expenditure for 2022/23 by category of spend.

### Analysis of Net Revenue Expenditure 2022/23



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

5.4 The Chief Constable overspent against his budget allocation by £0.318m.

Summary of final outturn	Revised Budget £'m	Outturn £'m	(Under)/Over £'m
Chief Constable	363.880	364.198	0.318
OPCC and Commissioning	7.732	7.732	0
<b>Grand Total</b>	<b>371.612</b>	<b>371.930</b>	<b>0.318</b>

5.5 The outturn presents a net position and this is after £0.6m of approved funding carried forward into 2023/24.

5.6 Although the budget for 2022/23 was set within the context of rising inflation the economic recovery from the pandemic and the war in Ukraine saw inflation continue to rise with CPI peaking at 10.7% in November 2022, four times the 2.5% pay award anticipated at budget setting, with the cost of living, resourcing and supply chains also under extreme pressure. This level of inflation was higher than originally estimated when setting the budget. These pressures not only had a cash effect on the Force, but also affected the ability to deliver projects within timescales and on budget.

The Bank of England base rate increased in May 2023 for the 12<sup>th</sup> successive time, rising to 4.5% from 0.25% in December 2021. It's highest level since October 2008.

5.7 There were a number of over and underspends during the year; the most significant of which are detailed below:

- The Force saw unprecedented and unexpected levels of police officer leavers and a moratorium of transferees during the final quarter of 2021/22, and although recruitment plans were revised to maintain officer numbers the cash effect was a significant reduction in expenditure. The majority of the savings were one off.
- The budgeted pay award for both police officers and police staff was 2.5%. Following increased cost of living pressures pay awards were agreed at a £1,900 salary uplift, equating to approx. 5%. To support Forces in covering the additional costs the Home Office made available an additional £350m nationally over three years. This went some way to covering the unbudgeted increase in costs.
- The increase in interest rates resulted in higher than anticipated returns on investments.

5.8 The availability of one-off surplus funds enabled the Force to support a number of investments across the next two years totalling £2.1m. These include:

- Supporting investigations: Drug testing equipment purchased for all custody areas, improved prisoner processing; extra ANPR cameras purchased to fill gaps in the west of the county; technical enhancements to surveillance operations; direct download of phone-based evidence; increase availability of specialist ICT equipment; and some temporary agency roles were retained to meet investigative capacity gaps.
- Supporting training and recruitment of officers and staff: Subscription to digital advertising methods; purchase of specific Public and Personal Safety Training Equipment; enhancements to residential training facilities, support to maximise New Ways of Workings.
- Supporting sustainability priorities by investing in E-Bikes and providing sustainable travel guides for all public enquiry offices.
- Improved First Aid Kits to be carried in all vehicles, community crime prevention signage; and expanded use of Body Worn Video cameras.

5.9 Further funding of £1.7m was set aside in a ring-fenced Improvement Reserve to deliver improvements identified in response to HMICFRS review.

5.10 The residual overspend of £0.318m was transferred from General Balances.

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

### 6.0 RESERVES

6.1 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.

6.2 The Reserves Strategy states the intention to maintain general balances at no more than 5% and no less than 3% of overall funding levels each year. The level at 31 March 2023 was 4.12% of the 2022/23 net revenue budget.

6.3 The table below summarised the level of reserves and balances forecast for 2022/23 (following revision after most recent MTFS process), compared with the actual level:

	Planned Balance (revised 23/24 MTFS) 31/3/2023 £'m	Actual Balance 31/3/2023 £'m
Earmarked Reserves - Capital	23.393	27.465
Earmarked Reserves - Revenue	13.376	18.398
General Balances	15.631	15.313
<b>Total Reserves and Balances</b>	<b>52.400</b>	<b>61.176</b>

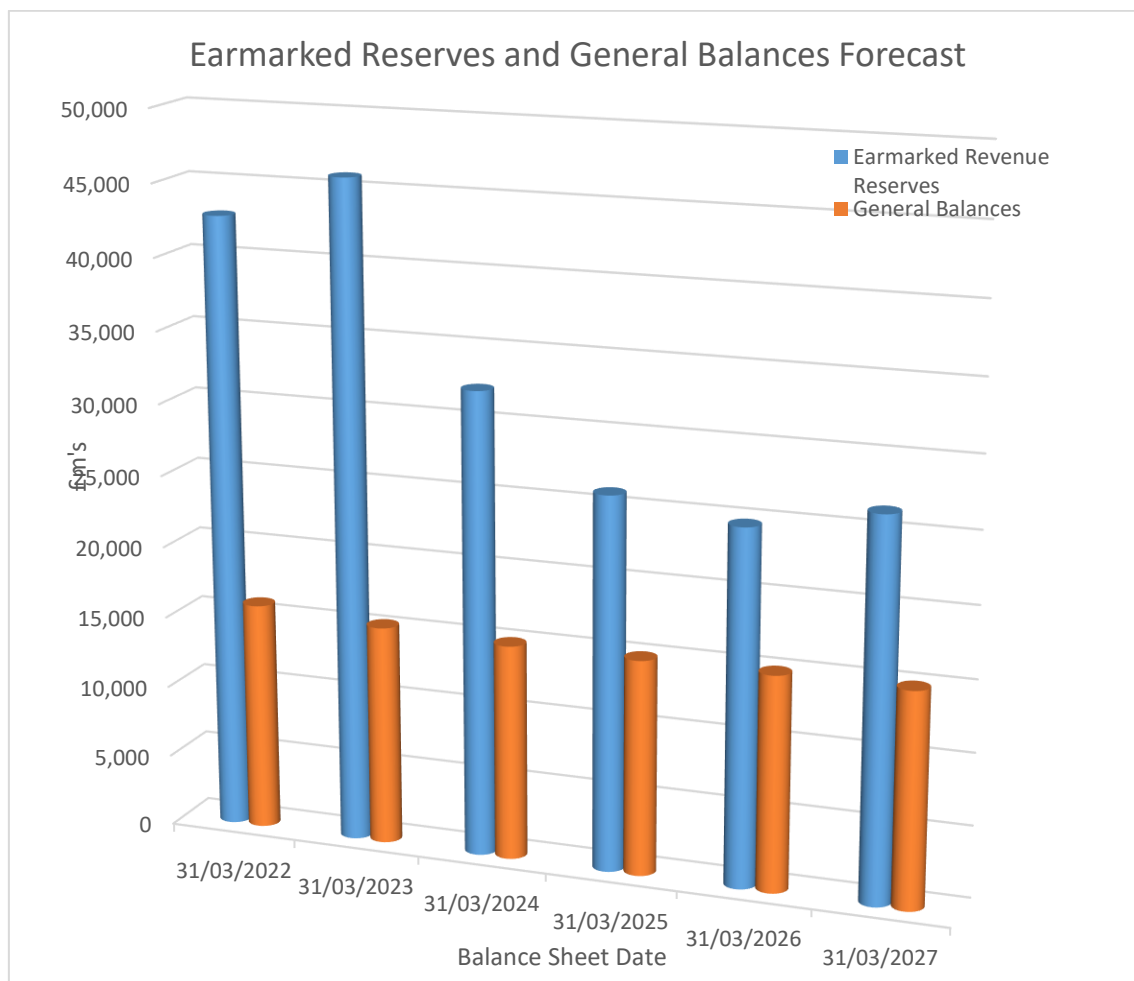
6.4 The key reasons for the higher than originally planned level of reserves were further slippage on the capital programme, the agreed revenue carry forwards into 2021/22, movement of one off funding to reserves, and increased balance on VZSW.

6.5 The following table outlines the details of the reserves over the MTFS period. The future years forecast on each earmarked reserve are as per 2023/24 MTFS.

	Actual Balance 31/3/2022 £m's	Actual Balance 31/3/2023 £m's	Forecast Balance 31/3/2024 £m's	Forecast Balance 31/3/2025 £m's	Forecast Balance 31/3/2026 £m's	Forecast Balance 31/3/2027 £m's
<b>Revenue Reserves</b>						
Estates Development Reserve	0.61	0.88	0.00	0.00	0.00	0.00
Capital Financing Reserve	14.98	15.96	7.29	4.35	3.48	4.23
Airwave Replacement Reserve	10.22	10.23	6.71	6.69	6.49	6.29
VZSW (Ringfenced)	4.72	5.24	5.48	6.08	6.75	7.51
Improvement Reserve	0.00	2.00	1.18	1.18	1.18	1.18
Budget Management Fund	7.17	8.30	8.06	4.19	3.30	3.71
Police and Crime Plan Reserve	1.07	1.52	1.52	1.52	1.52	1.52
Uplift Reserve	3.05	0.45	0.22	0.22	0.22	0.22
<b>Total Revenue Reserves</b>	<b>41.82</b>	<b>44.58</b>	<b>30.46</b>	<b>24.23</b>	<b>22.94</b>	<b>24.66</b>
<b>Capital Reserves</b>						
Capital Grant	0.00	0.31	0.00	0.00	0.00	0.00
Capital Receipts	0.95	0.98	1.82	1.82	1.82	1.82
<b>Total Capital Reserves</b>	<b>0.95</b>	<b>1.29</b>	<b>1.82</b>	<b>1.82</b>	<b>1.82</b>	<b>1.82</b>
General Balances	15.93	15.31	15.01	15.01	15.01	15.01
<b>Total Reserves and Balances</b>	<b>58.70</b>	<b>61.18</b>	<b>47.29</b>	<b>41.06</b>	<b>39.77</b>	<b>41.49</b>
<i>General Balances as % of 2022/23 Revenue Budget</i>	4.29%	4.12%	4.04%	4.04%	4.04%	4.04%
<i>General Balances as % of 2023/24 Revenue Budget</i>		3.98%	3.90%	3.90%	3.90%	3.90%

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

- 6.6 In line with the Capital Strategy there is an aspiration to reduce the level of reserves, which is in line with the Home Office direction. Slippage in the capital programme over the last two years has reduced the call on the Capital Financing Reserve and kept reserves at a temporarily higher level than had been previously anticipated.



## 7.0 CAPITAL PROGRAMME

- 7.1 The table below shows the Police and Crime Commissioner Groups capital expenditure, and funding, during 2022/23. 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 £20k.

	22/23 Plan £m's	22/23 Actual £m's
<b>Capital Investment</b>		
Vehicles	3.257	3.556
Land and Buildings	11.273	7.237
Equipment & ICT	8.630	6.187
Revenue Expenditure Funded From Capital Under Statute	0.000	0.011
<b>Total</b>	<b>23.160</b>	<b>16.991</b>
<b>Funded by</b>		
Grants	0.272	0.362
Capital Financing Reserve	7.017	3.143
Capital Receipts & Asset Disposal	0.000	0.000
Revenue Funding	5.230	5.962
Reserves	0.215	0.056
Borrowing	10.426	7.468
<b>Total</b>	<b>23.160</b>	<b>16.991</b>

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

- 7.2 The 2022/23 original capital programme was estimated to be £23.160m, but actual spending was £16.991m. The programme was revised during the year to reflect changes in the timing of a number of projects.
- 7.3 Vehicle expenditure related to the continual acquisition of replacement vehicles, to ensure that the vehicle fleet remains fit for purpose. During the year emergency traffic management signage held in vehicles was replaced, and purchases were made on behalf of Vision Zero South West.
- 7.4 Building spend primarily related to a Plymouth support facility, refurbishment of Camborne Police Station and Police Headquarters Sports Centre.
- 7.5 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 delivery of a replacement records management system, whilst work towards a new contact centre system and Data Management system will now be in future years.

### 8.0 2022/23 WORKFORCE

- 8.1 Workforce costs made up 82% of the annual expenditure of Devon and Cornwall Police.

#### 8.2 Police Officers

31/03/22 (FTE)		31/03/23 (FTE)
3,424	Police Officers - Budgeted	3,612
3,396	Police Officers - Actual	3,627
<b>(28)</b>	<b>(Under)/Over</b>	<b>15</b>

Police Officer numbers increased by 188 full time equivalents (FTE) during the year, this was as a result of the third and final year of the national PUP.

#### 8.3 PCSO's

31/03/22 (FTE)		31/03/23 (FTE)
150	PCSO's - Budgeted	150
156	PCSO's - Actual	134
<b>6</b>	<b>(Under)/Over</b>	<b>(16)</b>

During the year PCSO numbers dropped to 134 FTE which was 16 FTE below the budgeted level of 150 FTE; a recruitment campaign has recently been undertaken and numbers are expected to return to budgeted levels during the first quarter of 2023/24.

#### 8.4 Police Staff

The analysis of police staff numbers is made complex by the use of temporary and agency staff. In addition, the financial arrangements for the Alliance with Dorset Police mean some staff employed by one force will be charged to another. For the purposes of this report, the numbers below reflect the full time equivalent number of police staff charged against the Police and Crime Commissioner's Group accounts.

31/03/22 (FTE)		31/03/23 (FTE)
2,178	Police Staff - Actual	2,296
30	OPCC - Actual	33
<b>2,208</b>	<b>Total</b>	<b>2,329</b>

There was a net increase in FTE of 121. The increase was as a result of changes made within the MTFs, short term temporary funded posts and posts funded by third parties.

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

### 9.0 PERFORMANCE

#### External Indicators

- 9.1 The principal independent financial indicators available to the Police and Crime Commissioner are as follows:
- 9.2 HMICFRS PEEL Report – His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent review during 2020/21 inspected how well the Force performed in ten areas of policing, and gave graded judgements in nine of the ten, as follows.

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

Following the above gradings HMICFRS placed the Force into its enhanced “engage” process, which provides additional scrutiny and support on behalf of the public. The Force were notified of the grading in October 2022 since which a programme of improvements is underway.

- 9.3 Auditor’s Annual Report – External auditors provided a commentary on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2022. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements; no risks of significant weakness were identified in the audit plan, and there were no significant matters arising during the audit.
- 9.4 The HMICFRS Value for Money Profile 2022 – this 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.

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

- 9.5 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.
- 9.6 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 2021-2025 ‘Safe, Resilient and Connected communities’, these indicators are accompanied by a focus on four community priorities, including violence, anti-social behaviour (ASB), drugs and road safety.

In order to monitor the progress of these objectives, the Police and Crime Commissioner has identified a suite of performance metrics, as per the table below.

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

Police and Crime Plan 2021-2025 Scorecard	
<b>Violence</b> <ul style="list-style-type: none"> <li>Homicides - <b>National measure</b></li> <li>Hospital admissions of under 25s for assault with a sharp object - <b>National measure</b></li> <li>Offences involving discharge of a firearm - <b>National measure</b></li> <li>Violent Crime (all)</li> <li>Violent Crime (Domestic Violence)</li> <li>Victim satisfaction (Domestic Violence) - <b>National measure</b></li> </ul>	<b>ASB</b> <ul style="list-style-type: none"> <li>Recorded number of ASB incidents</li> <li>Recorded number of public order incidents</li> </ul>
<b>Drugs</b> <ul style="list-style-type: none"> <li>Drug possession offences</li> <li>Drug trafficking offences</li> <li>Organised drug disruptions</li> <li>Drug related homicides* <b>National measure</b></li> <li>Police referrals into drug treatment* <b>National measure</b></li> </ul>	<b>Road Safety</b> <ul style="list-style-type: none"> <li>Number of Fatal casualties</li> <li>Number of Serious casualties</li> <li>Number of Deaths or serious injuries caused by high risk driving offending behaviour</li> <li>Number of Community Speedwatch Schemes</li> </ul>
<b>Safe</b> <ul style="list-style-type: none"> <li>ONS crime rating</li> <li>Victim based reported crime levels</li> <li>Number of Police Officers (Full-time Equivalent)</li> <li>Number of recorded hate crimes</li> <li>Number of neighbourhood crimes - <b>National measure</b></li> <li>Percentage (%) of businesses experiencing a cyber breach or attack* <b>National measure</b></li> <li>Confidence in the law enforcement response to cyber crime* <b>National measure</b></li> </ul>	
<b>Resilient</b> <ul style="list-style-type: none"> <li>Number of young people who are victims of crime</li> <li>Additional funding brought into Devon and Cornwall by OPCC</li> <li>Overall victim satisfaction - <b>National measure</b></li> </ul>	
<b>Connected</b> <ul style="list-style-type: none"> <li>Number of customer contact points open to the public</li> <li>Number of customer contacts (999, 101, online)</li> <li>101 and 999 call wait times (P1 &amp; P2)</li> <li>Levels of public confidence in the Police</li> <li>Number of reports made to Devon and Cornwall Police from Crime Stoppers</li> </ul>	

9.7 The metrics are published in the Police and Crime Commissioner's Police and Crime Plan, and a scorecard is presented to the Police and Crime Panel at each meeting and is published quarterly on the OPCC Website to monitor progress.

9.8 A copy of the performance reports can be found on the OPCC website at "performance updates" at the following link: [OPCC Performance Updates](#).

### Force Demand

9.9 The total number of calls for service received are detailed in the table below.

2020/21	No. of contacts	2021/22	2022/23	% Change
	<b>Calls: -</b>			
246,629	999	302,928	320,271	5.73%
509,497	101	517,196	448,660	-13.25%
	<b>Interactions:</b>			
150,944	No. of 101 Emails/Texts received	143,959	142,998	-0.67%
50,921	Web Chats	70,636	57,755	-18.24%
<b>957,991</b>	<b>Total</b>	<b>1,034,719</b>	<b>969,684</b>	<b>-6.29%</b>

The data shows 999 calls increasing, but 101 and other interactions reducing.



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

### 10.0 FUTURE FINANCIAL OUTLOOK

- 10.1 The Chief Constable and the Police and Crime Commissioner formally update the MTFS annually during the budget setting process.
- 10.2 The three year funding settlement (2022/23 through to 2024/25) has provided some stability in funding forecasts for the forthcoming two years, but Government funding is now insufficient to meet unavoidable pay, pensions and inflation costs. Excluding food and energy prices inflation rose by 5.4% in the year to November 2022. Electricity and Gas contracts are expected to increase by 103% and 129% respectively, and the full year effect of the 2022/23 pay award must be accounted for.
- 10.3 The Government has permitted a maximum council tax increase of £15 for 2023/24 within its overall funding announcement, but even with this additional funding a gap remains.
- 10.4 Given that 2023/24 appears to be the first in a series of difficult budgets, the Force has considered a longer term, strategic approach to the workforce to protect and enhance service delivery and, critically, to maintain and enhance public confidence in policing; whilst enabling a balanced budget to be achieved.
- 10.5 The 2023/24 budget supports a structured financial approach to facilitate additional and sustainable resources to:
- Maintain police officer numbers at 3,610
  - Open a further six police enquiry offices during 2023/24
  - Provide additional investment to the central co-ordination and planning of the resources team
  - Modernisation of ICT systems in digital forensics services
- 10.6 Planning for beyond 2023/24 remains very challenging. There are a number of things which will impact on this planning, including:
- Cost of future pay awards
  - Inflation levels and energy costs
  - The anticipated review of the national police funding formula
  - The long-term funding plans for the uplift in police officers as they progress through incremental scales
  - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer

### 11.0 GOVERNANCE ARRANGEMENTS

- 11.1 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.

### 12.0 THE STATEMENT OF ACCOUNTS

- 12.1 A brief explanation of the purpose of each of the four primary statements is provided below together with a high-level summary.

**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. The statement shows the different reserves held which have been analysed into "Usable" and "Unusable" Reserves. Usable reserves can be used to fund expenditure during the year and in future years or to reduce the amount that needs to be raised in council tax. Unusable reserves are technical accounting adjustments that are required to be reported at year end.

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

The table below is a summary of the movement in reserves:

Summary Movement in Reserves	Balance as at 31/03/2022 £'000	Movements £'000	Balance as at 31/03/2023 £'000
General Fund	15,930	(617)	15,313
Earmarked Reserves	41,825	2,756	44,581
Capital Receipts	948	29	977
Capital Grants	0	305	305
<b>Total Usable Reserves</b>	<b>58,703</b>	<b>2,473</b>	<b>61,176</b>
Unusable Reserves	(4,053,883)	1,558,667	(2,495,216)
<b>Total Reserves</b>	<b>(3,995,180)</b>	<b>1,561,140</b>	<b>(2,434,040)</b>

The significant movements during the year have been within unusable reserves, specifically for pensions, revaluation and the capital adjustment account. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

**Comprehensive Income and Expenditure Statement** for the Group and for the Police and Crime Commissioner as a single entity – this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

The table below is a summary of the Group Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2022/23 £'000	Gross Income 2022/23 £'000	Net Expenditure 2022/23 £'000
<b>Net Cost of Services</b>	464,990	(47,030)	417,960
Other Operating Income and Expenditure	2,319	(52,420)	(50,101)
Financing and Investment Income and Expenditure	119,015	(14,847)	104,168
Taxation and Non-Specific Grant Income	0	(372,835)	(372,835)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>586,324</b>	<b>(487,132)</b>	<b>99,192</b>
Other Comprehensive Income and Expenditure	0	(1,660,332)	(1,660,332)
<b>Total Comprehensive Income and Expenditure</b>	<b>586,324</b>	<b>(2,147,464)</b>	<b>(1,561,140)</b>

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and relates to the pensions interest cost (£103.875m of the £104.168m shown in the above table). This cost is calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

A further accounting adjustment of (£1,654.467m) is shown under "Other Comprehensive Income and Expenditure" which reflects the net movement in the revaluation of assets and the valuation of the pension liabilities.

**Balance Sheet as at 31 March 2023**, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

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

The table below is a summary of the Group Balance Sheet:

<b>Summary Balance Sheet</b>	<b>Balance as at 31/03/2022 £'000</b>	<b>Balance as at 31/03/2023 £'000</b>	<b>Movement £'000</b>
Long Term Assets	202,734	207,447	4,713
Current Assets	71,792	65,030	(6,762)
Current Liabilities	(54,465)	(49,853)	4,612
Long Term Liabilities	(4,215,241)	(2,656,664)	1,558,577
<b>Net Liabilities</b>	<b>(3,995,180)</b>	<b>(2,434,040)</b>	<b>1,561,140</b>
Unusable Reserves	(4,053,883)	(2,495,216)	1,558,668
Usable Reserves	58,703	61,176	2,472
<b>Total Reserves</b>	<b>(3,995,180)</b>	<b>(2,434,040)</b>	<b>1,561,140</b>

The significant movements in the Balance Sheet correspond to the areas highlighted above. The total reserves deficit is mainly due to the police officer and staff pension liabilities. In practice, in year pension costs for police officers are being met by the Home Office.

**Cash Flow Statement** shows how the movement in resources has been reflected in cash flows.

The table below is a summary of the cash flow position:

<b>Summary Cash Flow Statement</b>	<b>Cash Flows 2021/22 £'000</b>	<b>Cash Flows 2022/23 £'000</b>
<b>Cash and Cash Equivalents as at 1 April 2022</b>	<b>(9,518)</b>	<b>(6,724)</b>
Net Cash Flow from:		
Operating Activities	(8,148)	(1,525)
Investing Activities	22,082	3,194
Financing Activities	(11,140)	(8,937)
<b>Movement</b>	<b>2,794</b>	<b>(7,268)</b>
<b>Cash and Cash Equivalents as at 31 March 2023</b>	<b>(6,724)</b>	<b>(13,992)</b>

**Expenditure and Funding Analysis** shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

<b>Reconciliation</b>	<b>2022/23 £'000</b>
<b>Expenditure and Funding Analysis</b>	
Net Cost of Services - Chief Constable	363,696
Net Cost of Services - Office of the Police and Crime Commissioner	2,119
Net Cost of Services - Commissioning	5,612
Financing and Investment Income and Expenditure	185
<b>Total net expenditure funded by Taxation and Non-Specific Grant Income</b>	<b>371,612</b>
<b>Outturn</b>	
PCC Group	371,930
Overspend transferred to General Balances	(318)
<b>Total net expenditure funded by Taxation and Non-Specific Grant Income</b>	<b>371,612</b>

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

- 12.2 The notes to the financial statements 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.

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

### **Further Information**

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2022/23. It may be read in conjunction with the [Single Entity Accounts](#) and the [Police and Crime Plan](#).

**These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee.**

## **Statement of Responsibilities**

### **The Police and Crime Commissioner's Responsibilities**

The Police and Crime 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**  
**TBC**

### **The Chief Financial Officer's Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Police and Crime Commissioner's 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 2022/23" (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 2023 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 2023.

**Nicola Allen**  
**Chief Financial Officer to the Police and Crime Commissioner**  
**31 May 2023**



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

# Financial Statements



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

## Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2021/22 and 2022/23 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 2022</b>		15,930	41,825	948	0	<b>58,703</b>	(4,053,883)	<b>(3,995,180)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		(99,192)	0	0	0	<b>(99,192)</b>	1,660,332	<b>1,561,140</b>
Adjustments between accounting basis and funding basis under regulations	<a href="#">9</a>	101,331	0	29	305	<b>101,665</b>	(101,665)	<b>0</b>
Transfers to/(from) Earmarked Reserves	<a href="#">10</a>	(2,756)	2,756	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>(617)</b>	<b>2,756</b>	<b>29</b>	<b>305</b>	<b>2,473</b>	<b>1,558,667</b>	<b>1,561,140</b>
<b>Balance at 31 March 2023</b>		<b>15,313</b>	<b>44,581</b>	<b>977</b>	<b>305</b>	<b>61,176</b>	<b>(2,495,216)</b>	<b>(2,434,040)</b>

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>		14,402	31,687	0	0	<b>46,089</b>	(4,150,080)	<b>(4,103,991)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		(110,004)	0	0	0	<b>(110,004)</b>	218,815	<b>108,811</b>
Adjustments between accounting basis and funding basis under regulations	<a href="#">9</a>	121,670	0	948	0	<b>122,618</b>	(122,618)	<b>0</b>
Transfers to/(from) Earmarked Reserves	<a href="#">10</a>	(10,138)	10,138	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>1,528</b>	<b>10,138</b>	<b>948</b>	<b>0</b>	<b>12,614</b>	<b>96,197</b>	<b>108,811</b>
<b>Balance at 31 March 2022</b>		<b>15,930</b>	<b>41,825</b>	<b>948</b>	<b>0</b>	<b>58,703</b>	<b>(4,053,883)</b>	<b>(3,995,180)</b>

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

## PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2021/22 and 2022/23 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2022</b>		15,930	41,825	948	0	<b>58,703</b>	(4,053,883)	<b>(3,995,180)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		1,549,121	0	0	0	<b>1,549,121</b>	12,019	<b>1,561,140</b>
Adjustments between accounting basis and funding basis under regulations	<a href="#">9</a>	(1,546,982)	0	29	305	<b>(1,546,648)</b>	1,546,648	<b>0</b>
Transfers to/(from) Earmarked Reserves	<a href="#">10</a>	(2,756)	2,756	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		(617)	2,756	29	305	<b>2,473</b>	1,558,667	<b>1,561,140</b>
<b>Balance at 31 March 2023</b>		15,313	44,581	977	305	<b>61,176</b>	(2,495,216)	<b>(2,434,040)</b>

Comparative Year	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2021</b>		14,402	31,687	0	0	<b>46,089</b>	(4,150,080)	<b>(4,103,991)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		101,713	0	0	0	<b>101,713</b>	7,098	<b>108,811</b>
Adjustments between accounting basis and funding basis under regulations	<a href="#">9</a>	(90,047)	0	948	0	<b>(89,099)</b>	89,099	<b>0</b>
Transfers to/(from) Earmarked Reserves	<a href="#">10</a>	(10,138)	10,138	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		1,528	10,138	948	0	<b>12,614</b>	96,197	<b>108,811</b>
<b>Balance at 31 March 2022</b>		15,930	41,825	948	0	<b>58,703</b>	(4,053,883)	<b>(3,995,180)</b>

## Group Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
504,380	(80,242)	424,138	Chief Constable	452,804	(42,392)	410,412	
2,483	(24)	2,459	Office of the Police and Crime Commissioner	2,317	(12)	2,305	<a href="#">30</a>
7,838	(3,816)	4,022	Commissioning	9,869	(4,626)	5,243	<a href="#">27</a>
<b>514,701</b>	<b>(84,082)</b>	<b>430,619</b>	<b>Net Cost of Services</b>	<b>464,990</b>	<b>(47,030)</b>	<b>417,960</b>	
			<b>Other Operating Income and Expenditure</b>				
0	(413)	(413)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(20)	(20)	<a href="#">20.3</a>
6,514	(5,243)	1,271	(Gain)/Loss on Revaluation of Non-Current Assets	2,319	(102)	2,217	<a href="#">20.3</a>
0	(53,419)	(53,419)	Pensions Top Up Grant	0	(52,298)	(52,298)	<a href="#">PFS</a>
			<b>Financing and Investment Income and Expenditure</b>				
1,275	0	1,275	Interest Payable	1,296	0	1,296	<a href="#">18.2</a>
0	(40)	(40)	Interest and Investment Income	0	(1,102)	(1,102)	<a href="#">18.2</a>
28	(40)	(12)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	36	(50)	(14)	<a href="#">34</a>
6	(28)	(22)	(Gain)/Loss on Financial Instruments	113	0	113	<a href="#">18.2</a>
91,446	(6,995)	84,451	Pensions Interest	117,570	(13,695)	103,875	
			<b>Taxation and Non-Specific Grant Income</b>				
0	(190,771)	(190,771)	Police Grant	0	(201,910)	(201,910)	<a href="#">26</a>
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	<a href="#">26</a>
0	(146,533)	(146,533)	Council Tax Precept	0	(154,796)	(154,796)	
0	(941)	(941)	Capital Grants and Contributions	0	(668)	(668)	<a href="#">26</a>
<b>613,970</b>	<b>(503,966)</b>	<b>110,004</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>586,324</b>	<b>(487,132)</b>	<b>99,192</b>	
			(Surplus)/Deficit on Revaluation of Non-Current Assets			(5,865)	<a href="#">11</a>
		(211,679)	Remeasurement of the Net Defined Benefit Liability/(Asset)			(1,654,467)	<a href="#">32</a>
		<b>(218,815)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(1,660,332)</b>	
		<b>(108,811)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(1,561,140)</b>	

Page 24

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

## PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2021/22 and 2022/23 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.

2021/22				2022/23			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
504,380	(80,242)	424,138	Chief Constable - Intra-group transaction	452,804	(42,392)	410,412	<a href="#">4</a>
2,483	(24)	2,459	Office of the Police and Crime Commissioner	2,317	(12)	2,305	<a href="#">30</a>
7,838	(3,816)	4,022	Commissioning	9,869	(4,626)	5,243	<a href="#">27</a>
<b>514,701</b>	<b>(84,082)</b>	<b>430,619</b>	<b>Net Cost of Services</b>	<b>464,990</b>	<b>(47,030)</b>	<b>417,960</b>	
			<b>Other Operating Income and Expenditure</b>				
0	(413)	(413)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(20)	(20)	<a href="#">20.3</a>
6,514	(5,243)	1,271	(Gain)/Loss on Revaluation of Non-Current Assets	2,319	(102)	2,217	<a href="#">20.3</a>
0	(53,419)	(53,419)	Pensions Top Up Grant – Intra-group transaction	0	(52,298)	(52,298)	<a href="#">PFS</a>
			<b>Financing and Investment Income and Expenditure</b>				
1,275	0	1,275	Interest Payable	1,296	0	1,296	<a href="#">18.2</a>
0	(40)	(40)	Interest and Investment Income	0	(1,102)	(1,102)	<a href="#">18.2</a>
28	(40)	(12)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	36	(50)	(14)	<a href="#">34</a>
6	(28)	(22)	(Gain)/Loss on Financial Instruments	113	0	113	<a href="#">18.2</a>
286	(151)	135	Pensions Interest	398	(309)	89	
91,160	(6,844)	84,316	Pensions Interest - Intra-Group Transaction	117,172	(13,386)	103,786	<a href="#">4</a>
			<b>Taxation and Non-Specific Grant Income</b>				
0	(190,771)	(190,771)	Police Grant	0	(201,910)	(201,910)	<a href="#">26</a>
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	<a href="#">26</a>
0	(146,533)	(146,533)	Council Tax Precept	0	(154,796)	(154,796)	
0	(941)	(941)	Capital Grants and Contributions	0	(668)	(668)	<a href="#">26</a>
0	(211,717)	(211,717)	Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	(1,648,313)	(1,648,313)	<a href="#">4</a>
<b>613,970</b>	<b>(715,683)</b>	<b>(101,713)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>586,324</b>	<b>(2,135,445)</b>	<b>(1,549,121)</b>	
		(7,136)	(Surplus)/Deficit on Revaluation of Non-Current Assets			(5,865)	<a href="#">11</a>
		38	Remeasurement of the Net Defined Benefit Liability (Asset)			(6,154)	<a href="#">32</a>
		<b>(7,098)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(12,019)</b>	
		<b>(108,811)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(1,561,140)</b>	

Nicola Allen  
Chief Financial Officer to the Police and Crime Commissioner  
31 May 2023

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

## Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2022 and 31 March 2023 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 less liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner.

As at PCC £'000	31 March 2022 PCC Group £'000		As at PCC £'000	31 March 2023 PCC Group £'000	Notes
<b>Long Term Assets</b>					
169,870	169,870	Land and Buildings	173,586	173,586	<a href="#">11</a>
1,937	1,937	Intangible Assets	1,510	1,510	<a href="#">12</a>
3,806	3,806	Surplus Assets	3,806	3,806	<a href="#">11</a>
23,026	26,329	Vehicle, Plant and Equipment	25,441	27,950	<a href="#">11</a>
574	574	Investment Property	541	541	<a href="#">34</a>
218	218	Long Term Debtor	54	54	
3,303	0	Intra-Group Debtors	2,509	0	<a href="#">4</a>
<b>202,734</b>	<b>202,734</b>	<b>Total Long Term Assets</b>	<b>207,447</b>	<b>207,447</b>	
<b>Current Assets</b>					
21,125	21,125	Short Term Investments	0	0	<a href="#">18</a>
6,442	6,442	Assets Held for Sale	6,442	6,442	<a href="#">16</a>
1,601	1,601	Inventories	1,654	1,654	
8,631	35,900	Short Term Debtors	9,948	42,942	<a href="#">14</a>
27,269	0	Intra-Group Debtors	32,994	0	<a href="#">4</a>
6,724	6,724	Cash and Cash Equivalents	13,992	13,992	<a href="#">15</a>
<b>71,792</b>	<b>71,792</b>	<b>Total Current Assets</b>	<b>65,030</b>	<b>65,030</b>	
<b>Current Liabilities</b>					
(11,200)	(11,200)	Short Term Borrowing	(9,000)	(9,000)	
(3,048)	(41,191)	Short Term Creditors	(4,841)	(38,657)	<a href="#">17</a>
(1,553)	(2,074)	Provisions	(1,713)	(2,196)	<a href="#">19</a>
(38,664)	0	Intra-Group Creditors	(34,299)	0	<a href="#">4</a>
<b>(54,465)</b>	<b>(54,465)</b>	<b>Total Current Liabilities</b>	<b>(49,853)</b>	<b>(49,853)</b>	
<b>Long Term Liabilities</b>					
(946)	(946)	Provisions	(1,042)	(1,042)	<a href="#">19</a>
(30,277)	(30,277)	Long Term Borrowing	(30,277)	(30,277)	<a href="#">33</a>
(218)	(218)	Deferred Capital Receipts	(54)	(54)	
(6,370)	(294,135)	Pensions Liability - Staff	(564)	(25,032)	<a href="#">32</a>
0	(3,889,665)	Pensions Liability - Officers	0	(2,600,259)	<a href="#">32</a>
(4,177,430)	0	Intra-Group Creditors	(2,624,727)	0	<a href="#">4</a>
<b>(4,215,241)</b>	<b>(4,215,241)</b>	<b>Total Long Term Liabilities</b>	<b>(2,656,664)</b>	<b>(2,656,664)</b>	
<b>(3,995,180)</b>	<b>(3,995,180)</b>	<b>Net Liabilities</b>	<b>(2,434,040)</b>	<b>(2,434,040)</b>	
<b>Represented by</b>					
(4,053,883)	(4,053,883)	Unusable Reserves	(2,495,216)	(2,495,216)	<a href="#">20</a>
58,703	58,703	Usable Reserves	61,176	61,176	
<b>(3,995,180)</b>	<b>(3,995,180)</b>	<b>Total Reserves</b>	<b>(2,434,040)</b>	<b>(2,434,040)</b>	

Nicola Allen  
Chief Financial Officer to the Police and Crime Commissioner  
31 May 2023

## 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 taxation, 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 are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2021/22 £'000		2022/23 £'000	Notes
110,004	<b>Net (Surplus) or Deficit on the Provision of Services</b>	99,192	
	<b>Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements</b>		
(120,117)	(Increase)/Decrease in pensions liability	(95,958)	
(13,566)	Depreciation and amortisation	(15,711)	
(625)	(Increase)/Decrease in provisions	(218)	
413	Surplus/(Loss) on sales of non-current assets	20	
(1,288)	Surplus/(Loss) on revaluation of non-current assets	(2,249)	
17,031	Movement in relevant assets/liabilities	13,399	
<b>(8,148)</b>	<b>Net Cash (Inflows)/Outflows from Operating Activities</b>	<b>(1,525)</b>	<a href="#">21</a>
22,082	<b>Investing Activities</b>	3,194	<a href="#">22</a>
(11,140)	<b>Financing Activities</b>	(8,937)	<a href="#">23</a>
<b>2,794</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(7,268)</b>	
<b>(9,518)</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>(6,724)</b>	
<b>(6,724)</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>(13,992)</b>	<a href="#">15</a>



**PCC**

Office of the Police  
and Crime Commissioner  
Devon and Cornwall

# Notes to the Financial Statements



## Note 1 Accounting Policies

### 1. GENERAL PRINCIPLES

The statement of accounts summarises the Groups transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Group is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Sections 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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 going concern principle.

### 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 in financing and investment income and expenditure 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, CHANGES IN ACCOUNTING POLICIES AND 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.

## Note 1 Accounting Policies Continued

### 5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period 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 of the audited accounts are not reflected in the statement of accounts.

### 6. CONTINGENT LIABILITIES

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

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### 7. COUNCIL TAX

The council tax income included in the Comprehensive Income and Expenditure Statement is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Group's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Group's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on 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. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

## Note 1 Accounting Policies Continued

### 10. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in 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 Adjustment Statement once they have been applied to fund capital expenditure.

### 11. FINANCIAL INSTRUMENTS

#### 11.1 Financial Liabilities

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

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

#### 11.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. 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 Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

## Note 1 Accounting Policies Continued

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### 11.4 Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The 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 trade 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.

### 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's Treasury advisors.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

## 12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are held no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## Note 1 Accounting Policies Continued

### 13. LEASES

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

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

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

#### 13.1 The Group as Lessee

##### 13.1.1 Finance Leases

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

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Group at the end of the lease period).

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.

##### 13.1.2 Operating Leases

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

### 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 with respect to their interest in the partnerships.

## Note 1 Accounting Policies Continued

### 15. OVERHEADS AND SUPPORT SERVICES

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 to the accumulated absences account 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 Comprehensive Income and Expenditure Statement 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 Police and Crime Commissioner are members of the Local Government Pensions Scheme (CARE).

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

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

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

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

## Note 1 Accounting Policies Continued

### 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 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).

### 16.3.2 The Local Government Pension Scheme

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

The liabilities of the Local Government Pension Scheme 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 projected earnings for current employees.

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).

The assets of the Devon County Council 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 Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period 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

In relation to retirement benefits, 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 on or before the Balance Sheet date that gives the Group a legal or constructive present obligation that probably requires settlement by a transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group 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 Comprehensive Income and Expenditure Statement.

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.



## Note 1 Accounting Policies Continued

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

### 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:

- the purchase price
- 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 Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

## Note 1 Accounting Policies Continued

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Comprehensive Income and Expenditure Statement

### 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 against the Comprehensive Income and Expenditure Statement

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

### 19.4 Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly, using the straight-line allocation, 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 valuer and depreciated, using the straight-line allocation, 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, using the straight-line allocation, over the life of the lease.
- Information and Communications Technology – depreciation is charged monthly, using the straight-line allocation, 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, using the straight-line allocation.

## Note 1 Accounting Policies Continued

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 (whether property, plant, ICT, equipment and vehicles or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are (if any) credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the usable Capital Receipts Reserve and used for new capital investment. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

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

### 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 when reclassified and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

### 19.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or asset 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.

### 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. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at cost less accumulated depreciation.

### 20.2 Amortisation

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

## Note 1 Accounting Policies Continued

### 20.3 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to other operating expenditure in the Comprehensive Income and Expenditure Statement.

### 20.4 Accounting

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

### 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 assigned using an average cost formula.

### 23. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### 24. EXCEPTIONAL ITEMS

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

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

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year. This comprises:

- 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 (equal to an amount 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 and/or for capital appreciation. 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

## Note 1 Accounting Policies Continued

are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

### 27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's accounting policy for fair value measurement of financial assets is set out in the note to the accounts. The Group also measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

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

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's valuers use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

## 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 that are relevant to these Group accounts are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

All of these standards will be incorporated in the Code from 2023/24. However, CIPFA has indicated that the Amendments to IAS 8 and IAS1, and IFRS Practice Statement 2 will not have a significant impact on the amounts anticipated to be reported in the financial statements; and the amendment to IFRS 3 will be limited in its application. Therefore, as no material impact is expected for the Group, disclosures are not warranted in these accounts.

IFRS 16 Leases is an accounting standard that was due to be implemented on the 1 April 2020. However, the mandatory implementation has been delayed nationally to 1 April 2024 following a consultation that took place in March 2022. 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.

## 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 Police and Crime Commissioner 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 Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision 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.

## 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 as the PCC Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable does not hold any cash or reserves. When the 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. The Police and Crime Commissioner's Balance Sheet reflects 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 assets and liabilities. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.

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 2022/23.

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

All of the assets and liabilities and reserves of the Police and Crime Commissioner 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 the police pensions.
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively.
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

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

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

Intra-Group Transactions	2021/22		2022/23	
	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
Comprehensive Income and Expenditure Statements	£'000	£'000	£'000	£'000
Net Cost of Policing	(370,719)	370,719	(358,114)	358,114
Pensions Interest Cost - Intra-Group Transaction	(84,316)	84,316	(103,786)	103,786
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	211,717	(211,717)	1,648,313	(1,648,313)
Balance Sheet	Chief Constable	Police and Crime Commissioner	Chief Constable	Police and Crime Commissioner
	£'000	£'000	£'000	£'000
<b>Long Term Assets/Liabilities</b>				
Pensions Liabilities	(4,177,430)	0	(2,624,727)	0
Pensions Liabilities - Intra-Group Debtor	4,177,430	0	2,624,727	0
Pensions Liabilities - Intra-Group Creditor	0	(4,177,430)	0	(2,624,727)
ICT and Equipment Assets	3,303	0	2,509	0
ICT and Equipment - Intra-Group Creditor	(3,303)	0	(2,509)	0
ICT and Equipment - Intra-Group Debtor	0	3,303	0	2,509
<b>Current Assets/Liabilities</b>				
Current Liabilities	(38,664)	0	(34,299)	0
Current Liabilities - Intra-Group Debtors	38,664	0	34,299	0
Current Liabilities - Intra-Group Creditors	0	(38,664)	0	(34,299)
Current Assets	27,269	0	32,994	0
Current Assets - Intra-Group Creditors	(27,269)	0	(32,994)	0
Current Assets - Intra-Group Debtors	0	27,269	0	32,994
<b>Unusable Reserves</b>				
Intra-Group Transactions	0	(4,185,522)	0	(2,623,523)

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 Reporting Period

The draft Statement of Accounts were authorised for issue on 31 May 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 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 Group 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 Group

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

Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### **6.1 Pensions Liability**

#### **Uncertainties**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility during 2021/22 and 2022/23, 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**

The assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. These assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes are closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant is factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

#### **Effect if Actual Results Differ from Assumptions**

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



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

## Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants 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 accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2022/23						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	363,696	(2,139)	361,557	48,855	410,412	7,525	44,121	(2,791)	(48,855)	0
Office for the Police and Crime Commissioner	2,119	0	2,119	186	2,305	2	221	(37)	48,855	49,041
Commissioning	5,612	0	5,612	(369)	5,243	0	39	(408)	0	(369)
<b>Net Cost of Services</b>	<b>371,427</b>	<b>(2,139)</b>	<b>369,288</b>	<b>48,672</b>	<b>417,960</b>	<b>7,527</b>	<b>44,381</b>	<b>(3,236)</b>	<b>0</b>	<b>48,672</b>
Other Operating Income and Expenditure	0	0	0	(50,100)	(50,100)	2,198	(52,298)	0	0	(50,100)
Financing and Investment Income and Expenditure	185	0	185	103,982	104,167	0	103,982	0	0	103,982
Taxation and Non-Specific Grant Income	(371,612)	0	(371,612)	(1,223)	(372,835)	(668)	0	(555)	0	(1,223)
<b>Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(2,139)</b>	<b>(2,139)</b>	<b>101,331</b>	<b>99,192</b>	<b>9,057</b>	<b>96,065</b>	<b>(3,791)</b>	<b>0</b>	<b>101,331</b>
<b>Opening Revenue Reserve Balance as at 31 March 2022</b>	<b>57,755</b>									
Less/Plus Surplus or (Deficit) on the General Fund in Year	2,139									
<b>Closing Revenue Reserve Balance as at 31 March 2023</b>	<b>59,894</b>									

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

## Note 7 Expenditure and Funding Analysis Continued

2021/22						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	342,468	(11,666)	330,802	93,336	424,138	5,927	88,566	(1,157)	(93,336)	0
Office for the Police and Crime Commissioner	1,963	0	1,963	496	2,459	2	519	(25)	93,336	93,832
Commissioning	4,089	0	4,089	(67)	4,022	0	0	(67)	0	(67)
<b>Net Cost of Services</b>	<b>348,520</b>	<b>(11,666)</b>	<b>336,854</b>	<b>93,765</b>	<b>430,619</b>	<b>5,929</b>	<b>89,085</b>	<b>(1,249)</b>	<b>0</b>	<b>93,765</b>
Other Operating Income and Expenditure	0	0	0	(52,544)	(52,544)	875	(53,419)	0	0	(52,544)
Financing and Investment Income and Expenditure	1,212	0	1,212	84,423	85,635	0	84,451	(28)	0	84,423
Taxation and Non-Specific Grant Income	(349,732)	0	(349,732)	(3,974)	(353,706)	(941)	0	(3,033)	0	(3,974)
<b>Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(11,666)</b>	<b>(11,666)</b>	<b>121,670</b>	<b>110,004</b>	<b>5,863</b>	<b>120,117</b>	<b>(4,310)</b>	<b>0</b>	<b>121,670</b>
<b>Opening Revenue Reserve Balance as at 31 March 2021</b>	<b>46,089</b>									
Less/Plus Surplus or (Deficit) on the General Fund in Year	11,666									
<b>Closing Revenue Reserve Balance as at 31 March 2022</b>	<b>57,755</b>									

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

## Note 7 Expenditure and Funding Analysis Continued

### 7.1 Adjustment for Capital Purposes

This column deducts the depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, 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 disposals of assets and the amounts written off for those assets.
- **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 difference column recognises adjustments to the General Fund that do not fall into one of the above categories, such as gains/losses on financial instruments.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.
- Accumulated absences that have been accrued for absences earned but not taken in the year.

### 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 Police and Crime Commissioner and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis Statement but shown in the equivalent Police and Crime Commissioner statements.

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

## Note 8 Expenditure and Income Analysed by Nature

The Group's expenditure and income is analysed as follows:

2021/22	Expenditure/Income	2022/23
£'000		£'000
	<b>Expenditure</b>	
392,477	Employee benefit expenses	367,884
108,658	Other service expenses	81,395
13,566	Depreciation, amortisation, impairment	15,711
1,275	Interest payments	1,296
6	Loss on financial instruments	113
6,514	Loss on revaluation of fixed assets	2,319
28	Loss on the investment of property	36
0	Loss on the sale of non-current assets	0
91,446	Pensions Interest	117,570
<b>613,970</b>	<b>Total Expenditure</b>	<b>586,324</b>
	<b>Income</b>	
(24,637)	Fees, charges and other service income	(22,404)
(5,243)	Gain on revaluation of fixed assets	(102)
(28)	Gain on financial instruments	0
(40)	Gain on the investment of property	(50)
(413)	Gain on the sale of non-current assets	(20)
(40)	Interest and investment income	(1,102)
(6,995)	Pensions Interest	(13,695)
(146,533)	Income from council tax	(154,796)
(320,037)	Government grants and contributions	(294,963)
<b>(503,966)</b>	<b>Total Income</b>	<b>(487,132)</b>
<b>110,004</b>	<b>Deficit on the Provision of Services</b>	<b>99,192</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 Police and Crime Commissioner 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 Police and Crime Commissioner 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.

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

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

### 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.

Current Year - Police and Crime Commissioner Group		2022/23		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to ( or from) the Pensions Reserve)	95,958	0	0	(95,958)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	110	0	0	(110)
Council Tax and NDR (transfers to or from Collection Fund)	(555)	0	0	555
Holiday pay (transferred to the Accumulated Absences Reserve)	(49)	0	0	49
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):	17,952	0	(11)	(17,941)
<b>Total Adjustments to Revenue Resources</b>	<b>113,416</b>	<b>0</b>	<b>(11)</b>	<b>(113,405)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	29	0	(29)
Transfer of Grants from Revenue to the Capital Grant Reserve	(668)	0	668	0
Statutory provision for the repayment of debt (transfer from the CAA)	(2,256)	0	0	2,256
Capital expenditure financed from revenue balances (transfer to the CAA)	(9,161)	0	0	9,161
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(12,085)</b>	<b>29</b>	<b>668</b>	<b>11,388</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	0	0	0
Application of Capital Grants to finance capital expenditure	0	0	(352)	352
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(352)</b>	<b>352</b>
<b>Total Adjustments excluding Earmarked Adjustments</b>	<b>101,331</b>	<b>29</b>	<b>305</b>	<b>(101,665)</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>(101,665)</b>

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

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

Comparative Year - Police and Crime Commissioner Group		2021/22		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				£'000
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)	120,117	0	0	(120,117)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(28)	0	0	28
Council Tax and NDR (transfers to or from Collection Fund)	(3,033)	0	0	3,033
Holiday pay (transferred to the Accumulated Absences Reserve)	(411)	0	0	411
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	14,455	0	(13)	(14,442)
<b>Total Adjustments to Revenue Resources</b>	<b>131,100</b>	<b>0</b>	<b>(13)</b>	<b>(131,087)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	978	0	(978)
Transfer of Grants from Revenue to the Capital Grant Reserve	(941)	0	941	0
Statutory provision for the repayment of debt (transfer from the CAA)	(2,395)	0	0	2,395
Capital expenditure financed from revenue balances (transfer to the CAA)	(6,094)	0	0	6,094
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(9,430)</b>	<b>978</b>	<b>941</b>	<b>7,511</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	(30)	0	30
Application of capital grants to finance capital expenditure	0	0	(928)	928
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>(30)</b>	<b>(928)</b>	<b>958</b>
<b>Total Adjustments excluding Earmarked Adjustments</b>	<b>121,670</b>	<b>948</b>	<b>0</b>	<b>(122,618)</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>(122,618)</b>

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

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

Current Year - Police and Crime Commissioner		2022/23		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				£'000
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)		349	0	0
Financial instruments (transferred to the Pooled Fund Adjustments Account)		110	0	0
Council Tax and NDR (transfers to or from Collection Fund)		(555)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)		1	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):		2,242	0	(11)
Intra-Group Adjustments		(1,545,263)	0	0
<b>Total Adjustments to Revenue Resources</b>		<b>(1,543,116)</b>	<b>0</b>	<b>(11)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		0	29	0
Transfer of Grants from Revenue to the Capital Grant Reserve		(668)	0	668
Statutory provision for the repayment of debt (transfer from the CAA)		0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)		(3,198)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>		<b>(3,866)</b>	<b>29</b>	<b>668</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure		0	0	0
Application of capital grants to finance capital expenditure		0	0	(352)
<b>Total Adjustments to Capital Resources</b>		<b>0</b>	<b>0</b>	<b>(352)</b>
<b>Total Adjustments excluding Earmarked Adjustments</b>		<b>(1,546,982)</b>	<b>29</b>	<b>305</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>1,546,648</b>

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

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

Comparative Year - Police and Crime Commissioner		2021/22		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to ( or from) the Pensions Reserve)	654	0	0	(654)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	(28)	0	0	28
Council Tax and NDR (transfers to or from Collection Fund)	(3,033)	0	0	3,033
Holiday pay (transferred to the Accumulated Absences Reserve)	(14)	0	0	14
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):	797	0	0	(797)
Intra-Group Adjustments	(87,482)	0	(13)	87,495
<b>Total Adjustments to Revenue Resources</b>	<b>(89,106)</b>	<b>0</b>	<b>(13)</b>	<b>89,119</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	978	0	(978)
Transfer of Grants from Revenue to the Capital Grant Reserve	(941)	0	941	0
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(941)</b>	<b>978</b>	<b>941</b>	<b>(978)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(30)	0	30
Application of capital grants to finance capital expenditure	0	0	(928)	928
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>(30)</b>	<b>(928)</b>	<b>958</b>
<b>Total Adjustments excluding Earmarked Adjustments</b>	<b>(90,047)</b>	<b>948</b>	<b>0</b>	<b>89,099</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>89,099</b>



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

## Note 10 Movement in Earmarked Reserves

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

	Balance at 1 April 2021	Transfer Out 2021/22	Transfer In 2021/22	Balance at 31 March 2022	Transfer Out 2022/23	Transfer In 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	3,812	(2,033)	5,390	7,169	(2,213)	3,344	8,300
Vision Zero South West Reserve	0	(83)	4,804	4,721	(295)	816	5,242
PEQF Reserve	127	(127)	0	0	0	0	0
Capital Financing Reserve	12,293	(852)	3,542	14,983	(3,158)	4,134	15,959
Estates Development Reserve	608	0	0	608	0	275	883
Police and Crime Plan Reserve	991	(2)	79	1,068	0	447	1,515
Airwave Replacement Reserve	10,225	0	0	10,225	0	0	10,225
Uplift Reserve	3,631	(710)	130	3,051	(2,598)	0	453
Improvement Reserve	0	0	0	0	(61)	2,065	2,004
<b>Total</b>	<b>31,687</b>	<b>(3,807)</b>	<b>13,945</b>	<b>41,825</b>	<b>(8,325)</b>	<b>11,081</b>	<b>44,581</b>

The purpose of the Funds and Reserves held at 31 March 2023 are set out below:

<b>Budget Management Fund</b>	This is a fund to allow the transfer of carry-forward requests to the following year.
<b>Vision Zero South West Reserve</b>	This reserve is the ring-fenced pooled balance of the Vision Zero South West Road Safety Partnership.
<b>PEQF Reserve</b>	To meet one off costs of the Police Education Qualifications Framework.
<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>Airwave Replacement Reserve</b>	To fund enabling work and acquisition of national communication systems and hardware.
<b>Uplift Reserve</b>	To hold funds for infrastructure relating to the future years uplift programme.
<b>Improvement Reserve</b>	To fund specific Business Improvement Projects.

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

## Note 11 Property, Plant and Equipment

This table sets out the 2022/23 property, plant and equipment for the Police and Crime Commissioner Group.

<b>Movements for 2022/23</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 2022</b>	<b>173,061</b>	<b>47,679</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>229,714</b>
Additions	7,214	8,196	42	1,528	0	16,980
Revaluation recognised in the Revaluation Reserve	(254)	0	0	0	0	(254)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(2,687)	0	0	0	0	(2,687)
Derecognition-Disposals	0	(761)	0	0	0	(761)
Reclassification	1,217	203	(1,315)	(105)	0	0
<b>Balance at 31 March 2023</b>	<b>178,551</b>	<b>55,317</b>	<b>178</b>	<b>5,140</b>	<b>3,806</b>	<b>242,992</b>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2022</b>	<b>(4,642)</b>	<b>(25,067)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(29,709)</b>
Depreciation Charge	(7,173)	(8,110)	0	0	0	(15,283)
Depreciation written out to the Revaluation Reserve	6,119	0	0	0	0	6,119
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	471	0	0	0	0	471
Derecognition-Disposals	(1)	753	0	0	0	752
Reclassification	83	(83)	0	0	0	0
<b>Balance at 31 March 2023</b>	<b>(5,143)</b>	<b>(32,507)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(37,650)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2022</b>	<b>168,419</b>	<b>22,613</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>200,005</b>
<b>Balance at 31 March 2023</b>	<b>173,408</b>	<b>22,810</b>	<b>178</b>	<b>5,140</b>	<b>3,806</b>	<b>205,342</b>

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

## Note 11 Property, Plant and Equipment Continued

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner Group.

<b>Movements for 2021/22</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 2021</b>	<b>171,724</b>	<b>48,421</b>	<b>0</b>	<b>5,325</b>	<b>4,762</b>	<b>230,232</b>
Additions	3,399	3,795	1,451	2,177	0	10,822
Revaluation recognised in the Revaluation Reserve	999	0	0	0	(1,033)	(34)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(1,783)	0	0	0	0	(1,783)
Derecognition-Disposals	(1,081)	(8,981)	0	0	0	(10,062)
Reclassification	(197)	4,444	0	(3,785)	77	539
<b>Balance at 31 March 2022</b>	<b>173,061</b>	<b>47,679</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>229,714</b>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2021</b>	<b>(5,400)</b>	<b>(28,099)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(33,500)</b>
Depreciation Charge	(7,117)	(5,871)	0	74	0	(12,914)
Depreciation written out to the Revaluation Reserve	6,826	0	0	0	0	6,826
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	423	0	0	0	0	423
Derecognition-Disposals	622	8,903	0	0	0	9,525
Reclassification	4	0	0	(74)	0	(70)
<b>Balance at 31 March 2022</b>	<b>(4,642)</b>	<b>(25,067)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(29,709)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2021</b>	<b>166,324</b>	<b>20,321</b>	<b>0</b>	<b>5,325</b>	<b>4,762</b>	<b>196,732</b>
<b>Balance at 31 March 2022</b>	<b>168,419</b>	<b>22,612</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>200,005</b>

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

## Note 11 Property, Plant and Equipment Continued

This table sets out the 2022/23 property, plant and equipment for the Police and Crime Commissioner.

<b>Movements for 2022/23</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 2022</b>	<b>173,061</b>	<b>40,025</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>222,062</b>
Additions	7,214	7,624	42	1,528	0	16,408
Revaluation recognised in the Revaluation Reserve	(254)	0	0	0	0	(254)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(2,687)	0	0	0	0	(2,687)
Derecognition-Disposals	0	(715)	0	0	0	(715)
Reclassification	1,217	203	(1,315)	(105)	0	0
<b>Balance at 31 March 2023</b>	<b>178,551</b>	<b>47,137</b>	<b>178</b>	<b>5,140</b>	<b>3,806</b>	<b>234,812</b>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2022</b>	<b>(4,642)</b>	<b>(20,716)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,360)</b>
Depreciation Charge	(7,173)	(6,745)	0	0	0	(13,918)
Depreciation written out to the Revaluation Reserve	6,119	0	0	0	0	6,119
Depreciation written out to the Surplus/Deficit on the Provision of Services	471	0	0	0	0	471
Derecognition-Disposals	(1)	706	0	0	0	705
Reclassification	83	(83)	0	0	0	0
<b>Balance at 31 March 2023</b>	<b>(5,143)</b>	<b>(26,836)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(31,979)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2022</b>	<b>168,419</b>	<b>19,309</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>196,703</b>
<b>Balance at 31 March 2023</b>	<b>173,408</b>	<b>20,301</b>	<b>178</b>	<b>5,140</b>	<b>3,806</b>	<b>202,833</b>

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

## Note 11 Property, Plant and Equipment Continued

This table sets out the 2021/22 property, plant and equipment for the Police and Crime Commissioner.

<b>Movements for 2021/22</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 2021</b>	<b>171,724</b>	<b>41,706</b>	<b>0</b>	<b>3,440</b>	<b>4,762</b>	<b>221,633</b>
Additions	3,399	3,484	1,451	1,961	0	10,295
Revaluation recognised in the Revaluation Reserve	999	0	0	0	(1,033)	(34)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(1,783)	0	0	0	0	(1,783)
Derecognition-Disposals	(1,081)	(7,331)	0	0	0	(8,412)
Reclassification	(197)	2,166	0	(1,683)	77	363
<b>Balance at 31 March 2022</b>	<b>173,061</b>	<b>40,025</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>222,062</b>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2021</b>	<b>(5,400)</b>	<b>(23,309)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(28,709)</b>
Depreciation Charge	(7,117)	(4,662)	0	74	0	(11,705)
Depreciation written out to the Revaluation Reserve	6,826	0	0	0	0	6,826
Depreciation written out to the Surplus/Deficit on the Provision of Services	423	0	0	0	0	423
Derecognition-Disposals	622	7,253	0	0	0	7,875
Reclassification	4	1	0	(74)	0	(69)
<b>Balance at 31 March 2022</b>	<b>(4,642)</b>	<b>(20,716)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,360)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2021</b>	<b>166,324</b>	<b>18,398</b>	<b>0</b>	<b>3,440</b>	<b>4,762</b>	<b>192,924</b>
<b>Balance at 31 March 2022</b>	<b>168,419</b>	<b>19,309</b>	<b>1,451</b>	<b>3,717</b>	<b>3,806</b>	<b>196,702</b>

### 11.1 Recognition

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

- Land and buildings £20k
- All other assets £20k

### 11.2 Surplus Assets

Three properties have been classed as Surplus Assets as at the 31 March 2023.

### 11.3 Depreciation

A review of asset lives has taken place during 2022/23 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate the depreciation charges:

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

## **Note 11 Property, Plant and Equipment Continued**

### **11.3.1 Land and Buildings**

The asset lives for individual buildings are assessed by the valuer and are within the range of 5–55 years. Buildings are depreciated monthly over the forecast useful life of the asset.

### **11.3.2 Vehicles**

Classes of vehicle are given specific asset lives. These are within the range 3-25 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 over the forecast useful life of the asset.

### **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 over the forecast useful life of the asset.

## **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 2022/23 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. As at 31 March 2023, significant capital commitments amounted to £4.399m.

## **11.5 Revaluations**

Land and buildings are revalued by qualified external valuers, Vickery Holman (MRICS). A full valuation is undertaken every three years with a desktop exercise in between. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. A desktop exercise was undertaken in 2022/23 with valuations and remaining useful lives provided as at 1 February 2023. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2023. The valuation of the properties has resulted in an overall decrease of £3.615m. One of the buildings at the HQ Middlemoor site will be demolished during 2023/24 and therefore the obsolescence rate used in the valuation of this asset has increased to 75%.

## **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. No assets have met the criteria in 2022/23.

## **11.7 Derecognition**

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

## **11.8 Fair Value Measurement**

Level 2 valuation techniques have been used to determine the fair values of Surplus Assets. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there are a good level of observable inputs which are able to be verified and the source identified.

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

## Note 11 Property, Plant and Equipment Continued

### 11.9 Impairment

During the year, a small number of vehicles experienced issues which resulted in them no longer being used as intended. The carrying value of these vehicles was reduced to their recoverable value resulting in an overall reduction of £297k.

## 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. Where the value of the intangible asset is more than 25% of gross expenditure and greater than £100k of the main asset value.

2021/22 Non-Operational Assets £'000		2022/23 Non-Operational Assets £'000
	<b>Balance at start of year</b>	
4,184	Gross carrying amounts	3,083
(1,669)	Accumulated amortisation	(1,145)
<b>2,515</b>	<b>Net carrying amount at start of year</b>	<b>1,938</b>
659	Additions	0
(1,101)	Derecognition - Gross Value	(213)
(659)	Reclassification	0
1,101	Derecognition - Gross Amortisation	213
(652)	Amortisation for the period	(428)
74	Reclassification - Gross Amortisation	0
<b>1,937</b>	<b>Net carrying amount at end of year</b>	<b>1,510</b>
	<b>Comprising:</b>	
3,083	Gross carrying amounts	2,870
(1,146)	Accumulated Amortisation	(1,360)
<b>1,937</b>		<b>1,510</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. Asset lives range from 3-10 years and the carrying amount is amortised on a straight-line basis.

### 12.2 Derecognition

An annual review of intangible assets has been undertaken which resulted in the derecognition of a number of assets that have reached the end of their useful lives or which were disposed during the year.

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

## Note 13 Capital Reserves

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

	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total £'000
<b>Balance at 1 April 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
Disposal Costs	(30)	0	(30)
Financing of Fixed Assets	0	(928)	(928)
Capital Grants/Receipts Received	978	928	1,906
<b>Balance at 31 March 2022</b>	<b>948</b>	<b>0</b>	<b>948</b>
Disposal Costs	0	0	0
Financing of Fixed Assets	0	(362)	(362)
Capital Grants/Receipts Received	29	668	696
<b>Balance at 31 March 2023</b>	<b>977</b>	<b>305</b>	<b>1,282</b>
<b>Net Movement for 2021/22</b>	<b>948</b>	<b>0</b>	<b>948</b>
<b>Net Movement for 2022/23</b>	<b>29</b>	<b>305</b>	<b>334</b>

## Note 14 Debtors

31 March 2022			31 March 2023		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
3,569	18,392	Central government bodies	3,312	17,940	
5,062	10,627	Other local authorities	6,264	9,388	
0	6,881	Other entities and individuals	372	15,614	
<b>8,631</b>	<b>35,900</b>	<b>Total Debtors</b>	<b>9,948</b>	<b>42,942</b>	

## Note 15 Cash and Cash Equivalents

31 March 2022			31 March 2023		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
31	31	Cash held by the Police and Crime Commissioner	31	31	
2,017	2,017	Bank operational current accounts	1,953	1,953	
4,676	4,676	Short-term deposits	12,008	12,008	
<b>6,724</b>	<b>6,724</b>	<b>Total Cash and Cash Equivalents</b>	<b>13,992</b>	<b>13,992</b>	



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

## Note 16 Assets Held for Sale

2021/22		2022/23
£'000		£'000
6,100	<b>Balance at the 1 April</b>	6,442
0	Assets newly classified as held for sale	0
288	Revaluation recognised in the Revaluation Reserve	0
54	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	0
0	Assets declassified as held for sale	0
<b>6,442</b>	<b>Balance at the 31 March</b>	<b>6,442</b>

## Note 17 Creditors

31 March 2022			31 March 2023	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	(6,036)	Central government bodies	(45)	(6,603)
(2,956)	(10,715)	Other local authorities	(3,992)	(7,973)
(90)	(98)	National Health Service	0	(299)
(2)	(24,342)	Other entities and individuals	(804)	(23,782)
<b>(3,048)</b>	<b>(41,191)</b>	<b>Total Creditors</b>	<b>(4,841)</b>	<b>(38,657)</b>

The balance against other entities and individuals in the PCC Group includes accumulated absence creditors of £11,649k (2021/22 £11,698k).

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

## Note 18 Financial Instruments

### 18.1 Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
<b>Long-Term Assets</b>				
Financial assets at amortised cost	218	54	0	0
<b>Total Long-Term Assets</b>	<b>218</b>	<b>54</b>	<b>0</b>	<b>0</b>
<b>Investments (18.1.1)</b>				
Fair value through profit or loss	0	0	21,125	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>21,125</b>	<b>0</b>
<b>Cash and Cash Equivalents (18.1.2)</b>				
Amortised Cost	0	0	2,048	1,284
Fair value through profit or loss	0	0	4,676	12,708
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>6,724</b>	<b>13,992</b>
<b>Debtors (Trade Receivables)</b>				
Amortised Cost	0	0	2,392	3,777
<b>Total included in Debtors</b>	<b>0</b>	<b>0</b>	<b>2,392</b>	<b>3,777</b>
<b>Long-Term Liabilities</b>				
Financial liabilities at amortised cost	(218)	(54)	0	0
<b>Total Long-Term Liabilities</b>	<b>(218)</b>	<b>(54)</b>	<b>0</b>	<b>0</b>
<b>Borrowings (18.1.3)</b>				
Amortised Cost	(30,277)	(30,277)	(11,200)	(9,000)
<b>Total Borrowings</b>	<b>(30,277)</b>	<b>(30,277)</b>	<b>(11,200)</b>	<b>(9,000)</b>
<b>Finance Lease</b>				
Amortised Cost	0	0	(63)	(63)
<b>Total Finance Lease</b>	<b>0</b>	<b>0</b>	<b>(63)</b>	<b>(63)</b>
<b>Creditors (Trade Payables)</b>				
Amortised Cost	0	0	(12,612)	(12,043)
<b>Total included in Creditors</b>	<b>0</b>	<b>0</b>	<b>(12,612)</b>	<b>(12,043)</b>

#### 18.1.1 Investments

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.

#### 18.1.2 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, Cornwall and the Isles of Scilly

## Note 18 Financial Instruments Continued

### 18.1.3 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.

All short-term borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

### 18.2 Income, Expense, Gains and Losses

	2021/22 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000	2022/23 Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure £'000
<b>Net (gains)/losses on:</b>		
Financial assets measured at fair value through profit and loss	(28)	110
Financial assets measured at amortised cost	6	3
<b>Total net (gains)/losses</b>	<b>(22)</b>	<b>113</b>
<b>Interest revenue*</b>		
Financial assets measured at fair value through profit and loss	(33)	(1,083)
Financial assets measured at amortised cost	(7)	(19)
<b>Total Interest revenue</b>	<b>(40)</b>	<b>(1,102)</b>
<b>Interest expense</b>		
Financial liabilities measured at amortised cost	1,275	1,296
<b>Total Interest expense</b>	<b>1,275</b>	<b>1,296</b>

\* Interest revenue has been restated to show revenue associated with assets measured at amortised cost and assets measured at fair value through profit and loss separately.

### 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 2023 have been calculated using interest rates in Force and with reference to quoted markets where appropriate as at 31 March 2022 and 2023.
- The long-term borrowing as at 31 March 2022 and 31 March 2023 have been calculated by reference to market interest rates.
- The fair value of trade receivables and payables is taken to be the invoiced or the billed amount.
- The fair value of the finance lease liabilities have been calculated by reference to AA-rated corporate bond yields for use as discount rates.
- Level 1 input has been used to measure the fair value of the financial assets which uses quoted prices in active markets for identical assets as a basis of valuation.
- Level 2 input has been used to measure the fair value of the financial liabilities.
- There have been no transfers between levels 1 and 2 and no change in valuation technique during the year.

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

## Note 18 Financial Instruments Continued

	31 March 2022	31 March 2022	31 March 2023	31 March 2023
<b>Financial Assets</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Long Term Debtor	218	218	54	54
Short term investments				
Investments held at FVPL	0	21,125	0	0
Cash and cash equivalents				
Investments held at Amortised Cost	2,048	2,048	1,284	1,284
Investments held at FVPL	0	4,676	0	12,708
Debtors (Trade Receivables)	2,392	2,392	3,777	3,777
	<b>4,658</b>	<b>30,459</b>	<b>5,115</b>	<b>17,823</b>
<b>Financial Liabilities</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Long Term Liabilities	(218)	(218)	(54)	(54)
Short Term Borrowing	(11,200)	(11,204)	(9,000)	(9,001)
Long Term Borrowing	(30,277)	(34,865)	(30,277)	(28,578)
Creditors (Trade Payables)	(12,612)	(12,612)	(12,076)	(12,076)
Finance Lease	(63)	(63)	(63)	(60)
	<b>(54,370)</b>	<b>(58,962)</b>	<b>(51,470)</b>	<b>(49,769)</b>

### 18.4 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 such measures as interest rates and stock market movements.

The Police and Crime Commissioner's 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 Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy. 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.

#### 18.4.1 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.

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

## Note 18 Financial Instruments Continued

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+.

### 18.4.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy.

For 2022/23, a 0.44% loss allowance of trade receivables has been calculated as well as the 12 month expected credit loss on investments held with banks.

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

<b>Amounts Arising from Expected Credit Losses</b>		<b>12 month expected credit losses £'000</b>
Interest revenue		1
Financial current assets measured at amortised cost		66
<b>Total loss allowance</b>		<b>67</b>

### 18.4.3 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 ready access to borrowings from the money markets, the Public Works Loan Board and Local Authorities. 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 2023 is shown in the long term borrowing note.

At 31 March 2023 the Police and Crime Commissioner held £15.605m (31 March 2022 £8.804m) in on-call and money market fund accounts to manage short term liquidity requirements.

### 18.4.4 Market Risk

#### 18.4.4.1 Interest Rate Risk

The Police and Crime Commissioner is exposed to risk in terms of interest rate movements on borrowings and 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 fixed rates                      the fair value of the liabilities borrowings will fall
- 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.

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

## Note 18 Financial Instruments Continued

The Police and Crime Commissioner manages interest rate risk by setting indicators 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 2023 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 £164k. 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.

### 18.4.4.2 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

<b>2022/23</b>	<b>Insurance £'000</b>	<b>Remuneration £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Current Liabilities</b>				
<b>Balance at 1 April 2022</b>	<b>(1,553)</b>	<b>(499)</b>	<b>(22)</b>	<b>(2,074)</b>
Additional provisions made	(774)	(69)	0	(843)
Amounts used / reversed / change in reserve	614	107	0	721
<b>Balance at 31 March 2023</b>	<b>(1,713)</b>	<b>(461)</b>	<b>(22)</b>	<b>(2,196)</b>
<b>Long Term Liabilities</b>				
<b>Balance at 1 April 2022</b>	<b>(946)</b>	<b>0</b>	<b>0</b>	<b>(946)</b>
Additional provisions made	(772)	0	0	(772)
Amounts used / reversed / change in reserve	676	0	0	676
<b>Balance at 31 March 2023</b>	<b>(1,042)</b>	<b>0</b>	<b>0</b>	<b>(1,042)</b>
<b>Total Provisions Balance</b>	<b>(2,755)</b>	<b>(461)</b>	<b>(22)</b>	<b>(3,238)</b>

<b>2021/22</b>	<b>Insurance £'000</b>	<b>Remuneration £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Current Liabilities</b>				
<b>Balance at 1 April 2021</b>	<b>(641)</b>	<b>(539)</b>	<b>(328)</b>	<b>(1,508)</b>
Additional provisions made	(1,356)	(66)	(22)	(1,444)
Amounts used/reversed	444	106	328	878
<b>Balance at 31 March 2022</b>	<b>(1,553)</b>	<b>(499)</b>	<b>(22)</b>	<b>(2,074)</b>
<b>Long Term Liabilities</b>				
<b>Balance at 1 April 2021</b>	<b>(887)</b>	<b>0</b>	<b>0</b>	<b>(887)</b>
Additional provisions made	(87)	0	0	(87)
Amounts used	28	0	0	28
<b>Balance at 31 March 2022</b>	<b>(946)</b>	<b>0</b>	<b>0</b>	<b>(946)</b>
<b>Total Provisions Balance</b>	<b>(2,499)</b>	<b>(499)</b>	<b>(22)</b>	<b>(3,020)</b>

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

## Note 19 Provisions Continued

### 19.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.500m of individual public and employer's liability claims and for motors claims £0.550m. The Police and Crime Commissioner for Devon and Cornwall and the Police and Crime Commissioner for Dorset have a single insurance policy with a stop loss of £2.75m for claims. The insurance provision is to cover any claims from 2022/23 and previous years. The payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2023 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 2023/24.

#### 19.2.2 Employment termination

Judgements are applied in determining the level of the employment tribunal provision.

#### 19.2.3 Redundancy

Judgements are applied in determining the level of the redundancy provision.

## Note 20 Unusable Reserves

31 March 2022		31 March 2023
£'000	Note	£'000
49,270	20.1 Revaluation Reserve	52,469
110	20.2 Pooled Investment Fund Adjustment Account	0
90,147	20.3 Capital Adjustment Account	86,612
(4,183,799)	20.4 Pensions Reserve	(2,625,290)
2,087	20.5 Collection Fund Adjustment Account	2,642
(11,698)	20.6 Accumulated Absences Account	(11,649)
<b>(4,053,883)</b>	<b>Total Unusable Reserves</b>	<b>(2,495,216)</b>

### 20.1 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

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

## Note 20 Unusable Reserves Continued

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.

2021/22		Revaluation Reserve	2022/23	
£'000	£'000		£'000	£'000
	<b>44,630</b>	<b>Balance at 1 April</b>		<b>49,270</b>
	7,136	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		5,865
(2,328)		Difference between fair value depreciation and historical cost depreciation	(2,666)	
(168)		Accumulated gains on assets sold or scrapped	0	
	(2,496)	Amount written off to the Capital Adjustment Account		(2,666)
	<b>49,270</b>	<b>Balance at 31 March</b>		<b>52,469</b>

## 20.2 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 as required by the capital finance and accounting regulations.

2021/22		Pooled Investment Fund Adjustment Account	2022/23	
£'000	£'000		£'000	£'000
	<b>82</b>	<b>Balance at 1 April</b>		<b>110</b>
110		Upward revaluation of investments	0	
(82)		Gain/(loss) on derecognition of investment	(110)	
	28			(110)
	<b>110</b>	<b>Balance at 31 March</b>		<b>0</b>



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

## Note 20 Unusable Reserves Continued

### 20.3 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, construction, and enhancement. The account contains accumulated gains and losses on investment properties that have yet to be consumed by the Police and Crime Commissioner. 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.

2021/22 £'000	Capital Adjustment Account	2022/23 £'000
93,624	<b>Balance at 1 April</b>	90,147
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(12,914)	• Charges for depreciation and impairment of non-current assets	(15,283)
(1,289)	• Revaluation losses on Property, Plant and Equipment	(2,249)
(652)	• Amortisation of intangible assets	(428)
(13)	• Revenue expenditure funded from capital under statute	(11)
413	• 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	20
<b>(14,455)</b>		<b>(17,951)</b>
2,496	Adjusting amounts written out of the Revaluation Reserve	2,666
<b>(11,959)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(15,285)</b>
	<b>Capital Financing applied in the year:</b>	
(948)	• Transfer of sale proceeds to the Capital Receipts Reserve and application to finance new capital expenditure and disposal costs	(29)
941	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	362
2,395	• Statutory provision for the financing of capital investment charged against the General Fund balances	2,256
6,094	• Capital expenditure charged against the General Fund balances	9,161
<b>8,482</b>		<b>11,750</b>
<b>90,147</b>	<b>Balance at 31 March</b>	<b>86,612</b>

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

## Note 20 Unusable Reserves Continued

### 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 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.

2021/22		Pension Reserve	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
<b>(4,275,361)</b>	<b>(4,275,361)</b>	<b>Balance at 1 April</b>	<b>(4,183,799)</b>	<b>(4,183,799)</b>
92,254	0	Intra-Group Adjustments	1,552,703	0
(38)	211,679	Remeasurements of the net defined benefit liability/(asset)	6,154	1,654,467
(895)	(225,521)	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	(615)	(202,748)
241	105,404	Employer's pensions contributions and direct payments to pensioners payable in the year	267	106,790
<b>(4,183,799)</b>	<b>(4,183,799)</b>	<b>Balance at 31 March</b>	<b>(2,625,290)</b>	<b>(2,625,290)</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.

2021/22 £'000	Collection Fund Adjustment Account	2022/23 £'000
<b>(946)</b>	<b>Balance at 1 April</b>	<b>2,087</b>
3,033	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	555
<b>2,087</b>	<b>Balance at 31 March</b>	<b>2,642</b>

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

## Note 20 Unusable Reserves Continued

### 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.

2021/22		Accumulated Absences Account	2022/23	
PCC £'000 (17)	PCC Group £'000 (12,109)		PCC £'000 (3)	PCC Group £'000 (11,698)
		Balance at 1 April		
17	12,109	Settlement or cancellation of accrual made at the end of the preceding year	3	11,698
(3)	(11,698)	Amounts accrued at the end of the current year	(4)	(11,649)
14	411	<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>	(1)	49
(3)	(11,698)	Balance at 31 March	(4)	(11,649)

## Note 21 Cash Flow Statement - Operating Activities

2021/22 £'000		2022/23 £'000
(6,913)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(1,331)
40	Interest received	1,102
(1,275)	Interest paid	(1,296)
<b>(8,148)</b>	<b>Net cash flows from operating activities</b>	<b>(1,525)</b>

## Note 22 Cash Flow Statement - Investing Activities

2021/22 £'000		2022/23 £'000
8,860	Purchase of property, plant and equipment, investment property and intangible assets	15,223
14,200	Net movement in short-term and long term investments	(12,000)
(978)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(29)
<b>22,082</b>	<b>Net cash flows from investing activities</b>	<b>3,194</b>

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

## Note 23 Cash Flow Statement – Financing Activities

2021/22		2022/23
£'000		£'000
(11,200)	Cash receipts of short term borrowing	(9,000)
60	Cash payments to reduce finance lease liabilities	63
<b>(11,140)</b>	<b>Net cash flows from financing activities</b>	<b>(8,937)</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:

2021/22			2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
51	75	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	51	75
<b>51</b>	<b>75</b>		<b>51</b>	<b>75</b>

The fees for the 2022/23 accounts were not confirmed at the time of drafting the accounts and therefore as agreed with Grant Thornton the 2021/22 approved fees have been used.

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

## Note 25 Officers' Remuneration

### 25.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Office of the Police and Crime Commissioner and the Chief Constable above the rank of Superintendent and the staff equivalent. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

2022/23	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b>Office of the Police and Crime Commissioner</b>							
<b>Salary £50,000 to £149,999 per year</b>							
OPCC Chief Executive		114,314	0	0	114,314	18,633	132,947
OPCC Chief Financial Officer		102,280	0	0	102,280	16,672	118,952
<b>Chief Constable</b>							
<b>Salary £150,000 plus per year</b>							
Chief Constable from 29/12/22 – William Kerr		48,888	44,566	0	93,454	0	93,454
Deputy Chief Constable to 21/07/22 and from 08/08/22 to 21/08/22 and from 29/12/22 - Interim Chief Constable from 22/07/22 to 07/08/22 and from 22/08/22 to 28/12/22 - James Colwell	2	163,273	0	0	163,273	43,900	207,173
Chief Constable to 21/08/22 – Shaun Sawyer		83,390	0	1,786	85,176	0	85,176
<b>Salary £50,000 to £149,999 per year</b>							
Assistant Chief Constable to 21/06/22 and from 29/12/22 - Deputy Chief Constable from 22/06/22 to 28/12/22	2	144,275	0	0	144,275	40,713	184,988
Assistant Chief Constable		133,777	0	0	133,777	37,302	171,079
Assistant Chief Constable		123,977	0	9,128	133,105	37,302	170,407
Chief Superintendent to 21/06/22 and from 01/03/23 to 31/03/23 - Assistant Chief Constable from 22/06/22 to 28/02/23		117,709	0	0	117,709	33,215	150,924
Chief Superintendent to 03/07/22 - Assistant Chief Constable from 04/07/22		115,987	0	0	115,987	33,537	149,524
Assistant Chief Officer - People		124,114	4,467	0	128,581	18,633	147,214
Director of Legal Services	1	124,114	4,467	0	128,581	18,633	147,214
Chief Financial Officer (Director of Finance and Resources)		124,114	4,467	0	128,581	18,633	147,214
Chief Superintendent (Seconded to MET)	4	96,861	2,000	0	98,861	28,786	127,647
Assistant Chief Constable		120,384	0	0	120,384	34,281	154,665
Chief Superintendent		95,608	0	0	95,608	28,786	124,394
Chief Superintendent		94,898	0	0	94,898	28,786	123,684
Chief Superintendent		94,070	0	28	94,098	28,786	122,884
Chief Superintendent		94,418	0	0	94,418	28,786	123,204
Chief Superintendent to 15/05/22 and from 04/07/22		71,519	0	0	71,519	23,444	94,963

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

## Note 25 Officers' Remuneration Continued

2022/23	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b>Chief Constable</b>							
<b>Salary £50,000 to £149,999 per year</b>							
Chief Superintendent to 05/07/22		23,238	0	0	23,238	7,103	30,341
Chief Superintendent to 30/04/22		7,908	0	0	7,908	1,469	9,377
Assistant Chief Constable from 06/03/23		9,150	517	0	9,667	2,624	12,291
Chief Superintendent from 04/07/22		67,108	0	0	67,108	20,347	87,455
Chief Superintendent from 12/09/22 to 23/02/23		40,398	0	0	40,398	12,523	52,921
Chief Superintendent from 01/05/22		83,718	0	0	83,718	25,058	108,776
Chief Superintendent from 05/08/22 to 09/12/22		36,509	1,500	0	38,009	9,511	47,520
Chief Superintendent from 01/05/22		81,735	0	0	81,735	25,058	106,793

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

## Note 25 Officers' Remuneration Continued

2021/22	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b><u>Office of the Police and Crime Commissioner</u></b>							
<b><u>Salary £50,000 to £149,999 per year</u></b>							
OPCC Chief Executive		113,259	0	0	113,259	18,461	131,720
OPCC Chief Financial Officer		101,337	0	0	101,337	16,518	117,855
<b><u>Chief Constable</u></b>							
<b><u>Salary £150,000 plus per year</u></b>							
Chief Constable - Shaun Sawyer		181,668	0	4,726	186,394	0	186,394
<b><u>Salary £50,000 to £149,999 per year</u></b>							
Deputy Chief Constable (Seconded to Home Office) to 30/04/21	3	35,325	0	0	35,325	0	35,325
T/Deputy Chief Constable 01/04/21 to 11/07/21 - Assistant Chief Constable from 12/07/21	2	138,617	0	0	138,617	38,803	177,420
Assistant Chief Constable		132,164	300	0	132,464	36,958	169,422
T/Assistant Chief Constable 01/04/21 to 30/09/21 - Chief Superintendent 01/10/21 to 31/01/22 - Assistant Chief Constable from 01/02/22		111,784	0	0	111,784	33,523	145,307
Assistant Chief Constable to 11/07/21 - Deputy Chief Constable from 12/07/21	2	144,352	0	434	144,786	41,711	186,497
T/Assistant Chief Constable to 31/01/22 - Chief Superintendent from 01/02/22		116,023	0		116,023	32,014	148,037
Chief Superintendent		93,774	0	0	93,774	28,442	122,216
Assistant Chief Officer - People		120,362	4,467	0	124,829	18,021	142,850
Director of Legal Services	1	123,059	4,467	974	128,500	18,461	146,961
Chief Financial Officer (Director of Finance and Resources)		123,059	4,467	0	127,526	18,461	145,987
Chief Superintendent to 18/01/22		74,831	500	0	75,331	22,270	97,601
Chief Superintendent (Seconded to MET) From 19/01/22	4	19,449	0	0	19,449	5,727	25,176
Chief Superintendent to 05/09/21 - Assistant Chief Constable from 06/09/21		104,858	0	0	104,858	30,642	135,500
Chief Superintendent		93,618	0	0	93,618	28,050	121,668
Chief Superintendent		94,026	0	0	94,026	28,442	122,468
Chief Superintendent		92,145	500	0	92,645	27,964	120,609
Chief Superintendent		92,069	500	0	92,569	28,039	120,608
Chief Superintendent from 01/09/21		52,314	0	0	52,314	14,049	66,363
Chief Superintendent from 05/07/21		65,440	0	0	65,440	19,931	85,371
Chief Superintendent - 26/04/21 to 31/01/22		67,422	0	0	67,422	20,901	88,323
Chief Superintendent - 01/09/21 to 31/01/22		36,780	0	0	36,780	11,234	48,014
Chief Superintendent from 03/01/22		23,087	0	0	23,087	6,958	30,045

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

## Note 25 Officers' Remuneration Continued

### 25.1.1 Notes

1. 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.
2. The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide specific services across both Forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective Forces.
3. The costs of the Deputy Chief Constable seconded to the Home Office have been met by the Home Office from 27/11/2020 to 30/04/2021.
4. The costs of the Chief Superintendent seconded to the Metropolitan Police have been met by the Metropolitan Police.

### 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 calculated on an actuarial basis in 2021/22 and 2022/23. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £'000	2022/23 £'000
£0 – £20,000	0	3	6	3	6	6	23	21
£20,001 - £40,000	0	2	0	0	0	2	0	67
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001- £160,000	0	0	2	0	2	0	280	0
<b>Total included in bandings and in CIES</b>	<b>0</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>303</b>	<b>88</b>
<b>Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement</b>								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							0	0
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement							3	0
<b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>							<b>306</b>	<b>88</b>



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

## Note 25 Officers' Remuneration Continued

### 25.3 Remuneration Bands

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

2021/22		2022/23
Number of employees	Remuneration Band	Number of employees
457	£50,000 - £54,999	461
280	£55,000 - £59,999	357
119	£60,000 - £64,999	148
36	£65,000 - £69,999	43
16	£70,000 - £74,999	24
17	£75,000 - £79,999	16
8	£80,000 - £84,999	10
8	£85,000 - £89,999	3
0	£90,000 - £94,999	3
1	£95,000 - £99,999	0
1	£100,000 - £104,999	2
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
0	£125,000 - £129,999	0
1	£130,000 - £134,999	0
<b>944</b>	<b>Total</b>	<b>1,067</b>

The above table does not include staff and officers paid below £50,000 who make up approximately 85% of the workforce.

Pay scales for police officers are set nationally.

There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award.

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

## Note 26 Grant Income

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

2021/22		2022/23
£'000		£'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(190,771)	Police Grant	(201,910)
(15,461)	Council Tax Support Grants	(15,461)
(941)	Recognised Capital Grant and Contributions	(668)
<b>(207,173)</b>	<b>Total</b>	<b>(218,039)</b>
	<b>Credited to Services</b>	
(3,602)	Commissioning	(4,250)
(3,565)	Projects	(6,658)
(4,378)	Other Local Grants	(6,176)
(3,262)	Pension Support Grant	(3,241)
(4,357)	Digital Apprenticeship Levy	(2,635)
(40,281)	G7 Summit 2021	(23)
0	Pay Support Grant	(1,644)
<b>(59,445)</b>	<b>Total</b>	<b>(24,627)</b>
	<b>Credited to Other Operating Income and Expenditure</b>	
<b>(53,419)</b>	Pensions Top Up Grant	<b>(52,298)</b>
<b>(320,037)</b>	<b>Total Grant Income</b>	<b>(294,964)</b>

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

### 27.1 Related Party Transactions

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

#### 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. As at the date of publication there were no related party transactions reported.

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

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

### 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 and Resources represents the Chief Constable as a trustee of the Museum of Policing in Devon and Cornwall (MoPiDaC). No remuneration is received by the Director and MoPiDaC 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 personal benefit is received by the Director of Finance and Resources from these arrangements.

The Assistant Chief Officer (People) is a non-executive director on the College of Policing Board. The Board position is reserved for a member of police staff and no remuneration is received.

### 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 main commissioning and partnership working is shown in the table below.

2021/22			2022/23		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
					<b>OPCC Commissioning and Partnerships</b>
1,577	0	1	0	0	Community Safety Partnership
501	0	2	501	0	Youth Offending Teams and Services
728	(202)	3	877	(207)	Sexual Assault Referral Centres
3,554	(3,234)	4	5,010	(3,865)	Victim Services and Restorative Justice
481	(374)	5	502	(511)	Other Local Grants and Expenditure
206	(5)	6	0	0	Safe Summer Scheme
528	0	7	1,018	0	PCC's Impact Scheme
263	0	8	257	(9)	PCC's Community Grant Scheme
0	0	9	1,665	(34)	Serious Violence Prevention
68	0		409	0	Transfer to/(from) Reserves
<b>7,906</b>	<b>(3,816)</b>		<b>10,239</b>	<b>(4,626)</b>	<b>Outturn Total</b>
(68)	0		(409)	0	Reverse Transfer to/(from) Reserves
0	0		39	0	Pension Costs & Employer contributions
<b>7,838</b>	<b>(3,816)</b>		<b>9,869</b>	<b>(4,626)</b>	<b>CIES Total</b>
					<b>Other Partnerships</b>
<b>2,480</b>	<b>(2,480)</b>	10	<b>4,954</b>	<b>(4,954)</b>	Vision Zero South West

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 2023.

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

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

### **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 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.

### **27.2.5 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.

### **27.2.6 Safe Summer Scheme**

In 2020/21 the Police and Crime Commissioner made up to £500k available to support specific measures for use in containing alcohol related ASB over the summer period. As the 'lockdown' period was slowly being lifted, it was anticipated that socialising in 'informal settings' would continue to be a feature of the summer. 20 hot-spot locations were identified for investment in order to provide additional support and greater assurance to the community. This was additional activity on top of the significant summer policing plans that were put in place with an additional focus on key beaches and waterfront spaces. A similar approach was taken for the summer of 2021/22 with £350k being made available but was focused on helping to prevent ASB by young people in public spaces as well as additional support for hotspot locations.

### **27.2.7 PCC's Impact Scheme**

The PCC's Impact Scheme supports the Police and Crime Commissioner by identifying and funding services, projects and approaches which help the Police and Crime Commissioner to deliver the Police and Crime Plan for its duration. It is a scheme which mirrors the strategic intentions of the Police and Crime Plan. Seeking longer term impact in local areas by offering a degree of sustainability, durability and a shared commitment to achieving impact through commissioning.

### **27.2.8 PCC's Community Grant Scheme**

The PCC's Community Grant scheme supports shorter term funding that directly impacts communities. Grants are administered for one year only. These grants can be used to support the setup of a pilot project which helps evidence proof of concept and community impact or fund a one-off purchase such as CCTV or seed funding for a safer town or a community watch scheme. The scheme is not aimed at longer term funding so if projects or services become successful they would need to apply for funding from the PCC's Impact Scheme or become involved in a full open procurement process which they could readily bid for.

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

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

### 27.2.9 Serious Violence Prevention

The Serious Violence Prevention Programme is a 4 year programme which is in its 3rd year. It is a joint commitment by the Police and Crime Commissioner and the Chief Constable to take an inter-generational approach to preventing and tackling violence most evident across the region and in our communities. The overarching objective of the programme is to break the cycle of violence in under 25's. Funding is provided for partnership and police led projects and interventions which include in-school support, targeted youth work, and community outreach, parental support to understand adolescents, peer to peer support, plus building trusted relationships with professionals through mentoring and whole family support. The funding previously sat under the Chief Constable but was moved to the OPCC in 2022/23.

#### 27.2.10 Vision Zero South West

The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations from across the Force area), and governance is provided by a Partnership Governance Board.

### 27.3 Collaborations

The Police and Crime Commissioner's Group have 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 are disclosed. The table shows the regional activities.

2021/22		2022/23	
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
1,113	1	South West Regional Special Branch	0
6,949	2	South West Regional Forensics Services	7,763
482	3	South West Police Procurement Services	529
3,599	4	South West Regional Organised Crime Unit (ROCU)	4,127
407	5	South West Regional Programme	502
28	6	South West Disaster Victim Identification & Casualty Bureau Co-ordination	24
<b>12,578</b>			<b>12,945</b>

#### 27.3.1 South West Regional Special Branch

South West Regional Special Branch has now been incorporated under the national CT (Counter Terrorism) network and therefore is Nationally funded and no longer Force funded. CTPSW (Counter Terrorism Policing South West) Collaboration now oversee all aspects of Special Branch.

#### 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 cost totalled £22,948k of which £22,602k was spent on operational costs and was split on a percentage basis, with Dorset contributing 16.81%, Avon and Somerset contributing 35.37%, Wiltshire contributing 13.96% and Devon and Cornwall contributing 33.86%. The remaining costs related to project work and totalled £361k with Devon and Cornwall contributing 30.50%. The Force cost for the year was £7,763k.

#### 27.3.3 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police, Dorset Police and from 1 May 2021, Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £529k. Most of the £1,662k total cost is split on a percentage basis with

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

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

Dorset contributing 13.49%, Wiltshire Police contributing 12.08%, Gloucestershire Police contributing 11.94%, Devon and Cornwall contributing 31.81% and Avon and Somerset contributing 30.68%.

### 27.3.4 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £4,127k. The total cost of £12,975k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%.

### 27.3.5 South West Regional Programme

The South West 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 cost totalled £1,566k of which £1,501k was split on a percentage basis, with Dorset contributing 13.49%, Avon and Somerset contributing 30.68%, Wiltshire contributing 12.08% and Devon and Cornwall contributing 31.81% and Gloucestershire contributing 11.94%. The Force cost for the year was £502k.

### 27.3.6 South West Disaster Victim Identification (DVI) and Casualty Bureau (CB) Co-ordination

The South West Disaster Victim Identification and Casualty Bureau Co-ordination is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The co-ordination consists of a small team that are ready to respond to a DVI/CB event. Costs are shared with the Forces that are involved in each project. The total cost of £75k is split on a percentage basis with Dorset Police contributing 13.49%, Devon and Cornwall contributing 31.81%, Wiltshire contributing 12.08%, Gloucestershire contributing 11.94% and Avon and Somerset contributing 30.68%. The Force cost for the year was £24k.

## 27.4 Other Public Bodies

### Precept Income

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.

31 March 2022		31 March 2023
£'000	Billing Authority	£'000
14,587	East Devon	15,101
8,956	Exeter	9,302
6,671	Mid Devon	7,687
8,238	North Devon	8,522
17,378	Plymouth	18,077
9,032	South Hams	9,820
11,374	Teignbridge	12,194
10,511	Torbay	11,357
5,670	Torridge	6,159
4,781	West Devon	5,210
46,016	Cornwall	50,521
286	Isles of Scilly	291
<b>143,500</b>		<b>154,241</b>
3,033	Adjusted for accruals	555
<b>146,533</b>		<b>154,796</b>

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

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

### **Pension Administration**

The Police and Crime Commissioner purchases the Police Staff pension administration services 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.

## **Note 28 Contingent Liabilities**

### **28.1 Financial Guarantee**

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

### **28.2 Pension Guarantee**

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a pension guarantee of £21k for the APCC pension fund which is currently held by Merseyside Local Government Pension Scheme.

### **28.3 Compensation Claims**

Claimants lodged claims for compensation regarding the public service pension scheme reform. Claims considered as part of the first tranche were settled by the Government Legal Department without seeking any financial contributions. The Group have been made aware of further claims, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of these compensation claims is recognised in the accounts.

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

## 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.

2021/22			2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
<b>67,477</b>	<b>67,477</b>	<b>Opening Capital Financing Requirement</b>	<b>69,541</b>	<b>69,541</b>
		<b>Capital Investment:</b>		
4,850	4,850	Land and buildings	7,256	7,256
1,633	1,633	Vehicles and Other Transport	3,428	3,428
3,811	4,338	Plant, Equipment and ICT	5,724	6,296
659	659	Intangible Assets	0	0
13	13	Revenue Expenditure Funded from Capital under Statute	11	11
527	0	Intra-Group Capital Investment*	572	0
<b>11,493</b>	<b>11,493</b>		<b>16,991</b>	<b>16,991</b>
		<b>Less Sources of Finance:</b>		
(941)	(941)	Government Grants	(362)	(362)
0	0	Capital Receipts	0	0
(5,566)	(6,093)	Reserves	(8,589)	(9,161)
(2,395)	(2,395)	Finance Lease: Minimum Revenue Provision	(2,256)	(2,256)
(527)	0	Intra-Group Less Sources of Finance*	(572)	0
<b>(9,429)</b>	<b>(9,429)</b>		<b>(11,779)</b>	<b>(11,779)</b>
<b>2,064</b>	<b>2,064</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>5,212</b>	<b>5,212</b>
<b>69,541</b>	<b>69,541</b>	<b>Closing Capital Financing Requirement</b>	<b>74,753</b>	<b>74,753</b>
		<b>Represented by:</b>		
30,277	30,277	External Borrowing (cumulative) excluding accruals for interest due	30,277	30,277
39,201	39,201	Internal Borrowing	44,413	44,413
63	63	Finance Lease Liabilities	63	63
<b>69,541</b>	<b>69,541</b>		<b>74,753</b>	<b>74,753</b>
		<b>Borrowing During the Year</b>		
0	0	External Borrowing	0	0
2,124	2,124	Internal Borrowing	5,212	5,212
(60)	(60)	Finance Lease	0	0
<b>2,064</b>	<b>2,064</b>		<b>5,212</b>	<b>5,212</b>

\* Intra-Group adjustment has been incorporated into the note.

The total capital expenditure includes assets under a finance lease arrangement.



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

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

2021/22		2022/23
£'000	Office of the Police and Crime Commissioner	£'000
21	Independent members and advisors costs	22
100	Police and Crime Commissioner including reimbursements	106
1,469	Statutory and other OPCC staff	1,519
382	Other costs	444
4	Support for collection of Council Tax	2
(24)	Income	(12)
11	Transfer to/(from) Reserves	38
<b>1,963</b>	<b>Outturn Total</b>	<b>2,119</b>
760	Pension costs	448
(15)	Accumulated absence	1
(11)	Reverse Transfer to/(from) Reserves	(38)
0	Revenue Contributions to Capital	0
(240)	Employer Contributions	(227)
2	Depreciation	2
<b>2,459</b>	<b>CIES Total</b>	<b>2,305</b>

Disclosed below are the Police and Crime Commissioner's remuneration costs which are included within the above table.

2021/22		2022/23
£'000	Police and Crime Commissioner	£'000
87	Salary, Fees and Allowances	88
0	Benefits in Kind	0
<b>87</b>	<b>Total excluding pension contributions</b>	<b>88</b>
0	Employer's Pension	0
<b>87</b>	<b>Total</b>	<b>88</b>

## Note 31 Operating Leases

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

31 March 2022		31 March 2023
£'000		£'000
1,365	Not later than one year	1,270
3,173	Later than one year and not later than five years	2,637
497	Later than five years	513
<b>5,035</b>		<b>4,420</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement (CIES) during the year in relation to these leases was:

31 March 2022		31 March 2023
£'000		£'000
1,237	Expenditure charged to the CIES during the year	1,392
<b>1,237</b>		<b>1,392</b>

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

## Note 32 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Police and Crime Commissioner Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Police and Crime Commissioner Group operated four pension schemes, three for police officers and one for police staff. From 1 April 2022, it has been assumed that members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore during 2022/23, the Police and Crime Commissioner Group operated two pension schemes, one for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. 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 disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Group in the form of a central government top-up grant

A similar adjustment has been made for the Local Government Pension Scheme.

### 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 a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

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

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

## Note 32 Defined Benefit Pension Schemes Continued

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

2021/22		2022/23
£'000		£'000
<b>(3,958,901)</b>	<b>Opening balance at 1 April</b>	<b>(3,889,665)</b>
(105,906)	Current service cost	(75,506)
(78,241)	Interest cost	(99,905)
(16,740)	Contributions from scheme participants	(17,562)
	Remeasurement gains and (losses):	
0	• Actuarial gains/(losses) arising from changes in demographic assumptions	0
166,251	• Actuarial gains/(losses) arising from changes in financial assumptions	1,595,415
(7,118)	• Experience gains/(losses) on defined benefit obligation	(225,564)
109,443	Benefits paid	110,831
0	Past service costs, including curtailments	0
1,547	Injury pension payments	1,697
<b>(3,889,665)</b>	<b>Closing balance at 31 March</b>	<b>(2,600,259)</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, Cornwall and the Isles of Scilly

## Note 32 Defined Benefit Pension Schemes Continued

2021/22 £'000	Comprehensive Income and Expenditure Statement	2022/23 £'000
	<b>Cost of Services</b>	
105,906	Current service cost	75,506
0	Past service cost	0
	<b>Financing and Investment Income and Expenditure</b>	
78,241	Net interest expense	99,905
<b>184,147</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>175,411</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
0	• Actuarial (gains)/losses arising on changes in demographic assumptions	0
(166,251)	• Actuarial (gains)/losses arising on changes in financial assumptions	(1,595,415)
7,118	• Experience (gains)/losses on defined benefit obligation	225,564
<b>25,014</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(1,194,440)</b>
	<b>Movement In Reserves Statement</b>	
(184,147)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(175,411)
	<b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>	
40,832	Employers' contributions payable to scheme	42,669
53,419	Home Office Top Up Grant	52,298

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

The liabilities show the underlying commitments that arise from the fact that the Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £2.601bn 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, as:

- 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 employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2024 is £45.886m.

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

## Note 32 Defined Benefit Pension Schemes Continued

### 32.1.5 Basis for Estimating Assets and Liabilities

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

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2020.

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 and set 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:

2021/22	Mortality Assumptions:	2022/23
	<b>Longevity at 65 for current pensioners:</b>	
21.1	Men	21.2
23.4	Women	23.5
	<b>Longevity at 65 for future pensioners:</b>	
22.4	Men	22.5
24.9	Women	25.0
	<b>Financial Assumptions:</b>	
3.20%	Rate of Inflation	2.90%
4.20%	Rate of increase in salaries	3.90%
3.20%	Rate of increase in pensions	2.90%
2.60%	Rate for discounting scheme liabilities	4.80%

The estimated weighted average duration of the Police Officer schemes is 16 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. Changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2021/22.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	97,251	(93,460)
Rate of increase in salaries (increase or decrease by 0.1%)	4,992	(4,962)
Rate of increase in pensions (increase or decrease by 0.1%)	37,269	(36,289)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(40,474)	41,526

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

## Note 32 Defined Benefit Pension Schemes Continued

### 32.2 Police Staff Scheme

#### 32.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Devon County Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Police and Crime Commissioner Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

#### 32.2.2 Transactions relating to Retirement Benefits

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

2021/22		Comprehensive Income and Expenditure Statement	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		<b>Cost of Services</b>		
		Service cost comprising:		
752	34,775	• Current service cost	521	23,121
10	465	• Past service cost	0	6
(6)	(300)	• (Gain)/loss from settlements	0	0
5	224	• Administration expenses	5	240
		<b>Financing and Investment Income and Expenditure</b>		
134	6,210	Net interest expense	89	3,970
<b>895</b>	<b>41,374</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>615</b>	<b>27,337</b>
		<b>Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>		
		Remeasurement of the net defined benefit liability comprising:		
(474)	(21,938)	• Return on plan assets (excluding the amount included in the net interest expense)	433	19,197
0	0	• Actuarial (gains)/losses arising on changes in demographic assumptions	(867)	(38,487)
(824)	(38,107)	• Actuarial (gains)/losses arising on changes in financial assumptions	(6,608)	(293,158)
1,174	0	Apportionment adjustment	261	0
128	5,918	Other actuarial (gains)/losses	65	2,906
34	1,581	Experience (gains)/losses on defined benefit obligation	562	24,926
<b>933</b>	<b>(11,172)</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(5,539)</b>	<b>(257,279)</b>

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

## Note 32 Defined Benefit Pension Schemes Continued

2021/22		Movement in Reserves Statement	2022/23	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(895)	(41,374)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(615)	(27,337)
<b>Funded Liabilities</b>			<b>Funded Liabilities</b>	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	<b>Actual amount charged against the General Fund</b>	£'000	£'000
238	11,011	<b>Balance for pensions in the year:</b>	263	11,683
		Employers' contributions payable to scheme		
<b>Unfunded Liabilities</b>			<b>Unfunded Liabilities</b>	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	<b>Actual amount charged against the General Fund</b>	£'000	£'000
3	142	<b>Balance for pensions in the year:</b>	3	141
		Retirement benefits payable to pensioners		

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

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

31 March 2022			31 March 2023	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(14,950)	(690,874)	Present value of the defined benefit obligation	(9,453)	(419,298)
8,580	396,739	Fair value of plan assets	8,889	394,266
<b>(6,370)</b>	<b>(294,135)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(564)</b>	<b>(25,032)</b>

On 31 March 2022, a bulk transfer payment was made from the Devon County Council Pension Fund to the Dorset County Pension Fund in respect of the bulk transfers that occurred between Devon and Cornwall Police and Crime Commissioner (in the Devon Fund) and Police and Crime Commissioners for Dorset (in the Dorset Fund) between 1 December 2015 and 1 November 2019 (inclusive).

For bulk transfers that occurred on or before 31 March 2019, an allowance was made in the employer's 31 March 2020 IAS19 report for the estimated impact of these bulk transfers on the employer's assets. The estimate of the impact was based on limited information that was available at the time of producing the 2019/20 accounts. As the bulk transfer payment has now been made in respect of these transfers, an allowance for the actual payment made on 31 March 2022 based on the actual approach agreed by the Fund actuaries has been taken into account. This has led to an experience loss, as shown below. A liability experience item has not been allowed for as the adjustment made in the employer's 2020 report was based on the 31 March 2019 valuation data and therefore reflected the pre-31 March 2019 bulk transfers.

In addition, the bulk transfer payment made on 31 March 2022 included allowance for the bulk transfers which occurred on 1 April 2019 and 1 November 2019. As these were not included in any previous accounting estimates, the impact of these bulk transfers are shown as settlements. The value of the assets shown reflect the amount that was paid on 31 March 2022 in respect of each transfer.

No such transaction took place in 2022/23 but the information is relevant to the 2021/22 accounts.

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

## Note 32 Defined Benefit Pension Schemes Continued

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

31 March 2022			31 March 2023		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(12,309)	(686,009)	Opening balance at 1 April	(14,950)	(690,874)	
(752)	(34,775)	Current service cost	(521)	(23,121)	
(286)	(13,205)	Interest cost	(398)	(17,665)	
(91)	(4,194)	Contributions from scheme participants	(103)	(4,563)	
		<b>Remeasurement gains/(losses):</b>			
0	0	• Actuarial gains/(losses) arising from changes in demographic assumptions	867	38,487	
824	38,107	• Actuarial gains/(losses) arising from changes in financial assumptions	6,608	293,158	
(34)	(1,581)	• Experience gains/(losses) on defined benefit obligation	(562)	(24,926)	
(9)	(398)	Liabilities assumed/(extinguished) on settlements	0	0	
(2,536)	0	Apportionment adjustment	(624)	0	
(10)	(465)	Past service cost including gains/(losses) on curtailments	0	(6)	
252	11,646	Benefits paid	230	10,212	
<b>(14,950)</b>	<b>(690,874)</b>	<b>Closing balance at 31 March</b>	<b>(9,453)</b>	<b>(419,298)</b>	

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

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2024 is estimated to be £13.976m of which £0.315m is for the Police and Crime Commissioner. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023. These projections are based on the assumptions as at 31 March 2023.

31 March 2022			31 March 2023		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
6,632	369,549	Opening fair value of scheme assets	8,580	396,739	
151	6,995	Interest income	309	13,695	
		<b>Remeasurement gains/(losses):</b>			
474	21,938	• The return on plan assets, excluding the amount included in the net interest expense	(433)	(19,197)	
1,361	0	Apportionment adjustment	363	0	
(5)	(224)	Administration expenses	(5)	(240)	
241	11,153	Contributions from employer	267	11,824	
91	4,193	Contributions from employees into the scheme	103	4,563	
(252)	(11,645)	Benefits paid	(230)	(10,212)	
15	698	Settlement prices received/(paid)	0	0	
(128)	(5,918)	Other actuarial gains/(losses)	(65)	(2,906)	
<b>8,580</b>	<b>396,739</b>	<b>Closing fair value of scheme assets</b>	<b>8,889</b>	<b>394,266</b>	



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

## Note 32 Defined Benefit Pension Schemes Continued

### 32.2.6 Local Government Pension Scheme assets comprised

31 March 2022			31 March 2023	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
		<b>Cash and cash equivalents</b>		
765	35,361	UK Equities	701	31,101
4,315	199,524	Overseas Equities	3,983	176,614
1,141	52,766	Gilts	0	0
176	8,117	Other Bonds	1,900	84,303
809	37,380	Property	779	34,560
484	22,401	Infrastructure	799	35,449
793	36,672	Target Return Portfolio	618	27,403
101	4,686	Cash	106	4,683
(4)	(168)	Alternative Assets	3	153
<b>8,580</b>	<b>396,739</b>	<b>Total</b>	<b>8,889</b>	<b>394,266</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 and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2021/22		2022/23
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.60%	Equity investments	4.80%
2.60%	Bonds	4.80%
2.60%	Other	4.80%
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
22.7	Men	21.8
24.0	Women	22.9
	<b>Longevity at 65 for future pensioners:</b>	
24.0	Men	23.1
25.4	Women	24.4
	<b>Financial Assumptions:</b>	
3.20%	Rate of inflation	2.85%
4.20%	Rate of increase in salaries	3.85%
3.20%	Rate of increase in pensions	2.85%
2.60%	Rate for discounting scheme liabilities	4.80%

The past service liability duration has been estimated at 19 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. 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 2021/22.

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

## Note 32 Defined Benefit Pension Schemes Continued

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

	Increase in Assumption £'000	Decrease in Assumption £'000
<b>PCC</b>		
Mortality age rating assumption (increase or decrease in 1 year)	325	(313)
Rate of increase in salaries (increase or decrease by 0.1%)	20	(19)
Rate of increase in pensions (increase or decrease by 0.1%)	155	(151)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(167)	172
<b>PCC Group</b>		
Mortality age rating assumption (increase or decrease in 1 year)	14,414	(13,881)
Rate of increase in salaries (increase or decrease by 0.1%)	871	(864)
Rate of increase in pensions (increase or decrease by 0.1%)	6,885	(6,695)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(7,413)	7,618

### 32.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 19 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 will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Devon County Council publishes details of the Fund's performance. More detail can be found on their website <https://www.devonpensionfund.org.uk/>

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

## Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2022		Contractual Maturity	31 March 2023	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
0	0	Less than one year	0	0
(2,000)	(2,000)	More than one year less than five years	(2,000)	(2,000)
(8,827)	(8,827)	Between five and ten years	(8,827)	(8,827)
(19,450)	(19,450)	More than ten years	(19,450)	(19,450)
<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 2022/23 there were three investment properties.

2021/22 £'000		2022/23 £'000
<b>385</b>	<b>Balance at 31 March 2022</b>	<b>574</b>
56	Revaluation recognised in the Revaluation Reserve	0
17	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(33)
116	Transfers to/from property, plant and equipment	0
<b>574</b>	<b>Balance at 31 March 2023</b>	<b>541</b>

The following rental income has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22 £'000		2022/23 £'000
(40)	Rental Income from investment property	(50)
11	Direct operating expenses arising from investment property	3
<b>(29)</b>	<b>Net (gain)/loss at year end</b>	<b>(47)</b>

The investment properties are revalued by qualified external valuers, Vickery Holman (MRICS). A full valuation is undertaken every three years with a desktop exercise in between. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors. A desktop exercise was undertaken in 2022/23 with valuations and remaining useful lives provided as at 1 February 2023. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2023. There were no changes to the valuations.

Level 2 valuation techniques have been used to determine the fair values of these properties. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there are a good level of observable inputs which are able to be verified and the source identified.



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# Pension Fund Accounting Statements

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

## Police Officers' Pension Fund Statement (PFS)

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 2022 £'000		31 March 2023 £'000
	<b>Contributions Receivable</b>	
(38,771)	Employers (normal)	(40,713)
(16,740)	Employees (normal)	(17,562)
(514)	Ill Health capital charge	(258)
	<b>Transfers In</b>	
(843)	Individual transfers from other schemes	(603)
	<b>Benefits payable</b>	
85,436	Pensions	91,076
24,851	Commutations & lump sum retirement benefits	20,339
	<b>Payment to and on account of leavers</b>	
0	Individual transfers to other schemes	19
<b>53,419</b>	<b>Net amount paid during the year</b>	<b>52,298</b>
<b>(53,419)</b>	<b>Transfer from Police Fund*</b>	<b>(52,298)</b>
<b>0</b>	<b>Net amount payable / receivable for the year</b>	<b>0</b>
<b>*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office</b>		
40,432	Received in year	46,689
12,987	Debtor	5,609
<b>53,419</b>		<b>52,298</b>

The Police Officer Pension Fund is unfunded and has no investment assets.

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 2022/23. 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 2023.



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# Glossary

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

## 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 Statement 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 e.g. land, buildings. 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>CIES</b>	Comprehensive Income and Expenditure Statement.
<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, Cornwall and the Isles of Scilly

## 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>FTE</b>	Full Time Equivalent.
<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.



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

## Glossary Continued

<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.
<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 (MTFS)</b>	Often referred to as MTFS, 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>NPAS</b>	National Police Air Service.
<b>OPCC</b>	Officer of the Police and Crime Commissioner.
<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>PEQF</b>	Police Education Qualifications Framework
<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>PCC</b>	Police and Crime Commissioner.
<b>PCSO</b>	Police Community Support Officer.
<b>PFS</b>	Police Officers' Pension Fund Statement.
<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.

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

## Glossary Continued

<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>PUP</b>	Police Officer Uplift Programme.
<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.
<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.
<b>VZSW</b>	Vision Zero South West