



**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 2021

**Audited**



## 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

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



Chief Constable  
Shaun Sawyer

Chief Financial Officer to the Chief Constable  
Sandy Goscomb



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# Police and Crime Commissioner for Devon and Cornwall

## Statement of Accounts 2020/21

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# Police and Crime Commissioner for Devon and Cornwall

## Statement of Accounts 2020/21

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Office of the Police  
and Crime Commissioner  
Devon and Cornwall

# Accompanying Reports

# Police and Crime Commissioner for Devon and Cornwall

## Narrative Report by Nicola Allen, Chief Financial Officer

### 1. INTRODUCTION

- 1.1 Welcome to the Police and Crime Commissioner's Statement of Accounts for 2020/21. The Statement reports the income and expenditure on service provision for the year and the value of the Police and Crime Commissioner's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the Police and Crime Commissioner Group and for the Police and Crime Commissioner as a single entity. The Chief Constable's single entity accounts are published separately. Further information on the structure of the group is provided within the accounts.
- 1.3 The aim of this narrative report is to provide an easily understandable explanation of the Police and Crime Commissioner Group's financial and non-financial performance in 2020/21 and its position at the end of the financial year.

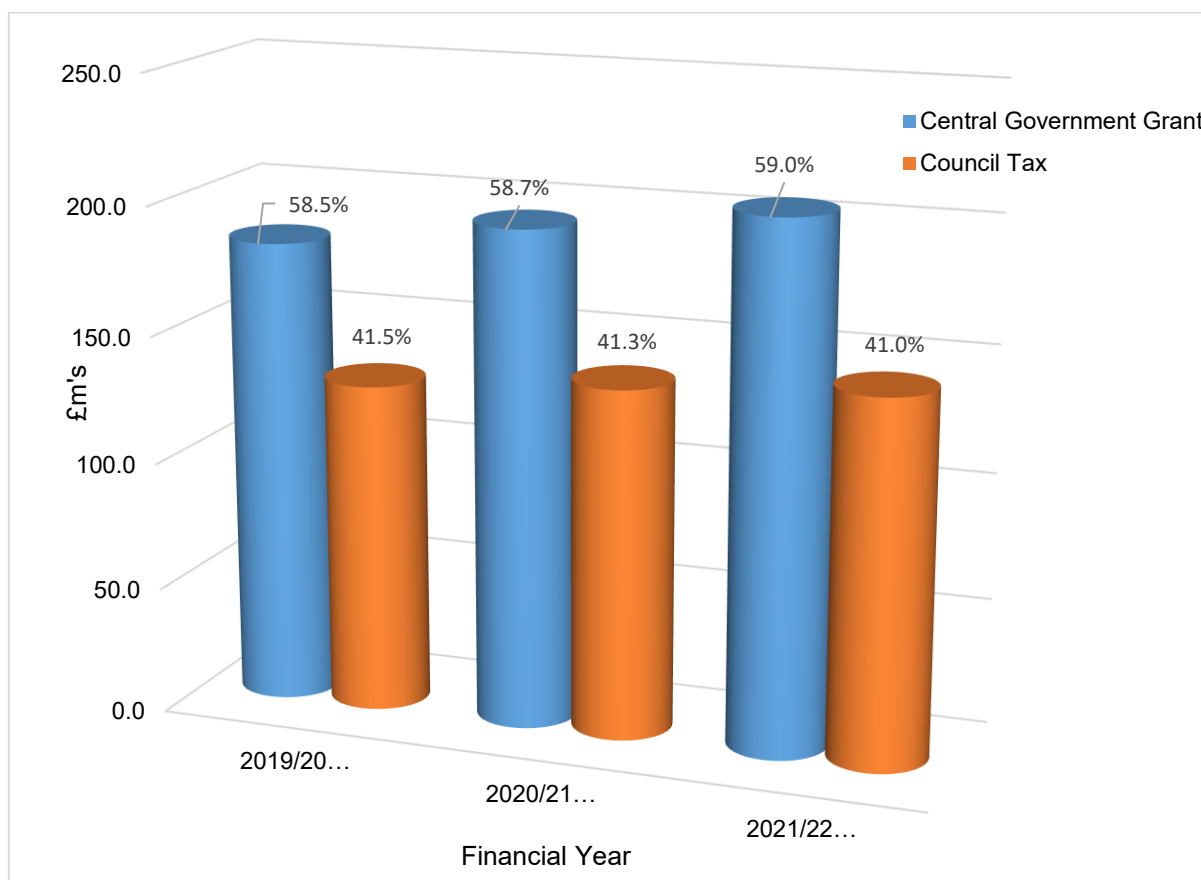
### 2. RESOURCES AVAILABLE IN 2020/21

- 2.1 The 2020/21 budget was set in the context of an increase of Police Grant funding of 7.5%, which included Devon and Cornwall's share of the £700m allocated nationally for additional officers.
- 2.2 As part of the 2020/21 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 Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by £9.36 (4.41%) allowing services to the public to not only be maintained but enhanced. Council tax was set at £221.64 for a band D property.
- 2.3 The graph below shows the revenue budget funding sources in 2020/21 as well as the funding in the previous and following year for comparative purposes. It shows a small % increase year on year of central grant as a proportion of revenue funding (2019/20 58.5%, 2020/21 58.7% and 2021/22 59.0%) following the provision of additional funding to increase officer numbers nationally.

# Police and Crime Commissioner for Devon and Cornwall

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

### Revenue Budget funding 2019/20 – 2021/22



### 3. THE FINANCIAL STRATEGY FOR 2020/21

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 Due to the postponement of the Police and Crime Commissioner elections due in 2020 the Police and Crime Plan for 2017-2020 continue to provide the framework and sets out the strategies for 'Safe, resilient and connected communities' and focussed on the following 5 key objectives:

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

# Police and Crime Commissioner for Devon and Cornwall

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

- 3.3. Devon and Cornwall Police formally updates its Medium Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy annually during the budget setting process.
- 3.4. The overall impact in 2020/21 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 £24.1m , resulting in a budget of £332.277m (2019/20 budget £312.103m).
- 3.5. The table below outlines how these additional funds were allocated.

Use of additional funding - 2020/21	£m	
Additional Funding (Police Grant & Council Tax)	20.2	
Uplift Grant	3.9	
	<b>24.1</b>	
<b>Increases:</b>		
National Police Officer Uplift	8.3	
Local Police Officer Uplift	2.4	10.7
<b>Unavoidable Changes:</b>		
Pay Inflation	9.5	
Non-Pay Costs	1.9	
Transfer of National Commitments	0.9	
Capital Funding	0.8	13.1
<b>Investment</b>	3.0	
<b>Savings</b>	(2.7)	
	<b>24.1</b>	

- 3.6. The 2020/21 Budget included funding to:
- Increase officer numbers to 3,241 by 31 March 2021, 141 additional police officers funded by the national Police Officer Uplift Programme and a further 50 officers funded by the local precept.
  - Create a violent crime prevention approach, with a year one investment of £1m between the Police and Crime Commissioner and the Chief Constable, which will seek to secure further financial and organisational support through partnerships across public health and local government organisations to get to the root cause of violence crime and build and more resilient communities.
  - Invest in Summer Policing – To maintain and build on current approaches.
  - Expand Blue Light collaboration - Further development of partnership schemes e.g. Tri Service and Bi-service officers with a particular focus in North Devon and on maritime schemes to better protect our coastline.
  - Improve Customer Service - Invest in resilience for front desk opening hours for all eight mainland front desks.
  - Formally assess whether or not two call centres are sufficient to keep pace with the level of contacts from both 999 and 101 across Devon and Cornwall.
  - Invest in maintenance of estates to start to reverse the decline in planned maintenance and improve sustainability work across the estate.

# Police and Crime Commissioner for Devon and Cornwall

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

3.7. The table below summarises these investments.

Details of Investment	Planned Budget £m
Data Management Project	0.232
Growth posts	0.379
Planned maintenance work	0.400
Summer policing	0.400
Blue light fund	0.300
Front desks	0.200
Customer contact	0.050
National Capability	0.060
Violent Crime Prevention	1.000
	<b>3.021</b>

3.8. The 2020/21 budget also made a provision for a number of unavoidable costs such as pay inflation, increments and existing policy commitments.

#### 4. 2020/21 OUTCOMES

##### COVID-19

4.1 The global pandemic caused by COVID-19 has made this an extraordinary and unprecedented year. Three national lockdowns across the last twelve months have had an erratic effect on costs. Some areas of spending have seen significant increases (PPE costs, cleaning costs); and others, reductions in costs (fuel, mileage and hire cars, training costs).

4.2 From a financial perspective there has been significant support from central government. The Department of Health have provided and funded almost all PPE required, and the Home Office provided grant funding for other additional costs (including costs of enforcement), and reimbursement of income losses.

4.3 There were also countless non-financial changes; the postponement of the Police and Crime Commissioner elections due to be held in May 2020, staff were advised to work at home where possible, a number of areas of our business switched from face to face to virtual forums (initial training courses, virtual courts), and demand profiles changed.

##### Uplift Officers

4.4 The MTFs provided funding for an additional 141 officers funded by the national Police Uplift Programme during 2020/21 (47 were recruited in 2019/20, and 94 in 2020/21), with a further 50 officers funded by the local precept.

4.5 Additional government funding was provided for the Force's share of the national officer uplift. This funding was subject to a monthly grant claim, evidencing that additional expenditure has been incurred on the cost of the new officers, recruitment, training, and other associated support and infrastructure. The narrative made specific reference to the fact that the funding provided in 2020/21 was also to make the relevant infrastructure improvements needed to recruit all 20,000 officers by 2023.

4.6 As a result of this upfront funding, the 2020/21 plan included a transfer of £3.290m to a specific Uplift Reserve for funding of future infrastructure costs. The expected costs of Uplift were lower than anticipated mainly in relation to staff costs due in part to changes in the way recruitment and training has been delivered during COVID-19, and in part due to the timing of staff appointments. The transfer to the uplift reserve in 2020/21 was £3.631m.

4.7 A proportion of the grant awarded to Forces to deliver the national uplift (25%) was conditional on the achievement of an increase in headcount based on national baselines. Devon and Cornwall exceeded this

# Police and Crime Commissioner for Devon and Cornwall

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

target and ended the year 85 over the baseline. This is a significant achievement and puts the force in a good position going into 2021/22.

### Progress of 2020/21 Investment

- 4.8 As detailed earlier, the Police and Crime Commissioner made investment of £3.021m within the 2020/21 medium term financial plan.
- 4.9 Some projects did not gain as much traction as had been hoped due to the exceptional circumstances regarding COVID-19, and there was an underspend of £1.262m against these areas. Elements of this underspend will be carried forward to be spent in the next financial year.

### Savings

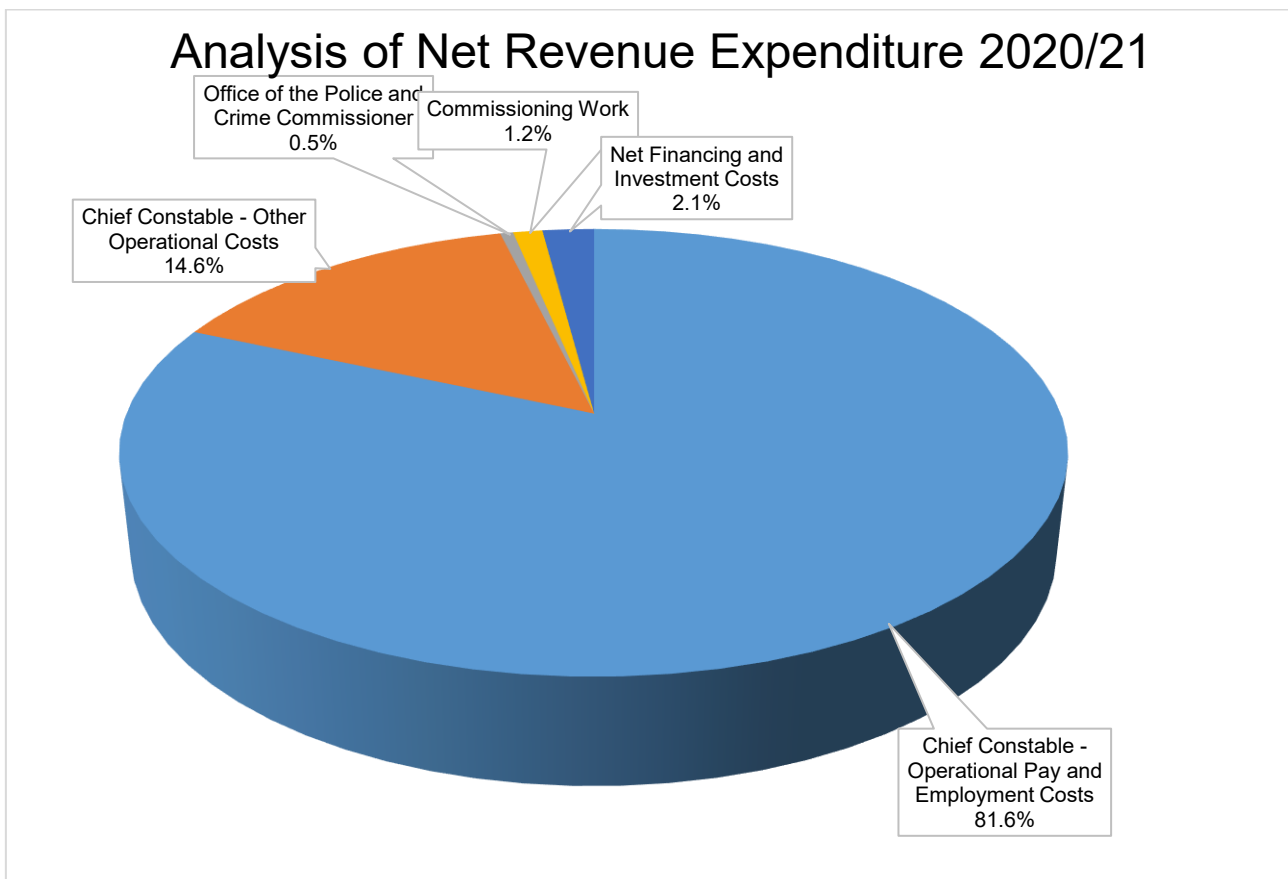
- 4.10 Savings of £2.749m were built into the 2020/21 budget as follows: £1.486m PCSO's, £0.300m service challenge reviews and £0.963m other non-staff savings.
- 4.11 PCSO numbers did not fall as fast as anticipated through natural wastage. As a result, a voluntary exit package was agreed. Net savings of £0.419m were achieved in 2020/21.
- 4.12 The total planned savings against service challenge reviews were £0.900m (£0.600m in 2019/20 rising to £0.900m by 2020/21). These planned savings were delivered earlier than originally anticipated, and in excess of the original target amounts, with £0.941m savings realised in 2019/20 rising to £1.064m in 2020/21.
- 4.13 The other non-staff savings of £0.963m were found within departmental efficiencies. The reductions were built into the base budgets and have been monitored throughout the year as part of the monthly monitoring process.

## 5. ACTUAL EXPENDITURE 2020/21

- 5.1 The final position for the Police and Crime Commissioner Group showed expenditure of £329.290m against a budget of £332.277m resulting in an overall underspend of £2.987m, 0.90% of the budget.
- 5.2 The approved net revenue budget for 2020/21 was £332.277m, of which £326.709m was under the direct control of the Chief Constable and £5.568m was under the direct control of the Police and Crime Commissioner.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

5.3 The chart below shows a breakdown of actual net revenue expenditure for 2020/21 by category of spend.



5.4 The Chief Constable underspent against his budget allocation by £3.027m with the Police and Crime Commissioner showing a small deficit of £0.040m.

Summary of final outturn	Revised Budget £m	Outturn £m	(Under) / Over £m
Chief Constable	326.709	323.683	(3.027)
OPCC	5.568	5.608	0.040
<b>Grand Total</b>	<b>332.277</b>	<b>329.290</b>	<b>(2.987)</b>

5.5 The outturn presents a net position, which includes a number of compensating over and underspends; the most significant of which are detailed below.

- Police staff underspend offset overspends in police officer and staff overtime.
- A number of non-pay areas ended the year with an underspend, in particular estates, supplies and services, external training, and transport. A significant element of these were as a result of the change in activity and demand due to the COVID-19 pandemic.
- Government grants have increased (COVID-19 grant and ESN); and will result in an increase in the transfer to reserves.
- PCSO numbers did not fall as fast as anticipated through natural wastage. As a result, a voluntary exit package was agreed. The result was a £1.168m overspend.

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

- 5.6 The PCC was able to support carry forward requests of £1.252m. These requests mainly related to the slippage of projects from 2020/21 to 2021/22 and will fund specific expenditure during 2021/22, primarily around Serious Violence Prevention, ICT project costs and delivery of the 2020/21 investment in front desks.
- 5.7 The force was also able to support further additional investments in 2021/22.
- An additional £0.300m to support OPCC Commissioning budgets which have remained static for a number of years.
  - An investment of £0.350m to support the organisation to embrace the positive changes and continue to gain the efficiencies of new ways of working as a result of COVID-19, investment into ICT, equipment and peripherals will be necessary.
  - A £0.500m investment into the environmental infrastructure (e.g. electric vehicle charging points).
- 5.8 The residual underspend of £2.987m has been transferred to General Balances.
- 5.9 As part of the Local Government COVID support package for 2021/22 a 75% Tax Income Guarantee compensation scheme was announced. The income will be paid in the form of a grant which is recognised in 2020/21 and transferred to general balances for distribution in 2021/22 as per the Code of Practice. The grant value attributable to Devon and Cornwall Police is £1.199m.

## 6. 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 planned level at 31 March 2021 was 3.26%. In view of the significant uncertainty and enhanced level of risk, it was decided to transfer the residual underspend to general balances, which, with the Tax Income Guarantee grant increased balances to 4.12% of the 2021/22 net revenue budget.
- 6.3 The Force currently faces an exceptional level of financial risk, for which mitigation is provided through general balances. The level of general balances was planned to be just above the minimum level deemed acceptable in a normal year, at 3%. The key risks include:

### Pensions Remedy – Compensation Claims

There is the potential for a significant number of additional compensation claims for injury to feelings in the pipeline for the McCloud case, potentially a further 900 claims. Whilst there is not enough certainty that they will be accepted (or clarity of whom will be liable, Force or Home Office) to make a provision, and they will be highlighted in 2020/21 as a contingent liability, this is a considerable new financial risk to the Force.

### G7 Summit Security Operation

The size and scale of the costs associated with the G7 summit are vast. Whilst there is reassurance from the Home Office that costs will be reimbursed, there is a significant risk around the clarity of detail, and any shortfalls in funding will have to be found from general balances.

### Criminal Justice

There is concern of underlying growing pressure around areas of criminal justice (reinforced in a recent report published by the NPCC). Additional costs may be incurred in response to this.

# Police and Crime Commissioner for Devon and Cornwall

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

- 6.4 The table below summarised the level of reserves and balances originally forecast for 2020/21 compared with the actual level:

	Planned Balance 31/3/2021 £m	Forecast Balance 31/3/2021 £m
Earmarked Reserves - Capital	18.535	22.517
Earmarked Reserves - Revenue	4.580	9.170
General Balances	10.201	14.402
<b>Total Reserves and Balances</b>	<b>33.316</b>	<b>46.089</b>

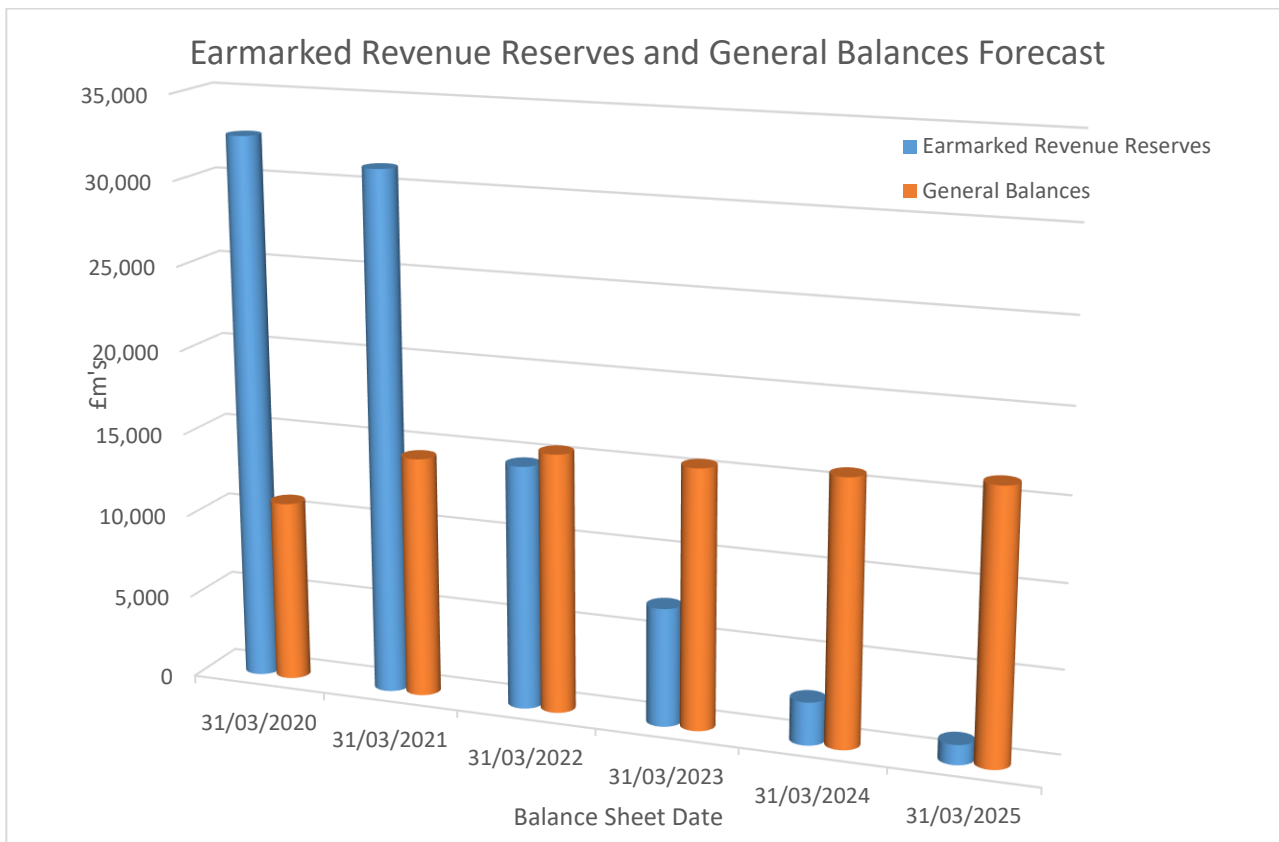
- 6.5 The key reasons for the differences on earmarked reserves are slippage on the capital programme, revenue carry forwards into 2021/22, and a higher than anticipated Uplift reserve at the year end.
- 6.6 The following table outlines the details of the revenue reserves over the MTFS period. The future years forecast on each earmarked reserve are as per 2021/22 MTFS.

	Actual Balance 31/3/2020 £m	Actual Balance 31/3/2021 £m	Forecast Balance 31/3/2022 £m	Forecast Balance 31/3/2023 £m	Forecast Balance 31/3/2024 £m	Forecast Balance 31/3/2025 £m
<b>Earmarked Reserves</b>						
Estates Development Reserve	0.794	0.608	0	0	0	0
Capital Financing Reserve	23.119	12.293	1.416	0	0	0
ESN Capital Reserve	2.520	10.225	8.711	4.954	1.376	0
Capital Programme Reserve	2.748	0	0	0	0	0
Budget Management Fund	2.114	3.812	2.219	1.290	0.360	0.360
Police and Crime Plan Reserve	0.991	0.991	0.826	0.826	0.826	0.826
PEQF Reserve	0.265	0.127	0	0	0	0
Uplift Reserve	0	3.631	1.410	0	0	0
<b>Total Earmarked Reserves</b>	<b>32.551</b>	<b>31.687</b>	<b>14.582</b>	<b>7.070</b>	<b>2.562</b>	<b>1.186</b>
General Balances	10.847	14.402	15.485	15.506	15.831	16.205
<b>Total Reserves and Balances</b>	<b>43.398</b>	<b>46.089</b>	<b>30.067</b>	<b>22.576</b>	<b>18.393</b>	<b>17.390</b>
<i>General Balances as % of 2020/21 Revenue Budget</i>	3.26%	4.33%	4.66%	4.67%	4.76%	4.88%
<i>General Balances as % of 2021/22 Revenue Budget</i>		4.12%	4.43%	4.43%	4.53%	4.63%

# Police and Crime Commissioner for Devon and Cornwall

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

- 6.7 In line with the Police and Crime Commissioners Strategy to reduce the level of reserves, which was then supported by the Home Office direction, it has been the chosen strategy of the Treasurer to maximise use of earmarked reserves in this MTFS period, reducing to a minimum level by the end 31 March 2025.



## 7. CAPITAL PROGRAMME

- 7.1. The table below shows the Police and Crime Commissioners Groups capital expenditure, and funding, during 2020/21. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with a value in excess of £10,000.

	20/21 Plan £m	20/21 Actual £m
<b>Capital Investment</b>		
Vehicles	2.858	3.487
Land and Buildings	12.822	7.677
Equipment & ICT	12.363	6.400
<b>Total</b>	<b>28.043</b>	<b>17.564</b>
<b>Funded by</b>		
Grants	0.812	1.512
Capital Financing Reserve	8.745	4.097
Capital Receipts & Asset Disposal	7.320	0.173
Revenue Funding	2.809	4.287
Reserves	1.000	2.825
Borrowing	7.357	4.670
<b>Total</b>	<b>28.043</b>	<b>17.564</b>

# Police and Crime Commissioner for Devon and Cornwall

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

- 7.2. The 2020/21 original capital programme was estimated to be £28.043m, but actual spending was £17.564m. The vast majority of this reduction was around delay and reprioritisation of the programme, as a result of the effect of COVID-19 on supply chains and resource availability.
- 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 it was anticipated that vehicle deliveries would be delayed as a result of COVID-19, in fact the opposite happened, with suppliers turning the delays around as well as delivering pre-ordered vehicles from the 2021/22 plan. The effect of this on the programme is the requirement to bring forward funding from 2021/22. This puts the Force in a good starting position for 2021/22.
- 7.4. Building spend related to a Plymouth support facility, the relocation of Barnstaple Police Station and works on the Headquarters site at Middlemoor, Exeter, as well as general refurbishment.
- 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 investment in a replacement records management system, contact centre system, and computer equipment and software to enable staff and officers to work away from the offices when possible.

### 8. 2020/21 WORKFORCE

8.1 Workforce costs made up 81.6% of the annual expenditure of Devon and Cornwall Police.

#### 8.2 Police Officers

31/03/20 (FTE)		31/03/21 (FTE)
3,097	Police Officers - Budgeted	3,241
3,094	Police Officers - Actual	3,257
<b>(3)</b>	<b>(Under)/Over</b>	<b>16</b>

Police Officer numbers increased by 163 full time equivalents (FTE) during the year and were over budgeted establishment by 16 FTE at 31 March 2021.

#### 8.3 PCSO's

31/03/20 (FTE)		31/03/21 (FTE)
196	PCSO's - Budgeted	150
197	PCSO's - Actual	167
<b>1</b>	<b>(Under)/Over</b>	<b>17</b>

The number of PCSOs reduced during the year as part of a planned change programme to better address the operational demands on the Force. There were 167 FTE PCSOs at 31 March 2021, which was 17 FTE over the budgeted establishment. The Executive agreed to temporarily tolerate numbers in excess of the target number of 150 PCSOs.

# Police and Crime Commissioner for Devon and Cornwall

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

### 8.4. Police Staff

The analysis of police staff pay numbers is a complex area. The numbers presented in the MTFs are those budgeted and funded by Devon and Cornwall Police, they include staff within the Office of the Police and Crime Commissioner (OPCC) and blue light posts and are after the effect of Alliance cross charging. They exclude externally funded and temporary posts.

The table below shows the actual (FTE equivalent) Police staff charged against Devon and Cornwall's budget.

31/03/20 (FTE)		31/03/21 (FTE)
1,996	Police Staff - Actual	2,158
26	OPCC	29
<b>2,022</b>	<b>Total</b>	<b>2,187</b>

The actual numbers of Police staff directly employed by Devon and Cornwall Police are as per the table below.

31/03/2020 (FTE)				31/03/2021 (FTE)		
Staff employed	Staff Charged to Collaborative Arrangements	Total		Staff employed	Staff Charged to Collaborative Arrangements	Total
1,674	224	1,898	Police Staff	1,768	265	2,033
24	2	26	OPCC	27	2	29
98	0	98	Agency	125	0	125
<b>1,796</b>	<b>226</b>	<b>2,022</b>	<b>Total</b>	<b>1,920</b>	<b>267</b>	<b>2,187</b>

The increase in the year of 124 FTE, is 27 agency staff and 97 employed police staff. The agency increases are seen across the Business Change Data Management Team (14.00) and the team planning the G7 summit (9). The increase of 97 Police Staff posts are in part growth posts approved as part of the last two MTFs processes, and staff directly employed in the G7 summit planning team.

## 9. PERFORMANCE INDICATORS

### External Indicators

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

9.2 HMICFRS PEEL Report – Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent report (2018/19) indicated that Devon and Cornwall Police was 'good' in each of the three areas reviewed:

- The extent to which the force is effective at reducing crime and keeping people safe is **good**.
- The extent to which the force operates efficiently and sustainably is **good**.
- The extent to which the force treats the public and its workforce legitimately is **good**.

9.3 Auditors Value for Money Opinion – External auditors provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2020. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

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

- 9.4 HMICFRS Value for Money Profile 2020 – this report does not provide an opinion but states key financial and performance information of Devon and Cornwall Police in comparison to other forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

### Office of 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 2017-2020 'Safe, resilient and connected communities'. Of the eleven indicators, performance is measured against eight of them:

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

**Repeat Victimisation: GREEN**

**Public Confidence – Overall confidence GREEN**

**Priority Victim Satisfaction GREEN**

**Emergency Call (999) GREEN**

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

**Non Priority Calls (101) RED**

**Emails (101) GREEN**

**Funding per day per head (ungraded \*)**

**Funding Composition (ungraded \*)**

**Officer and staff numbers (ungraded \*)**

\* It is the Commissioner's view that the three measures included above (in place of the previous VFM indicators from Her Majesty's Inspectorate) should be marked as 'ungraded'. These measures are not indicators of performance but provide important information regarding the relative funding position and resource levels of our area compared to other areas in England and Wales.

- 9.7 As at 5th February 2021 which was the date of the last Police and Crime panel meeting one of these indicators was red, and the remaining were green. The non-priority calls area has been the subject of scrutiny by the Police and Crime Commissioner with the recommendations reported to the Police and Crime Panel in February 2021.
- 9.8 Full detail of the review of each indicator can be found in the PCC Performance Report February 2021 at the following link: [Police and Crime Panel - PCC Performance Report 5th February 2021](#)

### Operational performance of the force

- 9.9 The force monitors performance on a monthly basis. This exceptional and unprecedented year seen as a result of the global pandemic, has also had an effect on operational demand types and volumes.

# Police and Crime Commissioner for Devon and Cornwall

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

9.10 During the period 1 April 2020 to 31 March 2021 90,589 crimes were recorded, a reduction of 9.4% from the previous year. During COVID-19 there has been a significant decrease in acquisitive crimes and more serious violence offenses. See table below, for further detail of changes in types of crime.

### Crime types that have decreased:

	No.	Change
Shoplifting	3,816	-38.3%
Vehicle offences	3,109	-31.5%
All Burglary	3,551	-30.3%
Other Theft	7,147	-26.8%
Robbery	513	-21.7%
Violence with Injury	13,113	-16.1%
Criminal Damage	12,511	-10.6%
Other Sexual Offences	2,635	-3.7%
Rape	1,581	-2.6%

### Crime types that have increased:

	No.	Change
Violence without injury	26,950	5.5%
Public Order	7,156	2.6%
All Drug offences	5,087	22.4%
Domestic abuse crimes	20,876	0.9%



9.11 This extraordinary year has also influenced the number and mix of calls for service received. This year 31% fewer calls have been received via 999 and 101; there has however been a 32% increase in demand via other channels such as 101 emails and text.

No. of calls received	2019/20	2020/21	% change
999	262,197	246,629	-6%
101	830,289	509,497	-39%
<b>Total</b>	<b>1,092,486</b>	<b>756,126</b>	<b>-31%</b>
<b>No. of 101 Emails/Texts received:</b>	<b>114,630</b>	<b>150,944</b>	<b>32%</b>

## 10 FUTURE FINANCIAL OUTLOOK

10.1 The Police and Crime Commissioner and the Chief Constable formally updates its Medium Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy annually during the budget setting process.

10.2 The 2021/22 MTFS supports the delivery of a progressive policing service which connects to protect our people, prevent crime, reduce violence and create jobs at a time job insecurity. It includes the resources to:

- Improve customer service in contact centres – increasing the staff numbers by 22 in the contact centres to have a positive impact on waiting times.
- Investment in Police Technology relating to drones – to improve public safety and provide a more responsive service for searches, public order events and evidence gathering.
- Invest in Crime Investigation – to fund 29 police staff investigators to resolve crimes more quickly and have a positive impact on violent and sexual crime offenders and victims. This will also provide improvements for investigations that relate to proactive pursuits and serious and organised crime.
- Invest in Professional Standards – to provide additional resources to the teams that deal with the relatively new Conduct and Complaint Regulations 2020. This will improve the timeliness and frequency of hearings and appeals.
- Enhance data reliability, accuracy and security – to improve the quality of the information held to drive crime prevention and public safety.

# Police and Crime Commissioner for Devon and Cornwall

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

- Expand Blue Light collaboration – to further enhance opportunities to collaborate with other emergency services to include coastal and maritime settings.
- Invest in Special Constabulary – to further innovate and support the role and activities of the Special Constabulary which could include further benefits following the enhanced allowance pilot scheme.
- Increase Police Officer numbers – to further increase the number of officers recruited to Devon and Cornwall. This would see a further 40 officers recruited over and above the national uplift target of 141 announced by the Home Office.

10.3 Planning for beyond 2021/22 is very challenging. There is significant activity which will impact on this planning:

- The impact of the continuation of the COVID-19 pandemic, and the uncertainty of the long term economic effect.
- The Comprehensive Spending Review (CSR), which the Government had planned to undertake during 2020, was delayed. A one year settlement was agreed for 2021/22, with a multi year CSR to be carried out in 2021 which will come into effect for the financial year 2022/23 and beyond.
- The anticipated changes to the formula by which Home Office funding is allocated to forces. The timescale for this review is not confirmed.
- The long-term funding plans for the uplift in police officers due to one-year budgeting.
- Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.
- Future cost of pension schemes. These schemes have seen increased pressure in recent years, with significant additional costs in 2019/20.
- The impact of the anticipated future recession, including the potential local implications on precept, Collection Funds and taxbase.

## 11 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 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.

# Police and Crime Commissioner for Devon and Cornwall

## 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	Movements	Balance as at
	31/03/2020		31/03/2021
	£m	£m	£m
General Fund	10.847	3.555	14.402
Earmarked Reserves	32.551	(0.864)	31.687
Capital Receipts	0	0	0
Capital Grants	0.524	(0.524)	0
<b>Total Usable Reserves</b>	<b>43.922</b>	<b>2.167</b>	<b>46.089</b>
Unusable Reserves	(3,187.064)	(963.016)	(4,150.080)
<b>Total Reserves</b>	<b>(3,143.142)</b>	<b>(960.849)</b>	<b>(4,103.991)</b>

The significant movements during the year have been within unusable reserves, specifically for pensions and revaluation. 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 Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross	Gross	Net
	Expenditure	Income	Expenditure
	2020/21	2020/21	2020/21
	£m	£m	£m
<b>Net Cost of Services</b>	407.798	(40.932)	366.866
Other Operating Income and Expenditure	4.064	(46.780)	(42.716)
Financing and Investment Income and Expenditure	83.668	(5.208)	78.460
Taxation and Non-Specific Grant Income	0	(330.287)	(330.287)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>495.530</b>	<b>(423.207)</b>	<b>72.323</b>
Other Comprehensive Income and Expenditure	888.526	0	888.526
<b>Total Comprehensive Income and Expenditure</b>	<b>1,384.056</b>	<b>(423.207)</b>	<b>960.849</b>

The statement highlights that the expenditure is dominated by the net cost of providing services which is predominantly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and relates to pensions interest cost and expected return on pension assets (£77.344m of the £78.460m 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 £888.834m 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 2021**, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

# Police and Crime Commissioner for Devon and Cornwall

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

The table below is a summary of the balance sheet:

<b>Summary Balance Sheet</b>	<b>Balance as at 31/03/2020 £m</b>	<b>Balance as at 31/03/2021 £m</b>	<b>Movement £m</b>
Long Term Assets	207.337	200.122	(7.215)
Current Assets	44.849	61.797	16.948
Current Liabilities	(41.633)	(58.839)	(17.206)
Long Term Liabilities	(3,353.695)	(4,307.071)	(953.376)
<b>Net Liabilities</b>	<b>(3,143.142)</b>	<b>(4,103.991)</b>	<b>(960.849)</b>
Unusable Reserves	(3,187.064)	(4,150.080)	(963.016)
Usable Reserves	43.922	46.089	2.167
<b>Total Reserves</b>	<b>(3,143.142)</b>	<b>(4,103.991)</b>	<b>(960.849)</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 2019/20 £m</b>	<b>Cash Flows 2020/21 £m</b>
<b>Cash and Cash Equivalents as at 1 April 2020</b>	<b>(13.943)</b>	<b>(3.168)</b>
Net Cash Flow from:		
Operating Activities	(5.512)	(19.348)
Investing Activities	22.174	30.955
Financing Activities	(5.887)	(17.957)
<b>Movement</b>	<b>10.775</b>	<b>(6.350)</b>
<b>Cash and Cash Equivalents as at 31 March 2021</b>	<b>(3.168)</b>	<b>(9.518)</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>2020/21 £'m</b>
<b>Expenditure and Funding Analysis</b>	
Net Cost of Services	331.114
Financing and Investment Income	1.163
<b>Taxation and Non-Specific Grant Income</b>	<b>332.277</b>
<b>Outturn</b>	
PCC Group	329.290
Underspend transferred to General Balances	2.987
<b>Taxation and Non-Specific Grant Income</b>	<b>332.277</b>

# Police and Crime Commissioner for Devon and Cornwall

## 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 2020/21. It may be read in conjunction with the single entity accounts of the Chief Constable, and the [Police and Crime Plan](#). These documents can be found at <https://www.devonandcornwall-pcc.gov.uk/information-hub/what-we-spend/>

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

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

**The audit opinion has been delayed. Please refer to the Public Notice issued on the website.**







# Police and Crime Commissioner for Devon and Cornwall

## Statement of Responsibilities

### The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

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

### Approval of the Accounts

I approve the Statement of Accounts.

**Alison Hernandez**  
**Police and Crime Commissioner**  
**30 September 2021**

### 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 2020/21" (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 2021 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 2021.

**Nicola Allen**  
**Chief Financial Officer to the Police and Crime Commissioner**  
**30 September 2021**



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

# Financial Statements



# Police and Crime Commissioner for Devon and Cornwall

## Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2019/20 and 2020/21 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 2020</b>		10,847	32,551	0	524	<b>43,922</b>	(3,187,064)	<b>(3,143,142)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		(72,323)	0	0	0	<b>(72,323)</b>	(888,526)	<b>(960,849)</b>
Adjustments between accounting basis and funding basis under regulations	9	75,014	0	0	(524)	<b>74,490</b>	(74,490)	<b>0</b>
Transfers (to)/from Earmarked Reserves	10	864	(864)	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>3,555</b>	<b>(864)</b>	<b>0</b>	<b>(524)</b>	<b>2,167</b>	<b>(963,016)</b>	<b>(960,849)</b>
<b>Balance at 31 March 2021</b>		<b>14,402</b>	<b>31,687</b>	<b>0</b>	<b>0</b>	<b>46,089</b>	<b>(4,150,080)</b>	<b>(4,103,991)</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 2019</b>		8,808	36,917	0	252	<b>45,977</b>	(3,400,726)	<b>(3,354,749)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		(75,317)	0	0	0	<b>(75,317)</b>	286,924	<b>211,607</b>
Adjustments between accounting basis and funding basis under regulations	9	72,990	0	0	272	<b>73,262</b>	(73,262)	<b>0</b>
Transfers (to)/from Earmarked Reserves	10	4,366	(4,366)	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>2,039</b>	<b>(4,366)</b>	<b>0</b>	<b>272</b>	<b>(2,055)</b>	<b>213,662</b>	<b>211,607</b>
<b>Balance at 31 March 2020</b>		<b>10,847</b>	<b>32,551</b>	<b>0</b>	<b>524</b>	<b>43,922</b>	<b>(3,187,064)</b>	<b>(3,143,142)</b>

# Police and Crime Commissioner for Devon and Cornwall

## PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2019/20 and 2020/21 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund Balance movements in the year following those adjustments.

<b>Current Year</b>	<b>Notes</b>	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	<b>Total Usable Reserves</b>	Unusable Reserves	<b>Total Reserves</b>
		£'000	£'000	£'000	£'000	<b>£'000</b>	£'000	<b>£'000</b>
<b>Balance at 31 March 2020</b>		10,847	32,551	0	524	<b>43,922</b>	(3,187,064)	<b>(3,143,142)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		(956,980)	0	0	0	<b>(956,980)</b>	(3,869)	<b>(960,849)</b>
Adjustments between accounting basis and funding basis under regulations	9	959,671	0	0	(524)	<b>959,147</b>	(959,147)	<b>0</b>
Transfers (to)/from Earmarked Reserves	10	864	(864)	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>3,555</b>	<b>(864)</b>	<b>0</b>	<b>(524)</b>	<b>2,167</b>	<b>(963,016)</b>	<b>(960,849)</b>
<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>Comparative Year</b>	<b>Notes</b>	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	<b>Total Usable Reserves</b>	Unusable Reserves	<b>Total Reserves</b>
		£'000	£'000	£'000	£'000	<b>£'000</b>	£'000	<b>£'000</b>
<b>Balance at 31 March 2019</b>		8,808	36,917	(0)	252	<b>45,977</b>	(3,400,726)	<b>(3,354,749)</b>
<b>Movement in Reserves</b>								
Total Comprehensive Income and Expenditure		206,248	0	0	0	<b>206,248</b>	5,359	<b>211,607</b>
Adjustments between accounting basis and funding basis under regulations	9	(208,575)	0	0	272	<b>(208,303)</b>	208,303	<b>0</b>
Transfers (to)/from Earmarked Reserves	10	4,366	(4,366)	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease)</b>		<b>2,039</b>	<b>(4,366)</b>	<b>0</b>	<b>272</b>	<b>(2,055)</b>	<b>213,662</b>	<b>211,607</b>
<b>Balance at 31 March 2020</b>		10,847	32,551	0	524	<b>43,922</b>	(3,187,064)	<b>(3,143,142)</b>

# Police and Crime Commissioner for Devon and Cornwall

## Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2019/20 and 2020/21 of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (Precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis Note.

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
368,095	(24,451)	343,644	Chief Constable	398,009	(37,056)	360,953	
1,666	(10)	1,656	Office of the Police and Crime Commissioner	2,025	(4)	2,021	30
6,122	(2,720)	3,402	Commissioning	7,764	(3,872)	3,892	27
<b>375,883</b>	<b>(27,181)</b>	<b>348,702</b>	<b>Net Cost of Services</b>	<b>407,798</b>	<b>(40,932)</b>	<b>366,866</b>	
			<b>Other Operating Income and Expenditure</b>				
160	0	160	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(96)	(96)	
1,581	(669)	912	(Gain)/Loss on Revaluation of Non-Current Assets	4,064	(2,139)	1,925	
0	(45,579)	(45,579)	Pensions Top Up Grant	0	(44,545)	(44,545)	
			<b>Financing and Investment Income and Expenditure</b>				
1,278	0	1,278	Interest Payable	1,284	0	1,284	
0	(248)	(248)	Interest and Investment Income	0	(88)	(88)	
0	0	0	(Gain)/Loss on the Investment of Property	3	(35)	(32)	
204	(34)	170	(Gain)/Loss on Financial Instruments	34	(82)	(48)	
91,082	(7,554)	83,528	Pensions Interest Cost and Expected Return on Pension Assets	82,347	(5,003)	77,344	
			<b>Taxation and Non-Specific Grant Income</b>				
0	(166,963)	(166,963)	Police Grant	0	(179,459)	(179,459)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(129,414)	(129,414)	Council Tax Precept	0	(134,379)	(134,379)	
0	(1,768)	(1,768)	Capital Grants and Contributions	0	(988)	(988)	26
<b>470,188</b>	<b>(394,871)</b>	<b>75,317</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>495,530</b>	<b>(423,207)</b>	<b>72,323</b>	
		(4,926)	(Surplus)/Deficit on Revaluation of Non-Current Assets			1,678	11
		(281,998)	Remeasurement of the Net Defined Benefit Liability/(Asset)			886,848	32
		<b>(286,924)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>888,526</b>	
		<b>(211,607)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>960,849</b>	

Nicola Allen  
Chief Financial Officer to the Police and Crime Commissioner  
30 September 2021

# Police and Crime Commissioner for Devon and Cornwall

## PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2019/20 and 2020/21 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.

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
368,095	(70,030)	298,065	Chief Constable - Intra-group transaction	398,009	(81,601)	316,408	4
1,666	(10)	1,656	Office of the Police and Crime Commissioner	2,025	(4)	2,021	30
6,122	(2,720)	3,402	Commissioning	7,764	(3,872)	3,892	27
<b>375,883</b>	<b>(72,760)</b>	<b>303,123</b>	<b>Net Cost of Services</b>	<b>407,798</b>	<b>(85,477)</b>	<b>322,321</b>	
			<b>Other Operating Income and Expenditure</b>				
160	0	160	Net (Surplus)/Deficit from the Sale of Non-Current Assets	0	(96)	(96)	
1,581	(669)	912	(Gain)/Loss on Revaluation of Non-Current Assets	4,064	(2,139)	1,925	
			<b>Financing and Investment Income and Expenditure</b>				
1,477	(115)	1,362	Interest Payable	1,467	(90)	1,377	
0	(248)	(248)	Interest and Investment Income	0	(88)	(88)	
0	0	0	(Gain)/Loss on the Investment of Property	3	(35)	(32)	
204	(34)	170	(Gain)/Loss on Financial Instruments	34	(82)	(48)	
90,883	(7,439)	83,444	Pensions interest cost - Intra-Group Transaction	82,164	(4,913)	77,251	4
			<b>Taxation and Non-Specific Grant Income</b>				
0	(166,963)	(166,963)	Police Grant	0	(179,459)	(179,459)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(129,414)	(129,414)	Council Tax Precept	0	(134,379)	(134,379)	
0	(1,768)	(1,768)	Capital Grants and Contributions	0	(988)	(988)	26
(281,565)	0	(281,565)	<b>Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction</b>	884,657	0	884,657	4
<b>188,623</b>	<b>(394,871)</b>	<b>(206,248)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,380,187</b>	<b>(423,207)</b>	<b>956,980</b>	
		(4,926)	(Surplus)/Deficit on Revaluation of Non-Current Assets			1,678	11
		(433)	Remeasurement of the Net Defined Benefit Liability (Asset)			2,191	32
		<b>(5,359)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>3,869</b>	
		<b>(211,607)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>960,849</b>	

Nicola Allen  
Chief Financial Officer to the Police and Crime Commissioner  
30 September 2021

# Police and Crime Commissioner for Devon and Cornwall

## Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2020 and 31 March 2021 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 Restated PCC £'000	31 March 2020 PCC Group £'000		As at PCC £'000	31 March 2021 PCC Group £'000	Notes
<b>Long Term Assets</b>					
177,685	177,685	Land & Buildings	166,324	166,324	11
2,961	2,961	Intangible Assets	2,515	2,515	12
4,000	4,000	Surplus Assets	4,762	4,762	11
17,477	21,544	Vehicle, Plant & Equipment	21,837	25,646	11
385	385	Investment Property	385	385	34
762	762	Long Term Debtor	490	490	
4,067	0	Long Term Debtor - Intra-Group Debtor	3,809	0	
<b>207,337</b>	<b>207,337</b>	<b>Total Long Term Assets</b>	<b>200,122</b>	<b>200,122</b>	
<b>Current Assets</b>					
12,063	12,063	Short Term Investments	18,157	18,157	18
0	0	Assets Held for Sale	6,100	6,100	16
724	724	Inventories	1,804	1,804	
9,680	28,894	Short Term Debtors*	4,269	26,218	14
19,214	0	Short Term Debtors - Intra-Group Debtor	21,949	0	14
3,168	3,168	Cash and Cash Equivalents	9,518	9,518	15
<b>44,849</b>	<b>44,849</b>	<b>Total Current Assets</b>	<b>61,797</b>	<b>61,797</b>	
<b>Current Liabilities</b>					
(6,000)	(6,000)	Short Term Borrowing	(18,000)	(18,000)	
(2,314)	(34,612)	Short Term Creditors*	(2,879)	(39,331)	17
(257)	(1,021)	Provisions	(641)	(1,508)	19
(33,062)	0	Creditors - Intra-Group Creditors	(37,319)	0	
<b>(41,633)</b>	<b>(41,633)</b>	<b>Total Current Liabilities</b>	<b>(58,839)</b>	<b>(58,839)</b>	
<b>Long Term Liabilities</b>					
(806)	(806)	Provisions	(887)	(887)	19
(30,277)	(30,277)	Borrowing	(30,277)	(30,277)	33
(108)	(108)	Finance Lease	(56)	(56)	
(762)	(762)	Deferred Capital Receipts	(490)	(490)	
(3,085)	(208,994)	Pensions Liability - Staff	(5,677)	(316,460)	32
0	(3,112,748)	Pensions Liability - Officers	0	(3,958,901)	32
(3,318,657)	0	Pension Liabilities - Intra-Group Creditor	(4,269,684)	0	
<b>(3,353,695)</b>	<b>(3,353,695)</b>	<b>Total Long Term Liabilities</b>	<b>(4,307,071)</b>	<b>(4,307,071)</b>	
<b>(3,143,142)</b>	<b>(3,143,142)</b>	<b>Net Liabilities</b>	<b>(4,103,991)</b>	<b>(4,103,991)</b>	
<b>Represented by</b>					
(3,187,064)	(3,187,064)	Unusable Reserves	(4,150,080)	(4,150,080)	20
43,922	43,922	Usable Reserves	46,089	46,089	
<b>(3,143,142)</b>	<b>(3,143,142)</b>	<b>Total Reserves</b>	<b>(4,103,991)</b>	<b>(4,103,991)</b>	

\* The Police and Crime Commissioner debtors and creditors have been amended to provide greater transparency regarding the service arrangements that are in place with the Police and Crime Commissioner. The prior year has been restated for comparative purposes.

**Nicola Allen**  
**Chief Financial Officer to the Police and Crime Commissioner**  
**30 September 2021**

# Police and Crime Commissioner for Devon and Cornwall

## Group Cash Flow Statement

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

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of 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.

2019/20 £'000		2020/21 £'000	Notes
75,317	<b>Net (Surplus) or Deficit on the Provision of Services</b>	72,323	
	<b>Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements</b>		
(72,101)	(Increase)/Decrease in pensions liability	(66,770)	
(12,670)	Depreciation and amortisation	(14,668)	
290	(Increase)/Decrease in provisions	(567)	
(160)	Surplus/(Loss) on sales of non-current assets	96	
(912)	Surplus/(Loss) on revaluation of non-current assets	(1,924)	
4,724	Movement in relevant assets/liabilities	(7,838)	
<b>(5,512)</b>	<b>Net Cash (Inflows)/Outflows from Operating Activities</b>	<b>(19,348)</b>	21
22,174	<b>Investing Activities</b>	30,955	22
(5,887)	<b>Financing Activities</b>	(17,957)	23
<b>10,775</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(6,350)</b>	
<b>(13,943)</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>(3,168)</b>	
<b>(3,168)</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>(9,518)</b>	15



**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 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

### 2. ACCRUALS OF INCOME AND EXPENDITURE

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 5. EVENTS AFTER THE 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

## Note 1 Accounting Policies Continued

- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events. 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 (CIES) 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 CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

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

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

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

### 9. FOREIGN CURRENCY TRANSLATION

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

### 10. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

## Note 1 Accounting Policies Continued

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

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

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

### 11. FINANCIAL INSTRUMENTS

#### 11.1 Financial Liabilities

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

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

#### 11.2 Financial Assets

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

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

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

#### 11.3 Financial Assets Measured at Amortised Cost

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

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

#### 11.4 Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has

# Police and Crime Commissioner for Devon and Cornwall

## Note 1 Accounting Policies Continued

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 Treasury advisors.

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

## 12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are 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.

## 13. LEASES

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

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

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

### 13.1 The Group as Lessee

#### 13.1.1 Finance Leases

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

Lease payments are apportioned between:

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

## Note 1 Accounting Policies Continued

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

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

### 13.1.2 Operating Leases

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

## 13.2 The Group as Lessor

### 13.2.1 Operating Leases

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

## 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 CIES when the Police and Crime Commissioner or Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards (this only applies to compulsory redundancies).

## Note 1 Accounting Policies Continued

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).

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

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

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

#### 16.3.1 Police Officers' Pension Schemes

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

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

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 CIES to the services for which the employees worked.

## Note 1 Accounting Policies Continued

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the CIES.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

Actuarial gains and losses are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These changes are charged to the pensions reserve as other comprehensive income and expenditure.

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

- cash paid to pensioners including injury pension payments.

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

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

### 16.3.4 Police Officers' Injury Benefits

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

### 16.3.5 Impact on Reserves

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

### 16.4 Discretionary Benefits

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

## 17. PROVISIONS

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

## Note 1 Accounting Policies Continued

Provisions are charged as an expense to the appropriate service line in the CIES when the Group has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account the relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the CIES.

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

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

### 18. RESERVES

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

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

### 19. PROPERTY, PLANT AND EQUIPMENT

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

#### 19.1 Recognition

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

#### 19.2 Measurement

Assets are initially measured at cost, comprising:

- 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 CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement.

Assets are then carried in the balance sheet using the following measurement bases:

- operational specialised property - depreciated replacement cost (DRC)

## Note 1 Accounting Policies Continued

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

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

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

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

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

### 19.3 Impairment

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

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

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

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

### 19.4 Depreciation

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

## 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 is written off to the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

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

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 CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

### 19.7 Surplus Assets

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

## 20. INTANGIBLE ASSETS

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

### 20.1 Measurement

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

### 20.2 Amortisation

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

### 20.3 Impairment

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

## Note 1 Accounting Policies Continued

### 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 CIES if they are material and a separate disclosure would be made to aid the understanding of the Group's financial performance.

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

The CIES is debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (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 are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

## Note 1 Accounting Policies Continued

### 27. DONATED INVENTORIES

Where inventories are acquired through a non-exchange transaction, their cost is deemed to be their fair value as at the date of acquisition. In the event that the inventories are not distributed, they are recognised in the donated inventories account. When inventories are distributed, the carrying amount of those inventories are recognised as an expense in the period when distribution occurred.

## Note 2 Accounting Standards Issued, Not Adopted

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

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16.

All of these standards will be incorporated in the Code from 2021/22. However, none have material impact for the Group and none warrant disclosure in these accounts.

IFRS 16 Leases is an accounting standard that was due to be implemented on the 1 April 2020. However, it has been delayed nationally to 1 April 2022 in response to pressures on council finance teams as a result of the COVID-19 pandemic. The new IFRS introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. Work is in progress to assess the impact of this standard in readiness for the 2022/23 Statement of Accounts.

## Note 3 Critical Judgements in Applying Accounting Policies

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

- The PCC Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act.
- As required, a provision has been established in the Police and Crime Commissioner's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of pensions and other employee benefits. It is reasonable to expect that should the PCC Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.
- Estimation of the pension element of the provision (set out above) is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.
- Judgements have been applied in determining the accounting treatment for claims against the Police and Crime Commissioner Group. Where claims have met certain criteria, a provision has been made otherwise they have been disclosed as a contingent liability.
- There is a high degree of uncertainty about future levels of funding for the Police. The Police and Crime Commissioner has made a judgement on the level of general balances which is reviewed on an annual basis as part of the Medium Term Financial Strategy process.
- Judgements are made by professional advisors in valuing assets, pensions and financial instruments. Management have accepted these judgements.

# Police and Crime Commissioner for Devon and Cornwall

## Note 3 Critical Judgements in Applying Accounting Policies Continued

- A judgement has been made to include the impact of the McCloud/Sargeant ruling. Whilst the regulations underpinning the Local Government Pension Scheme (LGPS) and police pension schemes have not yet been amended, a change to the remedy is not anticipated.

## 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.

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 2020/21.

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

All of the assets and liabilities and reserves of the PCC Group with 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 balance sheet. These liabilities are offset in the balance sheet by a debtor.

# Police and Crime Commissioner for Devon and Cornwall

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

Intra-Group Transactions	2019/20		2020/21	
	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
<b>Comprehensive Income and Expenditure Statements</b>				
Net Cost of Policing	(298,065)	298,065	(316,408)	316,408
Pensions Interest Cost and Pensions Top Up Grant	(83,444)	83,444	(77,251)	77,251
Actuarial gains/(losses) on pensions funds	281,565	(281,565)	(884,657)	884,657
<b>Balance Sheet</b>				
<b>Non-Current Assets/Liabilities</b>				
Pensions Long Term Intra-Group Debtor	3,318,657	0	4,269,684	0
Pensions Long Term Liabilities	(3,318,657)	0	(4,269,684)	0
Pensions Long Term Intra-Group Creditor	0	(3,318,657)	0	(4,269,684)
ICT and Equipment Assets	4,067	0	3,809	0
ICT and Equipment Intra-Group Creditor	(4,067)	0	(3,809)	0
ICT and Equipment Intra-Group Debtor	0	4,067	0	3,809
<b>Current Assets/Liabilities</b>				
Current Liabilities	(33,062)	0	(37,319)	0
Intra-Group Debtors	33,062	0	37,319	0
Intra-Group Creditors	0	(33,062)	0	(37,319)
Current Assets	19,214	0	21,949	0
Intra-Group Creditors	(19,214)	0	(21,949)	0
Intra-Group Debtors	0	19,214	0	21,949
<b>Unusable Reserves</b>				
Intra-Group Transactions	0	(3,328,438)	0	(4,281,245)

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 10 June 2021. 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 2021, 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 Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

### **6.1 Pensions Liability**

#### **Uncertainties**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (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. As a result of the COVID-19 pandemic, the market has been subject to volatility during 2020/21, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

#### **Valuation Assumption**

A remedy process 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 would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved. The resulting outcome from the HM Treasury consultation is not expected to have a significant impact on the IAS19 estimation approach.

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants 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.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn £'000	Adjustments £'000	Net Expenditure in the CIES £'000	Adjustments between the Funding and Accounting Basis				
				Adjustments for Capital Purposes (Note 7.1) £'000	Net Change for Pensions Adjustments (Note 7.2) £'000	Other Differences (Note 7.3) £'000	Intra-Group Funding £'000	Total Adjustments £'000
Chief Constable	325,506	35,447	360,953	8,629	33,663	(6,845)	(35,447)	0
Office for Police and Crime Commissioner	1,716	305	2,021	(7)	307	5	35,447	35,752
Commissioning	3,892	0	3,892	0	0	0	0	0
<b>Net Cost of Services</b>	<b>331,114</b>	<b>35,752</b>	<b>366,866</b>	<b>8,622</b>	<b>33,970</b>	<b>(6,840)</b>	<b>0</b>	<b>35,752</b>
Other Operating Income and Expenditure	0	(42,716)	(42,716)	1,829	(44,545)	0	0	(42,716)
Financing and Investment Income and Expenditure	1,163	77,296	78,459	0	77,344	(48)	0	77,296
Taxation and Non-Specific Grant Income	(332,277)	1,991	(330,286)	(988)	0	2,979	0	1,991
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>72,323</b>	<b>72,323</b>	<b>9,463</b>	<b>66,769</b>	<b>(3,909)</b>	<b>0</b>	<b>72,323</b>
<b>Opening Revenue Reserve Balance as at 31 March 2020</b>	<b>10,847</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	3,555							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2021</b>	<b>14,402</b>							

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

2019/20	Adjustments between the Funding and Accounting Basis							
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Adjustments	Net Expenditure in the CIES	Adjustments for Capital Purposes (Note 7.1)	Net Change for Pensions Adjustments (Note 7.2)	Other Differences (Note 7.3)	Intra-Group Funding	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	305,867	37,777	343,644	7,304	34,077	(3,604)	(37,777)	0
Office for Police and Crime Commissioner	1,746	(90)	1,656	2	58	(150)	37,777	37,687
Commissioning	3,413	(11)	3,402	0	18	(29)	0	(11)
<b>Net Cost of Services</b>	<b>311,026</b>	<b>37,676</b>	<b>348,702</b>	<b>7,306</b>	<b>34,153</b>	<b>(3,783)</b>	<b>0</b>	<b>37,676</b>
Other Operating Income and Expenditure	0	(44,507)	(44,507)	1,072	(45,579)	0	0	(44,507)
Financing and Investment Income and Expenditure	1,072	83,655	84,727	164	83,525	(34)	0	83,655
Taxation and Non-Specific Grant Income	(312,098)	(1,507)	(313,605)	(1,768)	0	261	0	(1,507)
<b>Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>75,317</b>	<b>75,317</b>	<b>8,542</b>	<b>72,099</b>	<b>(5,324)</b>	<b>0</b>	<b>75,317</b>
<b>Opening Revenue Reserve Balance as at 31 March 2019</b>	<b>8,808</b>							
Less/Plus Surplus or (Deficit) on the General Fund in Year	2,039							
Transfer (to)/from Other Reserves	0							
<b>Closing Revenue Reserve Balance as at 31 March 2020</b>	<b>10,847</b>							

# Police and Crime Commissioner for Devon and Cornwall

## Note 7 Expenditure and Funding Analysis Continued

### 7.1 Adjustment for Capital Purposes

This column deducts the depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on 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 CIES.

### 7.3 Other Differences – Other differences between amounts debited/credited to the CIES 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.

### 7.4 Chief Constable Outturn

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 8 Expenditure and Income Analysed by Nature

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

2019/20 £'000	Expenditure/Income	2020/21 £'000
	<b>Expenditure</b>	
392,018	Employee benefit expenses	407,690
62,277	Other service expense	67,787
12,670	Depreciation, amortisation, impairment	14,668
1,278	Interest payments	1,284
204	Loss on financial instruments	34
1,581	Loss on revaluation of fixed assets	4,064
0	Loss on the investment of property	3
160	Loss on the sale of non-current assets	0
<b>470,188</b>	<b>Total Expenditure</b>	<b>495,530</b>
	<b>Income</b>	
(18,892)	Fees charges and other service income	(22,359)
(669)	Gain on revaluation of fixed assets	(2,139)
(34)	Gain on financial instruments	(82)
0	Gain on the investment of property	(35)
0	Gain on the sale of non-current assets	(96)
(7,802)	Interest and investment income	(5,091)
(129,414)	Income from council tax	(134,379)
(238,060)	Government grants and contributions	(259,026)
<b>(394,871)</b>	<b>Total Income</b>	<b>(423,207)</b>
<b>75,317</b>	<b>Deficit on the Provision of Services</b>	<b>72,323</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 and Cornwall

## 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	2020/21			Unusable Reserves
	Usable Reserves		Capital Grants Unapplied	
	General Balances	Capital Receipts Reserve		Capital Grants Unapplied
	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs <b>(transferred to ( or from) the Pensions Reserve)</b>	66,770	0	0	(66,770)
Financial instruments <b>(transferred to the Pooled Fund Adjustments Account)</b>	(48)	0	0	48
Council Tax and NDR <b>(transfers to or from Collection Fund)</b>	2,979	0	0	(2,979)
Holiday pay <b>(transferred to the Accumulated Absences Reserve)</b>	2,678	0	0	(2,678)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure <b>(these items are charged to the Capital Adjustment Account (CAA)):</b>	16,590	0	(95)	(16,495)
<b>Total Adjustments to Revenue Resources</b>	88,969	0	(95)	(88,874)
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	173	0	(173)
Transfer of Grants from Revenue to the Capital Grant Reserve	(988)	0	988	0
Statutory provision for the repayment of debt <b>(transfer from the CAA)</b>	(1,759)	0	0	1,759
Capital expenditure financed from revenue balances <b>(transfer to the CAA)</b>	(11,208)	0	0	11,208
<b>Total Adjustments between Revenue and Capital Resources</b>	(13,955)	173	988	12,794
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(173)	0	173
Application of capital grants to finance capital expenditure	0	0	(1,417)	1,417
<b>Total Adjustments to Capital Resources</b>	0	(173)	(1,417)	1,590
<b>Total Adjustments excluding Earmarked Adjustments</b>	75,014	0	(524)	(74,490)
<b>Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis</b>				0
<b>Total Adjustments including Earmarked Adjustments</b>				(74,490)

# Police and Crime Commissioner for Devon and Cornwall

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

Current Year	2019/20			Unusable Reserves
	Usable Reserves			
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs <b>(transferred to ( or from) the Pensions Reserve)</b>	72,102	0	0	(72,102)
Financial instruments <b>(transferred to the Pooled Fund Adjustments Account)</b>	128	0	0	(128)
Council Tax and NDR <b>(transfers to or from Collection Fund)</b>	260	0	0	(260)
Holiday pay <b>(transferred to the Accumulated Absences Reserve)</b>	(177)	0	0	177
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure <b>(these items are charged to the Capital Adjustment Account (CAA)):</b>	13,907	0	(164)	(13,743)
<b>Total Adjustments to Revenue Resources</b>	86,220	0	(164)	(86,056)
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Transfer of Grants from Revenue to the Capital Grant Reserve	(1,768)	0	1,768	0
Statutory provision for the repayment of debt <b>(transfer from the CAA)</b>	(1,706)	0	0	1,706
Capital expenditure financed from revenue balances <b>(transfer to the CAA)</b>	(9,756)	0	0	9,756
<b>Total Adjustments between Revenue and Capital Resources</b>	(13,230)	0	1,768	11,462
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	(1,332)	1,332
<b>Total Adjustments to Capital Resources</b>	0	0	(1,332)	1,332
<b>Total Adjustments excluding Earmarked Adjustments</b>	72,990	0	272	(73,262)
<b>Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis</b>				0
<b>Total Adjustments including Earmarked Adjustments</b>				(73,262)

# Police and Crime Commissioner for Devon and Cornwall

## 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.

	<b>Balance at 1 April 2019</b>	Transfer Out 2019/20	Transfer In 2019/20	<b>Balance at 31 March 2020</b>	Transfer Out 2020/21	Transfer In 2020/21	<b>Balance at 31 March 2021</b>
	<b>£'000</b>	£'000	£'000	<b>£'000</b>	£'000	£'000	<b>£'000</b>
Budget Management Fund	<b>220</b>	(161)	2,055	<b>2,114</b>	(1,694)	3,392	<b>3,812</b>
Programmes & Projects	<b>203</b>	(203)	0	<b>0</b>	0	0	<b>0</b>
Workforce Modernisation	<b>0</b>	0	265	<b>265</b>	(138)	0	<b>127</b>
Capital Financing Reserve	<b>23,978</b>	(1,609)	750	<b>23,119</b>	(11,576)	750	<b>12,293</b>
Estates Development	<b>956</b>	(162)	0	<b>794</b>	(186)	0	<b>608</b>
Police and Crime Plan	<b>1,027</b>	(200)	164	<b>991</b>	0	0	<b>991</b>
Capital Programme Reserve	<b>8,013</b>	(5,265)	0	<b>2,748</b>	(2,748)	0	<b>0</b>
ESN Capital Reserve	<b>2,520</b>	0	0	<b>2,520</b>	0	7,705	<b>10,225</b>
Uplift Reserve	<b>0</b>	0	0	<b>0</b>	0	3,631	<b>3,631</b>
<b>Total</b>	<b>36,917</b>	<b>(7,600)</b>	<b>3,234</b>	<b>32,551</b>	<b>(16,342)</b>	<b>15,478</b>	<b>31,687</b>

The purpose of the Funds and Reserves held at 31 March 2021 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>Programme and Projects Reserve</b>	To fund investment in the Force Change Programme including major ICT developments.
<b>Workforce Modernisation Reserve</b>	To meet one off costs of any workforce modernisation scheme.
<b>Capital Financing Reserve</b>	To fund capital investment.
<b>Estates Development Reserve</b>	To fund revenue cost of rationalising and developing the estate including planning applications, consultancy costs and project management.
<b>Police and Crime Plan Reserve</b>	To fund planned Police and Crime Plan Developments.
<b>Capital Programme Reserve</b>	To fund one off capital programme costs.
<b>ESN Capital Reserve</b>	To fund enabling work and acquisition of new national communication systems and hardware.
<b>Uplift Reserve</b>	To hold funds for infrastructure relating to the future years uplift programme

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment

This table sets out the 2020/21 property, plant and equipment for the PCC Group.

Movements for 2020/21	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>183,254</b>	<b>41,751</b>	<b>0</b>	<b>5,491</b>	<b>4,000</b>	<b>234,496</b>
Additions	5,530	4,942	2,147	4,407	0	17,026
Revaluation recognised in the Revaluation Reserve	(7,820)	0	0	0	(883)	(8,703)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(3,202)	0	0	0	0	(3,202)
Derecognition-Disposals	0	(3,464)	0	0	0	(3,464)
Reclassification	(6,038)	5,192	(2,147)	(4,573)	1,645	(5,921)
<b>Balance at 31 March 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>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2020</b>	<b>(5,569)</b>	<b>(25,698)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(31,267)</b>
Depreciation Charge	(8,576)	(5,788)	0	0	0	(14,364)
Depreciation written out to the Revaluation Reserve	6,982	0	0	0	44	7,025
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,277	0	0	0	0	1,277
Derecognition-Disposals	0	3,387	0	0	0	3,387
Reclassification	486	0	0	0	(44)	442
<b>Balance at 31 March 2021</b>	<b>(5,400)</b>	<b>(28,099)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(33,500)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2020</b>	<b>177,685</b>	<b>16,053</b>	<b>0</b>	<b>5,491</b>	<b>4,000</b>	<b>203,229</b>
<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>

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

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

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

This table sets out the 2020/21 property, plant and equipment for the PCC.

Movements for 2020/21	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>183,253</b>	<b>35,578</b>	<b>0</b>	<b>3,977</b>	<b>4,000</b>	<b>226,808</b>
Additions	5,530	4,472	2,147	4,036	0	16,186
Revaluation recognised in the Revaluation Reserve	(7,820)	0	0	0	(883)	(8,703)
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(3,202)	0	0	0	0	(3,202)
Derecognition-Disposals	0	(3,464)	0	0	0	(3,464)
Reclassification	(6,038)	5,120	(2,147)	(4,573)	1,645	(5,993)
<b>Balance at 31 March 2021</b>	<b>171,724</b>	<b>41,706</b>	<b>0</b>	<b>3,440</b>	<b>4,762</b>	<b>221,632</b>
<b>Accumulated Depreciation and Impairments</b>						
<b>Balance at 1 April 2020</b>	<b>(5,568)</b>	<b>(22,078)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,646)</b>
Depreciation Charge	(8,576)	(4,623)	0	0	0	(13,199)
Depreciation written out to the Revaluation Reserve	6,982	0	0	0	44	7,025
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,277	0	0	0	0	1,277
Derecognition-Disposals	0	3,387	0	0	0	3,387
Reclassification	486	6	0	0	(44)	448
<b>Balance at 31 March 2021</b>	<b>(5,400)</b>	<b>(23,309)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(28,709)</b>
<b>Net Book Value</b>						
<b>Balance at 31 March 2020</b>	<b>177,685</b>	<b>13,500</b>	<b>0</b>	<b>3,977</b>	<b>4,000</b>	<b>199,162</b>
<b>Balance at 31 March 2021</b>	<b>166,324</b>	<b>18,397</b>	<b>0</b>	<b>3,440</b>	<b>4,762</b>	<b>192,923</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

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

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

### 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 £25k
- All other assets £10k

### 11.2 Surplus Assets

Two properties have been classed as Surplus Assets as at the 31 March 2021.

# Police and Crime Commissioner for Devon and Cornwall

## Note 11 Property, Plant and Equipment Continued

### 11.3 Depreciation

A review of asset lives has taken place during 2020/21 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:

#### 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 3-15 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

#### 11.3.3 Information and Communications Technology (ICT)

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

#### 11.3.4 Plant and Equipment

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

### 11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2020/21 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year, and the ongoing work in ensuring that the Force estate is as lean and efficient as possible, while remaining fully fit for purpose to support operational policing. As at 31 March 2021, significant capital commitments amounted to £10.875m.

### 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 full revaluation exercise was undertaken in 2020/21 with valuations and remaining useful lives provided as at 1 January 2021. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2021. The valuation of the properties has resulted in an overall reduction of £4.07m.

### 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 2020/21.

### 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.

# Police and Crime Commissioner for Devon and Cornwall

## Note 12 Intangible Assets

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

2019/20		2020/21
Non-Operational Assets £'000		Non-Operational Assets £'000
	<b>Balance at start of year</b>	
2,284	Gross carrying amounts	4,327
(1,354)	Accumulated amortisation	(1,366)
<b>930</b>	<b>Net carrying amount at start of year</b>	<b>2,961</b>
100	Additions	476
(269)	Derecognition - Gross Value	0
2,213	Reclassification	(619)
269	Derecognition - Gross Amortisation	0
(282)	Amortisation for the period	(303)
<b>2,961</b>	<b>Net carrying amount at end of year</b>	<b>2,515</b>
	<b>Comprising:</b>	
4,597	Gross carrying amounts	4,184
(1,636)	Accumulated Amortisation	(1,669)
<b>2,961</b>		<b>2,515</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.

## 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 2019</b>	<b>0</b>	<b>252</b>	<b>252</b>
Proceeds of Disposals	0	0	0
Financing of Fixed Assets	0	(1,128)	(1,128)
Capital Grants Received	0	1,400	1,400
<b>Balance at 31 March 2020</b>	<b>0</b>	<b>524</b>	<b>524</b>
Proceeds of Disposals	(173)	0	(173)
Financing of Fixed Assets	173	(1,512)	(1,339)
Capital Grants Received	0	988	988
<b>Balance at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Movement for 2019/20</b>	<b>0</b>	<b>272</b>	<b>272</b>
<b>Net Movement for 2020/21</b>	<b>0</b>	<b>(524)</b>	<b>(524)</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 14 Debtors

31 March 2020 Restated			31 March 2021	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
5,372	14,507	Central government bodies	2,416	13,975
4,308	10,207	Other local authorities	1,853	7,162
0	84	National Health Service	0	2
0	4,096	Other entities and individuals	0	5,079
<b>9,680</b>	<b>28,894</b>	<b>Total Debtors</b>	<b>4,269</b>	<b>26,218</b>

The Police and Crime Commissioner element of this note has been restated to only show the debtors of the Police and Crime Commissioner. This disclosure provides greater transparency regarding the arrangements that are in place. There has been no alteration to the way in which the net cost of services has been calculated. The prior year has been restated for comparative purposes.

## Note 15 Cash and Cash Equivalents

31 March 2020			31 March 2021	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
31	31	Cash held by the PCC	30	30
1,543	1,543	Bank current accounts	1,400	1,400
1,594	1,594	Short-term deposits	8,088	8,088
<b>3,168</b>	<b>3,168</b>	<b>Total Cash and Cash Equivalents</b>	<b>9,518</b>	<b>9,518</b>

## Note 16 Assets Held for Sale

2019/20		2020/21
£'000		£'000
0	Balance outstanding at start of year	0
0	Assets newly classified as held for sale	6,098
0	Revaluation	2
0	Assets sold	0
<b>0</b>	<b>Balance Outstanding at Year End</b>	<b>6,100</b>

## Note 17 Creditors

31 March 2020 Restated			31 March 2021	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
(20)	(4,348)	Central government bodies	(25)	(5,503)
(2,283)	(4,348)	Other local authorities	(2,816)	(6,975)
0	(68)	National Health Service	(21)	(119)
(12)	(25,848)	Other entities and individuals	(17)	(26,734)
<b>(2,314)</b>	<b>(34,612)</b>	<b>Total Creditors</b>	<b>(2,879)</b>	<b>(39,331)</b>

The Police and Crime Commissioner element of this note has been restated to only show the creditors of the Police and Crime Commissioner. This disclosure provides greater transparency regarding the arrangements that are in place. There has been no alteration to the way in which the net cost of services has been calculated. The prior year has been restated for comparative purposes.

# Police and Crime Commissioner for Devon and Cornwall

## 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 2020 £'000	31 March 2021 £'000	Restated 31 March 2020 £'000	31 March 2021 £'000
<b>Long-Term Assets</b>				
Financial assets at amortised cost	762	490	0	0
<b>Total Long-Term Assets</b>	<b>762</b>	<b>490</b>	<b>0</b>	<b>0</b>
<b>Investments (18.1.1)</b>				
Fair value through profit or loss	0	0	12,063	18,157
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>12,063</b>	<b>18,157</b>
<b>Cash and Cash Equivalents (18.1.2)</b>				
Amortised Cost	0	0	1,574	1,431
Fair value through profit or loss	0	0	1,594	8,087
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>3,168</b>	<b>9,518</b>
<b>Debtors (Trade Receivables)*</b>				
Amortised Cost	0	0	2,110	3,207
<b>Total included in Debtors</b>	<b>0</b>	<b>0</b>	<b>2,110</b>	<b>3,207</b>
<b>Long-Term Liabilities</b>				
Financial liabilities at amortised cost	(762)	(490)	0	0
<b>Total Long-Term Liabilities</b>	<b>(762)</b>	<b>(490)</b>	<b>0</b>	<b>0</b>
<b>Borrowings (18.1.3)</b>				
Amortised Cost	(30,277)	(30,277)	(6,000)	(18,000)
<b>Total Borrowings</b>	<b>(30,277)</b>	<b>(30,277)</b>	<b>(6,000)</b>	<b>(18,000)</b>
<b>Finance Lease</b>				
Amortised Cost	(108)	(56)	(58)	(67)
<b>Total Finance Lease</b>	<b>(108)</b>	<b>(56)</b>	<b>(58)</b>	<b>(67)</b>
<b>Creditors (Trade Payables)*</b>				
Amortised Cost			(16,253)	(14,294)
<b>Total included in Creditors</b>	<b>0</b>	<b>0</b>	<b>(16,253)</b>	<b>(14,294)</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 and Cornwall

## 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 current borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

### 18.2 Income, Expense, Gains and Losses

	2019/20	2020/21
	Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure	
	£'000	£'000
<b>Net (gains)/losses on:</b>		
Financial assets measured at fair value through profit and loss	(34)	(82)
Financial assets measured at amortised	1	1
<b>Total net (gains)/losses</b>	<b>(33)</b>	<b>(81)</b>
<b>Interest revenue</b>		
Financial assets measured at amortised	(248)	(88)
<b>Total Interest revenue</b>	<b>(248)</b>	<b>(88)</b>
<b>Interest expense</b>		
Financial liabilities at amortised cost	1,278	1,284
<b>Total Interest expense</b>	<b>1,278</b>	<b>1,284</b>

### 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 2021 have been calculated using interest rates in force and with reference to quoted markets where appropriate as at 31 March 2020 and 2021.
- The long-term borrowing as at 31 March 2020 and 31 March 2021 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.

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

Financial Assets	Restated	Restated	31 March 2021	31 March 2021
	31 March 2020 Carrying Amount £'000	31 March 2020 Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short term investments				
Investments held at FVPL	0	12,063	0	18,157
Cash and cash equivalents				
Investments held at Amortised				
Cost	1,574	1,574	1,431	1,431
Investments held at FVPL	0	1,594	0	8,087
Debtors (Trade Receivables)	2,110	2,110	3,207	3,207
	<b>3,684</b>	<b>17,341</b>	<b>4,638</b>	<b>30,882</b>
Financial Liabilities	31 March 2020	31 March 2020	31 March 2021	31 March 2021
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short Term Borrowing	(6,000)	(6,004)	(18,000)	(18,000)
Long Term Borrowing	(30,277)	(35,769)	(30,277)	(38,795)
Creditors (Trade Payables)	(16,253)	(16,253)	(14,294)	(14,294)
Finance Lease	(166)	(166)	(123)	(123)
	<b>(52,695)</b>	<b>(58,191)</b>	<b>(62,694)</b>	<b>(71,212)</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 Alliance Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the PCC in the Treasury Management Strategy. The PCC 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.

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+.

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

### 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 2020/21, a 1% 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 assets measured at amortised cost	57
<b>Total loss allowance</b>	<b>58</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 2021 is shown in the long term borrowing note.

At 31 March 2021 the Police and Crime Commissioner held £10.6m (31 March 2020 £15.99m) 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 PCC is exposed to risk in terms of interest rate movements on investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

- borrowings at 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.

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 18 Financial Instruments Continued

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 2021 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 £167k. 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

2020/21	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
<b>Current Liabilities</b>				
<b>Balance at 1 April 2020</b>	<b>(257)</b>	<b>(436)</b>	<b>(328)</b>	<b>(1,021)</b>
Additional provisions made	(876)	(111)	0	(987)
Amounts used	492	8	0	500
<b>Balance at 31 March 2021</b>	<b>(641)</b>	<b>(539)</b>	<b>(328)</b>	<b>(1,508)</b>
<b>Long Term Liabilities</b>				
<b>Balance at 1 April 2020</b>	<b>(806)</b>	<b>0</b>	<b>0</b>	<b>(806)</b>
Additional provisions made	(186)	0	0	(186)
Amounts used	105	0	0	105
<b>Balance at 31 March 2021</b>	<b>(887)</b>	<b>0</b>	<b>0</b>	<b>(887)</b>
<b>Total Provisions Balance</b>	<b>(1,528)</b>	<b>(539)</b>	<b>(328)</b>	<b>(2,395)</b>
<b>2019/20</b>				
	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
<b>Current Liabilities</b>				
<b>Balance at 1 April 2019</b>	<b>(510)</b>	<b>(576)</b>	<b>(255)</b>	<b>(1,341)</b>
Additional provisions made	(32)	(57)	(328)	(417)
Amounts used	308	197	255	760
Transfer from long term liabilities	(23)	0	0	(23)
<b>Balance at 31 March 2020</b>	<b>(257)</b>	<b>(436)</b>	<b>(328)</b>	<b>(1,021)</b>
<b>Long Term Liabilities</b>				
<b>Balance at 1 April 2019</b>	<b>(776)</b>	<b>0</b>	<b>0</b>	<b>(776)</b>
Additional provisions made	(63)	0	0	(63)
Amounts used	10	0	0	10
Transfer from long term liabilities	23	0	0	23
<b>Balance at 31 March 2020</b>	<b>(806)</b>	<b>0</b>	<b>0</b>	<b>(806)</b>
<b>Total Provisions Balance</b>	<b>(1,063)</b>	<b>(436)</b>	<b>(328)</b>	<b>(1,827)</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 19 Provisions Continued

### 19.1 Insurance Provision

Police and Crime Commissioner is uninsured for the first £0.5m of the majority of individual public and employer's liability claims up to a total stop loss of £2.75m for claims. The insurance provision is to cover any claims from 2020/21 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 2021 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 2021/22.

#### 19.2.2 Employment termination benefits

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

### 19.3 Other Provisions

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

## Note 20 Unusable Reserves

31 March 2020		31 March 2021
£'000	Note	£'000
52,691	20.1 Revaluation Reserve	44,630
34	20.2 Pooled Investment Fund Adjustment Account	82
89,352	20.3 Capital Adjustment Account	93,624
(3,321,742)	20.4 Pensions Reserve	(4,275,361)
2,033	20.5 Collection Fund Adjustment Account	(946)
(9,431)	20.6 Accumulated Absences Account	(12,109)
<b>(3,187,064)</b>	<b>Total Unusable Reserves</b>	<b>(4,150,080)</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 and Cornwall

## 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.

2019/20		Revaluation Reserve	2020/21	
£'000	£'000		£'000	£'000
	<b>52,340</b>	<b>Balance at 1 April</b>		<b>52,691</b>
	4,926	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		(1,678)
(3,225)		Difference between fair value depreciation and historical cost depreciation	(3,381)	
(1,350)		Accumulated gains on assets sold or scrapped	(3,002)	
	(4,575)	Amount written off to the Capital Adjustment Account		(6,383)
	<b><u>52,691</u></b>	<b>Balance at 31 March</b>		<b><u>44,630</u></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.

2019/20		Pooled Investment Fund Adjustment Account	2020/21	
£'000	£'000		£'000	£'000
	<b>162</b>	<b>Balance at 1 April</b>		<b>34</b>
	34	Upward revaluation of investments		82
	196			116
(162)		Gains/Losses on derecognition of investment written out to the Financing and Investment Income and Expenditure Statement		(34)
	<b>34</b>	<b>Balance at 31 March</b>		<b>82</b>

# Police and Crime Commissioner for Devon and Cornwall

## 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 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.

2019/20 £'000	Capital Adjustment Account	2020/21 £'000
85,726	<b>Balance at 1 April</b>	<b>89,352</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(12,389)	• Charges for depreciation and impairment of non-current assets	(14,365)
(912)	• Revaluation losses on Property, Plant and Equipment	(1,925)
(281)	• Amortisation of intangible assets	(303)
(164)	• Revenue expenditure funded from capital under statute	(95)
(160)	• 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	96
<b>(13,906)</b>		<b>(16,592)</b>
4,574	Adjusting amounts written out of the Revaluation Reserve	6,383
<b>(9,332)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(10,209)</b>
	<b>Capital Financing applied in the year:</b>	
0	Use of the Capital Receipts Reserve to finance new capital expenditure	0
1,496	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,512
1,706	Statutory provision for the financing of capital investment charged against the General Fund balances	1,761
9,756	Capital expenditure charged against the General Fund balances	11,208
<b>12,958</b>		<b>14,481</b>
<b>89,352</b>	<b>Balance at 31 March</b>	<b>93,624</b>

# Police and Crime Commissioner for Devon and Cornwall

## 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 debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Police and Crime Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20		Pension Reserve	2020/21	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
<b>(3,531,639)</b>	<b>(3,531,639)</b>	<b>Balance at 1 April</b>	<b>(3,321,742)</b>	<b>(3,321,742)</b>
209,624	0	Intra-Group Adjustments	(951,028)	0
433	281,998	Remeasurements of the net defined benefit liability/(asset)	(2,191)	(886,848)
(309)	(164,414)	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	(610)	(161,906)
149	92,313	Employer's pensions contributions and direct payments to pensioners payable in the year	210	95,135
<b>(3,321,742)</b>	<b>(3,321,742)</b>	<b>Balance at 31 March</b>	<b>(4,275,361)</b>	<b>(4,275,361)</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.

2019/20 £'000	Collection Fund Adjustment Account	2020/21 £'000
<b>2,293</b>	<b>Balance at 1 April</b>	<b>2,033</b>
(260)	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	(2,979)
<b>2,033</b>	<b>Balance at 31 March</b>	<b>(946)</b>

# Police and Crime Commissioner for Devon and Cornwall

## 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.

2019/20		Accumulated Absences Account	2020/21	
PCC £'000 (26)	PCC Group £'000 (9,608)		PCC £'000 (12)	PCC Group £'000 (9,431)
		<b>Balance at 1 April</b>		
26	9,608	Settlement or cancellation of accrual made at the end of the preceding year	12	9,431
(12)	(9,431)	Amounts accrued at the end of the current year	(17)	(12,109)
<b>14</b>	<b>177</b>	<b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	<b>(5)</b>	<b>(2,678)</b>
<b>(12)</b>	<b>(9,431)</b>	<b>Balance at 31 March</b>	<b>(17)</b>	<b>(12,109)</b>

The increase in the year can be explained by officers and staff carrying forward more leave than in previous years, likely to be due to the COVID-19 pandemic. There has also been an increase in officers as a result of the officer uplift programme. Information on the programme can be found in the narrative report.

### Note 21 Cash Flow Statement - Operating Activities

2019/20 £'000		2020/21 £'000
(4,482)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(18,152)
248	Interest received	88
(1,278)	Interest paid	(1,284)
<b>(5,512)</b>	<b>Net cash flows from operating activities</b>	<b>(19,348)</b>

### Note 22 Cash Flow Statement - Investing Activities

2019/20 £'000		2020/21 £'000
23,914	Purchase of property, plant and equipment, investment property and intangible assets	18,468
(1,740)	Net movement in short-term and long term investments	12,660
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(173)
<b>22,174</b>	<b>Net cash flows from investing activities</b>	<b>30,955</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 23 Cash Flow Statement – Financing Activities

2019/20		2020/21
£'000		£'000
(6,000)	Cash receipt of short term borrowing	(18,000)
0	Net movement in long term borrowing	0
113	Cash payments to reduce finance lease liabilities	43
<b>(5,887)</b>	<b>Net cash flows from financing activities</b>	<b>(17,957)</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:

2019/20			2020/21	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
39	60	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	43	65
<b>39</b>	<b>60</b>		<b>43</b>	<b>65</b>

The 2019/20 fee was approved, in July 2021, by the Public Sector Audit Appointments (PSAA); the body responsible for appointing the auditors. Grant Thornton UK LLP have also provided the estimated figure for 2020/21.

# Police and Crime Commissioner for Devon and Cornwall

## 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 excluded from this note and shown within the Office of the Police and Crime Commissioner Cost note.

2020/21	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b><u>Office of the Police &amp; Crime Commissioner</u></b>							
<b><u>Salary £50,000 to £149,999 per year</u></b>							
OPCC Chief Executive		112,539	0	0	112,539	18,071	130,610
OPCC Chief Financial Officer		100,308	0	0	100,308	16,169	116,477
<b><u>Chief Constable</u></b>							
<b><u>Salary £150,000 plus per year</u></b>							
Chief Constable - Shaun Sawyer		179,859	0	4,726	184,585	17,385	201,970
<b><u>Salary £50,000 to £149,999 per year</u></b>							
Deputy Chief Constable from 01/04/20 to 26/11/20	2	103,105	0	0	103,105	30,024	133,129
Deputy Chief Constable (Seconded to Home Office) from 27/11/20	3	52,502	0	0	52,502	0	52,502
Assistant Chief Constable to 08/11/20 - Deputy Chief Constable from 09/11/20		136,383	0	259	136,642	38,110	174,752
Assistant Chief Constable from 02/11/20		54,701	0	0	54,701	15,297	69,998
Assistant Chief Constable		108,574	0	0	108,574	32,403	140,977
Assistant Chief Constable to 07/04/20		11,843	0	0	11,843	701	12,544
Assistant Chief Constable		126,534	0	1,289	127,823	36,188	164,011
Chief Superintendent to 30/11/20 - Assistant Chief Constable from 01/12/20		103,114	0	0	103,114	28,153	131,267
Assistant Chief Constable to 31/10/20 - Chief Superintendent from 01/11/20		103,646	0	0	103,646	27,479	131,125
Assistant Chief Officer - People		112,871	4,467	0	117,338	16,621	133,959
Director of Legal Services	1	121,909	4,467	2,999	129,375	18,071	147,446
Director of Finance & Resources		121,909	4,467	0	126,376	18,071	144,447
Chief Superintendent		90,354	0	0	90,354	26,885	117,239
Chief Superintendent		87,931	0	0	87,931	26,902	114,833
Chief Superintendent		90,592	0	0	90,592	26,971	117,563
Chief Superintendent from 01/12/20 to 31/03/21		29,386	0	0	29,386	8,564	37,950
Chief Superintendent to 31/05/20		14,620	0	773	15,393	4,532	19,925
Chief Superintendent		92,662	0	0	92,662	27,731	120,393
Chief Superintendent		88,945	0	0	88,945	26,833	115,778
Chief Superintendent to 31/05/20		19,989	0	0	19,989	4,625	24,614
Chief Superintendent		90,294	0	0	90,294	26,954	117,248
Chief Superintendent to 04/10/20		47,917	0	0	47,917	14,238	62,155

## Police and Crime Commissioner for Devon and Cornwall

### Note 25 Officers' Remuneration Continued

2019/20	Note	Salary, Fees and Allowances £	Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<b>Office of the Police &amp; Crime Commissioner</b>							
<b>Salary £50,000 to £149,999 per year</b>							
OPCC Chief Executive		107,026	0	0	107,026	14,916	121,942
OPCC Chief Financial Officer		95,564	0	0	95,564	13,475	109,039
<b>Chief Constable</b>							
<b>Salary £150,000 plus per year</b>							
Chief Constable – Shaun Sawyer		175,574	0	4,928	180,502	0	180,502
<b>Salary £50,000 to £149,999 per year</b>							
Deputy Chief Constable	2	145,306	0	393	145,699	42,062	187,761
Chief Superintendent to 04/08/19 - Assistant Chief Constable from 05/08/19		108,533	0	89	108,622	31,197	139,819
Assistant Chief Constable to 28/02/20		108,982	0	4,855	113,837	32,582	146,419
Chief Superintendent to 12/01/20 - Assistant Chief Constable from 13/01/20		95,191	0	1,632	96,823	28,378	125,201
Assistant Chief Constable		125,720	0	0	125,720	35,517	161,237
Chief Superintendent to 09/06/19 - Assistant Chief Constable from 10/06/19		111,076	0	843	111,919	32,482	144,401
Chief Superintendent		91,286	0	0	91,286	26,940	118,226
Chief Superintendent to 02/02/20 - Assistant Chief Constable from 03/02/20		93,022	0	0	93,022	28,140	121,162
Assistant Chief Officer - People from 03/12/19 to 31/03/20		34,557	1,465	0	36,022	4,526	40,548
Director of Legal Services	1	117,709	4,467	3,085	125,261	15,422	140,683
Director of Finance & Resources		116,875	4,467	0	121,342	15,422	136,764
Chief Superintendent from 13/01/20		18,475	0	583	19,058	5,727	24,785
Chief Superintendent from 06/01/20		20,072	0	0	20,072	6,222	26,294
Chief Superintendent from 09/12/19		26,845	0	0	26,845	8,202	35,047
Chief Superintendent		85,833	0	4,790	90,623	26,608	117,231
Chief Superintendent		85,943	0	0	85,943	26,258	112,201
Chief Superintendent from 03/02/20		13,654	0	79	13,733	4,233	17,966
Chief Superintendent		93,573	0	0	93,573	27,466	121,039
Chief Superintendent from 16/12/19		25,225	0	0	25,225	7,707	32,932
Chief Superintendent to 12/08/19 & from 09/12/19		61,558	0	0	61,558	18,823	80,381
Chief Superintendent to 14/01/20		70,737	0	0	70,737	21,161	91,898

\*There has been a change to the presentation of the 2019/20 table by grouping the salaries per Senior Officer rather than showing salaries by individual rank.

# Police and Crime Commissioner for Devon and Cornwall

## 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.

### 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 2019/20 and 2020/21. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of costs between Dorset Police and Devon and Cornwall Police under the Strategic Alliance Agreement. 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		
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £'000	2020/21 £'000	
£0 – £20,000	1	0	2	17	3	17	30	195	
£20,001 - £40,000	2	0	0	2	2	2	46	58	
£40,001 - £60,000	1	0	0	5	1	5	42	244	
£60,001 - £80,000	0	0	0	3	0	3	0	213	
£80,001 - £100,000	1	0	0	0	1	0	84	0	
£100,001- £150,000	0	0	0	0	0	0	0	0	
<b>Total included in bandings and in CIES</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>27</b>	<b>7</b>	<b>27</b>	<b>202</b>	<b>710</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							(21)	(3)	
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement *							144	0	
<b>Exit Costs charged to the Comprehensive Income and Expenditure Statement</b>							<b>325</b>	<b>707</b>	
All of the exit packages in 2020/21 relate to the Force.									

\*Within the 2019/20 costs recharged from Dorset Police is a contribution towards the redundancy payment for the joint Director of HR.

# Police and Crime Commissioner for Devon and Cornwall

## Note 25 Officers' Remuneration Continued

### 25.3 Remuneration Bands

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.

2019/20		2020/21
Number of employees	Remuneration Band	Number of employees
280	£50,000 - £54,999	319
185	£55,000 - £59,999	209
45	£60,000 - £64,999	56
13	£65,000 - £69,999	26
9	£70,000 - £74,999	16
6	£75,000 - £79,999	7
5	£80,000 - £84,999	8
0	£85,000 - £89,999	7
0	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
<b>543</b>	<b>Total</b>	<b>649</b>

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

The above table does not include staff and officers paid below £50,000 who make up approximately 89% of the workforce.

Pay scales for police officers are set nationally.

# Police and Crime Commissioner for Devon and Cornwall

## Note 26 Grant Income

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

2019/20 £'000		2020/21 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(166,963)	Police Grant	(179,459)
(15,461)	Council Tax Support Grants	(15,461)
(1,768)	Recognised Capital Grant and Contributions	(988)
<b>(184,192)</b>	<b>Total</b>	<b>(195,908)</b>
	<b>Credited to Services</b>	
(2,453)	Commissioning	(3,628)
(4,070)	Projects	(11,079)
(1,766)	Other Local Grants	(3,865)
<b>(8,289)</b>	<b>Total</b>	<b>(18,572)</b>
	<b>Credited to Other Operating Income and Expenditure</b>	
<b>(45,579)</b>	Pensions Top Up Grant	<b>(44,545)</b>
	<b>Donated Inventories Account</b>	
<b>0</b>	Donation of PPE stock	<b>(93)</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 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. No relevant transactions have been reported.

#### 27.1.3 Officers

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

# Police and Crime Commissioner for Devon and Cornwall

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

The Assistant Chief Officer 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 most significant partnerships are shown in the table below.

2019/20				2020/21	
Expenditure £'000	Income £'000	Notes		Expenditure £'000	Income £'000
<b>OPCC Commissioning and Partnerships</b>					
1,615	0	1	Community Safety Partnership	1,618	(1)
501	0	2	Youth Offending Teams and Services	501	0
469	(212)	3	Sexual Assault Referral Centres	678	(243)
0	0	4	Safeguarding Adults and Children	0	0
116	0	5	Small Grants and Other Costs	100	0
2,020	(2,020)	6	Victim Services and Restorative Justice	2,590	(2,704)
1,401	(488)	7	Other Local Grants and Expenditure	1,881	(921)
0	0	8	Safer Streets Fund	396	(3)
<b>6,122</b>	<b>(2,720)</b>			<b>7,764</b>	<b>(3,872)</b>
<b>Other Partnerships</b>					
<b>1,941</b>	<b>(1,941)</b>		Safety Camera Partnership	<b>2,602</b>	<b>(2,602)</b>

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 2021.

#### 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.

# Police and Crime Commissioner for Devon and Cornwall

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

### 27.2.4 Safeguarding Adults and Children

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

### 27.2.5 Small Grants and Other Costs

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

### 27.2.6 Victim Services and Restorative Justice

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

### 27.2.7 Other Local Grants and Expenditure

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

### 27.2.8 Safer Streets Fund

The Safer Streets Fund is a £25 million fund from the Home Office available to PCC's in England and Wales. Devon and Cornwall OPCC work with Plymouth City Council and other partners to deliver local crime prevention plans with the outcome of reducing acquisitive crime including burglary and theft through situational prevention. The money was invested in a small defined area in Plymouth called North Stonehouse which is persistently and disproportionately affected by acquisitive crime. The funding was invested in well evidenced preventative measures such as CCTV, street lighting and dwelling security improvements.

## 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 where gross expenditure is greater than £100k are disclosed. The table shows the regional activities.

2019/20		2020/21	
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
1,154	1	South West Regional Special Branch	1,155
5,773	2	South West Regional Forensics Services	6,652
476	3	South West Police Procurement Services	515
3,146	4	South West Regional Organised Crime Unit (ROCU)	3,200
414	5	South West Regional Programme	458
0	6	South West Casualty Bureau Co ordination	32
<b>10,963</b>			<b>12,012</b>

### 27.3.1 South West Regional Special Branch

South West Regional Special Branch is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. Each Force has a committed number of staff who are based within their own Force area, but work on behalf of the four Forces. The Force cost for the year was £1,155k. The total cost of £3,997k is split on a percentage basis, with

# Police and Crime Commissioner for Devon and Cornwall

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

Dorset Police contributing 23.9%, Avon and Somerset contributing 28.4%, Wiltshire Police contributing 18.8% and Devon and Cornwall contributing 28.9%.

### 27.3.2 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The Force cost for the year was £6,652k. Most of the £21,075k total cost is split on a percentage basis, with Dorset contributing 18.7%, Avon and Somerset contributing 36.6%, Wiltshire contributing 14.2% and Devon and Cornwall contributing 30.5%.

### 27.3.3 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Dorset Police. Staff are based across the region, with them all employed by Devon and Cornwall Police. The Force cost for the year was £515k. The total cost of £1,113k is split on a percentage basis with Dorset contributing 19.5%, Wiltshire Police contributing 17.2%, Gloucestershire Police contributing 17.0% and Devon and Cornwall contributing 46.3%.

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

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 £3,200k. The total cost of £9,610k is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

### 27.3.5 South West 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 Force cost for the year was £458k. Most of the £1,374k total cost is split on a percentage basis with Dorset Police contributing 11.76%, Devon and Cornwall contributing 33.3%, Wiltshire contributing 11.68%, Gloucestershire contributing 10.83% and Avon and Somerset contributing 32.43%.

### 27.3.6 South West Casualty Bureau Co ordination

South West Casualty Bureau Co ordination is a partnership with Dorset Police, Gloucestershire Police, Wiltshire Police and Avon and Somerset Police. The service delivery coordinator posts are employed by Devon and Cornwall and are a regional responsibility. The costs are split based on net revenue expenditure.

# Police and Crime Commissioner for Devon and Cornwall

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

### 27.4 Other Public Bodies

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept.

31 March 2020		31 March 2021
£'000	Billing Authority	£'000
12,699	East Devon	13,453
7,973	Exeter	8,428
6,124	Mid Devon	6,527
7,288	North Devon	7,728
15,745	Plymouth	16,691
8,202	South Hams	8,590
10,551	Teignbridge	9,967
9,922	Torbay	11,670
5,080	Torridge	5,430
4,337	West Devon	4,540
41,473	Cornwall	44,052
280	Isles of Scilly	282
<b>129,674</b>		<b>137,358</b>
(260)	Adjusted for accruals	(2,979)
<b>129,414</b>		<b>134,379</b>

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

### 28.2 Pension Guarantee

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

### 28.2 Compensation Claims

Claimants have lodged claims for compensation regarding the public service pension scheme reform. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims considered as part of the first tranche have been recognised as a provision as an obligation exists and a reasonable estimate can be made. The Group have been made aware of further claims but the exact number has not been confirmed and therefore no liability in respect of these compensation claims is recognised in the accounts. The funding of any successful claims is yet to be determined.

# Police and Crime Commissioner for Devon and Cornwall

## Note 29 Capital Expenditure and Financing

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

2019/20			2020/21	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
<b>49,314</b>	<b>49,314</b>	<b>Opening Capital Financing Requirement</b>	<b>64,532</b>	<b>64,532</b>
		<b>Capital Investment:</b>		
19,827	19,827	Land and buildings	7,677	7,677
1,749	1,749	Vehicles and Other Transport	3,487	3,487
4,461	6,338	Equipment and ICT	5,021	5,862
100	100	Intangible Assets	476	476
164	164	Revenue Expenditure Funded from Capital under Statute	95	95
<b>26,301</b>	<b>28,178</b>		<b>16,756</b>	<b>17,597</b>
		<b>Less Sources of Finance:</b>		
(1,496)	(1,496)	Government Grants	(1,512)	(1,512)
0	0	Capital Receipts	(173)	(173)
(9,587)	(11,464)	Reserves, provisions and MRP	(12,126)	(12,967)
<b>(11,083)</b>	<b>(12,960)</b>		<b>(13,811)</b>	<b>(14,652)</b>
15,218	15,218	Increase/(Decrease) in Capital Financing Requirement	2,945	2,945
<b>64,532</b>	<b>64,532</b>	<b>Closing Capital Financing Requirement</b>	<b>67,477</b>	<b>67,477</b>
		<b>Represented by:</b>		
30,277	30,277	External Borrowing (cumulative) excluding accruals for interest due	30,277	30,277
34,089	34,089	Internal Borrowing	37,077	37,077
166	166	Finance Lease Liabilities	123	123
<b>64,532</b>	<b>64,532</b>		<b>67,477</b>	<b>67,477</b>
		<b>Borrowing During the Year</b>		
0	0	External Borrowing	0	0
15,331	15,331	Internal Borrowing	2,987	2,987
(113)	(113)	Finance Lease	(43)	(43)
<b>15,218</b>	<b>15,218</b>		<b>2,945</b>	<b>2,945</b>

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

# Police and Crime Commissioner for Devon and Cornwall

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

2019/20	<b>Office of the Police and Crime Commissioner</b>	2020/21
£'000		£'000
10	Independent members and advisors costs	11
108	Police and Crime Commissioner including reimbursements	100
1,260	Statutory and other OPCC staff	1,355
240	Other costs	253
1	Support for collection of Council Tax	1
(10)	Income	(4)
<b>1,609</b>	<b>Sub-total</b>	<b>1,716</b>
58	Pension costs	516
(12)	Accumulated Absence	5
0	Revenue Contributions to Capital	(7)
0	Employer Contributions	(209)
1	Depreciation	0
<b>1,656</b>	<b>Total</b>	<b>2,021</b>

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

2019/20	<b>Police and Crime Commissioner</b>	2020/21
£'000		£'000
87	Salary, Fees and Allowances	87
0	Benefits in Kind	0
<b>87</b>	<b>Total excluding pension contributions</b>	<b>87</b>
0	Employer's Pension	0
<b>87</b>	<b>Total</b>	<b>87</b>

## Note 31 Operating Leases

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

31 March 2020		31 March 2021
£'000		£'000
1,042	Not later than one year	1,160
2,548	Later than one year and not later than five years	3,062
1,073	Later than five years	809
<b>4,663</b>		<b>5,031</b>

With the exception of dilapidation clauses, there are no significant terms attached to the Police and Crime Commissioner's property leases which lead to potential future assets or liabilities for the Police and Crime Commissioner over and above those disclosed above. The expenditure charged to the CIES during the year in relation to these leases was:

31 March 2020		31 March 2021
£'000		£'000
1,098	Expenditure charged to the CIES during the year	1,138
<b>1,098</b>		<b>1,138</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and 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. The Police and Crime Commissioner Group operates four pension schemes, three for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers.

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

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

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

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

Giving full transitional protection to members would lead to an increase in the Police Pension Scheme liabilities. In 2018/19, scheme actuaries estimated the potential increase in scheme liabilities to be £97.281m. This increase was reflected in the IAS 19 disclosure as a past service cost. In 2019/20, scheme actuaries reviewed these assumptions at a force level. The proposed remedy reduced the liability in 2019/20 by £6.495m.

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.

With regard to the LGPS a similar adjustment was made in the 2018/19 accounts to reflect an increase in the present value of the defined benefit obligation. This increase was shown as a past service cost and amounted to £5.689m. In 2019/20 and 2020/21, the scheme actuaries reviewed the assumptions at a force level. The change in assumptions is reported in Other Comprehensive Income and Expenditure in the CIES.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

### 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 (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.

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

2019/20 £'000		2020/21 £'000
(3,289,250)	<b>Opening balance at 1 April</b>	<b>(3,112,748)</b>
(72,495)	Current service cost	(55,779)
(77,958)	Interest cost	(72,174)
(15,204)	Contributions from scheme participants	(16,182)
	Remeasurement gains and (losses):	
(6,678)	• Actuarial gains/(losses) arising from changes in demographic assumptions	70,557
244,627	• Actuarial gains/(losses) arising from changes in financial assumptions	(712,686)
0	• Experience gains/(losses) on defined benefit obligation	(159,534)
96,199	Benefits paid	98,154
6,495	Past service costs, including curtailments	0
1,516	Injury pension payments	1,491
<b>(3,112,748)</b>	<b>Closing balance at 31 March</b>	<b>(3,958,901)</b>

#### 32.1.3 Transactions relating to Retirement Benefits

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

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

2019/20 £'000	Comprehensive Income and Expenditure Account	2020/21 £'000
	<b>Cost of Services</b>	
72,495	Current service cost	55,779
(6,495)	Past service cost	0
	<b>Financing and Investment Income and Expenditure</b>	
77,958	Net interest expense	72,174
<b>143,958</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>127,953</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising:	
6,678	• Actuarial (gains)/losses arising on changes in demographic assumptions	(70,557)
(244,627)	• Actuarial (gains)/losses arising on changes in financial assumptions	712,686
0	Experience (gains)/losses on defined benefit obligation	159,534
<b>(93,991)</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements</b>	<b>929,616</b>
	<b>Movement In Reserves Statement</b>	
(143,958)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(127,953)
	<b>Actual amounts charged against the General Fund Balance for pensions in the year:</b>	
36,931	Employers' contributions payable to scheme	38,919
45,579	Home Office Top Up Grant	44,545

The 2019/20 past service cost reflects the impact of the proposed remedy, which is a reduction to the liability of £6.495m.

### 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 £3.958bn 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 contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2022 is £38.3m.

# Police and Crime Commissioner for Devon and Cornwall

## 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 which set the contributions for the period from 1 April 2019 to 31 March 2023. The next combined actuarial valuation will be carried out as at 31 March 2020.

The significant assumptions used by the actuary have been:

2019/20	Mortality Assumptions:	2020/21
	<b>Longevity at 65 for current pensioners:</b>	
21.6	Men	21.1
23.7	Women	23.3
	<b>Longevity at 65 for future pensioners:</b>	
23.3	Men	22.3
25.5	Women	24.8
	<b>Financial Assumptions:</b>	
1.95%	Rate of Inflation	2.80%
3.45%	Rate of increase in salaries	3.80%
1.95%	Rate of increase in pensions	2.80%
2.35%	Rate for discounting scheme liabilities	2.00%

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

The estimated weighted average duration of the Police Officer schemes is 19 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 the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	187,230	(178,626)
Rate of increase in salaries (increase or decrease by 0.1%)	7,610	(7,568)
Rate of increase in pensions (increase or decrease by 0.1%)	67,024	(65,676)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(73,742)	75,300

# Police and Crime Commissioner for Devon and Cornwall

## 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 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.

2019/20		Comprehensive Income and Expenditure Account	2020/21	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		<b>Cost of Services</b>		
		Service cost comprising:		
304	20,041	• Current service cost	497	27,679
2	109	• Past service cost	16	881
(83)	(5,495)	• (Gain)/loss from settlements	0	0
3	232	• Administration Expenses	4	223
		<b>Financing and Investment Income and Expenditure</b>		
84	5,570	Net interest expense	93	5,170
<b>310</b>	<b>20,457</b>	<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>610</b>	<b>33,953</b>
		<b>Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement</b>		
		Remeasurement of the net defined benefit liability comprising:		
506	33,386	• Return on plan assets (excluding the amount included in the net interest expense)	(1,257)	(70,073)
(155)	(10,196)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(99)	(5,524)
(1,039)	(68,499)	• Actuarial (gains)/losses arising on changes in financial assumptions	2,989	166,595
236	0	Apportionment Adjustment	662	0
2	140	Other actuarial (gains)/losses	0	0
17	1,120	Experience (gains)/losses on defined benefit obligation	(104)	(5,813)
<b>(123)</b>	<b>(23,592)</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>2,801</b>	<b>119,138</b>

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

2019/20		Movement in Reserves Statement	2020/21	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(310)	(20,457)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(610)	(33,953)
<b>Funded Liabilities</b>			<b>Funded Liabilities</b>	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
146	9,652	Employers' contributions payable to scheme	207	11,524
<b>Unfunded Liabilities</b>			<b>Unfunded Liabilities</b>	
PCC £'000	PCC Group £'000	Actual amount charged against the General Fund Balance for pensions in the year:	PCC £'000	PCC Group £'000
2	151	Retirement benefits payable to pensioners	3	148

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

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

31 March 2020			31 March 2021	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(7,374)	(499,381)	Present value of the defined benefit obligation	(12,309)	(686,009)
4,289	290,387	Fair value of plan assets	6,632	369,549
<b>(3,085)</b>	<b>(208,994)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(5,677)</b>	<b>(316,460)</b>

Incorporated within the asset and liability figures is an allowance for the settlement of the ongoing Dorset Police and Devon and Cornwall Police bulk transfers of staff pensions that have arisen as a consequence of the Alliance arrangements.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

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

31 March 2020			31 March 2021		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
<b>(7,803)</b>	<b>(563,230)</b>	<b>Opening balance at 1 April</b>	<b>(7,374)</b>	<b>(499,381)</b>	
(304)	(20,041)	Current service cost	(497)	(27,679)	
(199)	(13,124)	Interest cost	(183)	(10,173)	
(53)	(3,510)	Contributions from scheme participants	(69)	(3,840)	
		<b>Remeasurement gains/(losses):</b>			
155	10,196	• Actuarial gains/(losses) arising from changes in demographic assumptions	99	5,524	
1,039	68,499	• Actuarial gains/(losses) arising from changes in financial assumptions	(2,989)	(166,595)	
(17)	(1,120)	• Experience gains/(losses) on defined benefit obligation	104	5,813	
202	13,292	Liabilities assumed/(extinguished) on settlements	0	0	
(540)	0	Apportionment Adjustment	(1,585)	0	
(2)	(109)	Past service cost including gains/(losses) on curtailments	(16)	(881)	
148	9,766	Benefits paid	201	11,203	
<b>(7,374)</b>	<b>(499,381)</b>	<b>Closing balance at 31 March</b>	<b>(12,309)</b>	<b>(686,009)</b>	

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

31 March 2020			31 March 2021		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
<b>4,445</b>	<b>320,841</b>	<b>Opening fair value of scheme assets</b>	<b>4,289</b>	<b>290,387</b>	
115	7,554	Interest income	90	5,003	
		<b>Remeasurement gains/(losses):</b>			
(506)	(33,386)	• The return on plan assets, excluding the amount included in the net interest expense	1,257	70,073	
304	0	Apportionment Adjustment	923	0	
(4)	(232)	Administration expenses	(4)	(223)	
149	9,803	Contributions from employer	209	11,672	
53	3,510	Contributions from employees into the scheme	69	3,840	
(148)	(9,766)	Benefits paid	(201)	(11,203)	
(118)	(7,797)	Settlement prices received/(paid)	0	0	
(1)	(140)	Other actuarial gains/(losses)	0	0	
<b>4,289</b>	<b>290,387</b>	<b>Closing fair value of scheme assets</b>	<b>6,632</b>	<b>369,549</b>	

Amendments to the IAS19 standard now requires that, when determining any past service cost or gain or loss on settlement, the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. These events are referred to as "special events". During the year there were nine former employees that were entitled to unreduced early retirement benefits that have been classed as special events. The cost of these additional benefits on IAS19 compliant assumptions has been calculated at £881k and is shown in the table above.

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2022 is estimated to be £11.156m of which £0.200m 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 2021. These projections are based on the assumptions as at 31 March 2021.

# Police and Crime Commissioner for Devon and Cornwall

## Note 32 Defined Benefit Pension Schemes Continued

### 32.2.6 Local Government Pension Scheme assets comprised

31 March 2020			31 March 2021	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
		<b>Cash and cash equivalents</b>		
586	38,642	UK Equities	736	40,928
1,779	124,883	Overseas Equities	3,425	190,846
188	12,385	Gilts	226	12,570
231	15,215	Other Bonds	297	16,569
415	27,355	Property	532	29,681
190	12,512	Infrastructure	269	14,974
578	38,130	Target Return Portfolio	624	34,790
51	3,382	Cash	68	3,811
271	17,883	Alternative Assets	455	25,380
<b>4,289</b>	<b>290,387</b>	<b>Total</b>	<b>6,632</b>	<b>369,549</b>

### 32.2.7 Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

2019/20		2020/21
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.35%	Equity investments	2.00%
2.35%	Bonds	2.00%
2.35%	Other	2.00%
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
22.9	Men	22.6
24.1	Women	23.9
	<b>Longevity at 65 for future pensioners:</b>	
24.3	Men	24.0
25.5	Women	25.4
	<b>Financial Assumptions:</b>	
1.85%	Rate of inflation	2.80%
2.85%	Rate of increase in salaries	3.80%
1.85%	Rate of increase in pensions	2.80%
2.35%	Rate for discounting scheme liabilities	2.00%

The past service liability duration has been estimated at 24 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2019. 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 reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

# Police and Crime Commissioner for Devon and Cornwall

## 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)	541	(517)
Rate of increase in salaries (increase or decrease by 0.1%)	34	(33)
Rate of increase in pensions (increase or decrease by 0.1%)	252	(246)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(281)	288
<b>PCC Group</b>		
Mortality age rating assumption (increase or decrease in 1 year)	30,139	(28,828)
Rate of increase in salaries (increase or decrease by 0.1%)	1,884	(1,865)
Rate of increase in pensions (increase or decrease by 0.1%)	14,035	(13,706)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,677)	16,061

### 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 contribution 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 24 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 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

Devon County Council publishes details of the Fund's performance. They can be contacted at Devon County Council, Pension Fund, c/o Investments Team, County Hall, Topsham Road Exeter EX2 4QD. More detail can be found on their website <https://www.devonpensionfund.org.uk/>

# Police and Crime Commissioner for Devon and Cornwall

## Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2020		Contractual Maturity	31 March 2021	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
0	0	Less than one year	0	0
(2,000)	(2,000)	Between five and ten years	(8,827)	(8,827)
(28,277)	(28,277)	More than ten years	(21,450)	(21,450)
<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 2020/21 there were two Investment properties.

2019/20 £'000		2020/21 £'000
385	<b>Balance at 31 March 2020</b>	385
0	Net gains/losses from fair value adjustments	0
0	Transfers to/from property, plant and equipment	0
<b>385</b>	<b>Balance at 31 March 2021</b>	<b>385</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.

2019/20 £'000		2020/21 £'000
(54)	Rental Income from Investment Property	(35)
0	Direct operating expenses arising from investment property	3
<b>(54)</b>	<b>Net gain/(loss) at year end</b>	<b>(32)</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 full revaluation exercise was undertaken in 2020/21 with valuations and remaining useful lives provided as at 1 January 2021. A further assessment was undertaken to ascertain if the valuations had changed between the valuation date and 31 March 2021. There was no change to the valuations.



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

# Pension Fund Accounting Statements

# Police and Crime Commissioner for Devon and Cornwall

## Police Officers' Pension Fund Statement

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

31 March 2020 £'000		31 March 2021 £'000
	<b>Contributions Receivable</b>	
(34,658)	Employers (normal)	(37,158)
(15,204)	Employees (normal)	(16,182)
(758)	Ill Health capital charge	(271)
	<b>Transfers In</b>	
(661)	Individual transfers from other schemes	(785)
	<b>Benefits payable</b>	
79,967	Pensions	83,217
16,846	Commutations & lump sum retirement benefits	15,724
	<b>Payment to and on account of leavers</b>	
47	Individual transfers to other schemes	0
<b>45,579</b>	<b>Net amount paid during the year</b>	<b>44,545</b>
<b>(45,579)</b>	<b>Transfer from Police Fund*</b>	<b>(44,545)</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>		
38,783	Received in year	37,817
6,796	Debtor	6,728
<b>45,579</b>		<b>44,545</b>

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

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

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The Employer paid a contribution equal to 31.0% of police officer pay for 2020/21. 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 2021.



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

# Glossary

# Police and Crime Commissioner for Devon and Cornwall

## Glossary

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

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

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

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

<b>Home Office Grant</b>	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
<b>Impairment</b>	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
<b>Intangible Asset</b>	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
<b>Interest Cost</b>	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
<b>LAAP</b>	Local Authority Accounting Panel sets accounting rules for the public sector.
<b>Medium Term Financial Strategy</b>	Often referred to as MTF5, it is the financial plan and management of funding, spending and savings over a four year period.
<b>Mid-Price</b>	A valuation of financial assets based on the mid-point between bid and offered prices.
<b>Minimum Revenue Provision</b>	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
<b>Non Distributed Costs (NDC)</b>	For the Police and Crime Commissioner these are principally past service costs relating to pensions benefits earned in prior periods.
<b>Non-Operational Assets</b>	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
<b>Past Service Cost</b>	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
<b>Pension Commutation</b>	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
<b>Pension Scheme (Defined Benefit)</b>	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
<b>Pension Scheme (Funded)</b>	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
<b>Pension Scheme (unfunded)</b>	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
<b>Precept</b>	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
<b>Present value ( or Net Present Value)</b>	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
<b>Principal</b>	The amount of a loan that was actually borrowed, before interest is added.
<b>Provisions</b>	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
<b>Related Parties</b>	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
<b>Reserves</b>	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.

# Police and Crime Commissioner for Devon and Cornwall

## Glossary Continued

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