



Creating a safer  
**Cambridgeshire**

# The Chief Constable of Cambridgeshire Constabulary

## **DRAFT**

# **STATEMENT OF ACCOUNTS**

## **2019/20**

These are unaudited draft Statement of Accounts which have been released for  
Public Inspection and external audit

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## **PREFACE**

### **Introduction to the 2019/20 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary**

Police recorded crime in Cambridgeshire increased by 5.9% in the 12 months to December 2019, which was the 15th highest increase nationally. This is largely related to Crime Data Integrity compliance, and the fact that Cambridgeshire was one of only 7 forces to report a year on year decline in recorded crime in the previous year. The overall crime rate per 1,000 population in Cambridgeshire remains lower than both the regional and national averages. Direction of travel by crime type was broadly in line with the national picture; with the exception of criminal damage where the number of crimes in Cambridgeshire was up year on year. This is all with the backdrop of increased complexity and sophistication in crime and criminal activity.

Preventing crime and making Cambridgeshire a safer place to live and work is at the heart of the Constabulary. The Constabulary's Corporate Plan was refreshed during the year recalibrating the organisational and operational priorities to ensure they are aligned to the constantly changing nature of crime whilst still delivering the Police and Crime Commissioner's Police and Crime Plan. Our operational priorities are to safeguard the vulnerable, combat acquisitive crime, reduce harm to communities, tackle serious and organised crime and increase public satisfaction. The operational priorities sit alongside the Constabulary's organisational focus, centred on People, Resources, Partnerships and Transformation. The Corporate Plan also sets out the values through which the Constabulary delivers policing to the communities of Cambridgeshire; those of fairness, integrity, diligence and impartiality.

With a population of 0.85m representing a population increase of 11% over the last 10 years Cambridgeshire is one of the fastest growing counties. The population is expected to grow in excess of 0.90m by 2031, the impacts of which on policing cannot be under estimated. The county covers 1,309 square miles and is diverse: from the cities of Peterborough and Cambridge through to market towns and on to the rural Fens; it has major infrastructure projects on the county's road network, significant growth in housing development and is a key contributor to the overall economy through the business sector. All of these characteristics along with increasingly complex crimes such as county lines and serious and organised crime make policing a challenge. However, the dedication and commitment of the Constabulary puts it in a place to meet these issues head on and provide a professional and inclusive policing service.

During 2019/20 the Constabulary received its latest rating from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICRFS) within the Police Effectiveness, Efficiency and Legitimacy (PEEL) Programme. The latest rating is that of 'Good' across all areas of the Programme improving the previous rating for

Effectiveness, which was 'Requires Improvement'. It is incredibly pleasing to see that the efforts and hard work of all officers and staff recognised by this inspection outcome. The Constabulary aspires not only to maintain the Good rating across the board but to improve further to achieve an Outstanding rating.

During 2019/20 the Home Office pledged to recruit 20,000 more police officers through its Uplift Programme. Cambridgeshire's initial share of these officers in year 1 of the programme being 62 additional officers with 21 to be recruited by the 31 March 2020. The Constabulary exceeded this initial target and continues work to recruit a further 41 officers by the end of 2020/21. These numbers are in addition to the 50 extra officers funded through the precept increase for 2019/20 meaning that the policing frontline in Cambridgeshire is truly increased.

We have continually challenged the efficiency and effectiveness of all areas of the Constabulary, yet we continue to remain one of the lowest cost forces in the country at £156 per person, against the national average of £192 (as per the latest PEEL Assessment published on the HMICFRS Website). This has been achieved through increased collaboration with our Strategic Partners in Bedfordshire and Hertfordshire, developing new collaborations with the 7 Forces in our region and working with local partnerships and the Fire and Rescue Service.

Expectations financially were that austerity was coming to an end. The implications of the Covid-19 crisis are yet to be fully felt although indications are that significant financial uncertainty will follow. The Constabulary along with the wider public sector are therefore likely to face a financial environment that continues to be challenging and regularly changing in future years with a high likelihood of further austerity. Financial management and delivery of savings by the Constabulary has been and continues to be high on the agenda and places the Force in a strong position to respond to these ongoing challenges working with our partners to drive value for money policing services.

I am confident that the combination of dedication and commitment of the Constabulary, its leadership and its workforce combined with strong and effective use of financial and non-financial resources will ensure we continue to deliver our vision of creating a safer Cambridgeshire.

I also thank the public of Cambridgeshire for their support in our delivery of the policing service across the county.



Nick Dean Mst (Cantab)  
Chief Constable

# Narrative Statement

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## 1. Foreword by the Chief Finance Officer

The Narrative Report provides an overview of Cambridgeshire Constabulary's financial and non-financial performance for the 2019/20 year. Context to the performance is set out along with key external factors and a summary of the financial outlook for future years.

Regulation 8 of the Accounts and Audit (England) Regulations 2015 requires local authorities to prepare a narrative statement to include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

There are numerous challenges faced by Policing with ever changing complexity and sophistication of crime. These include serious and organised crime, county lines, cybercrime, modern day slavery, human trafficking and vulnerability victims and terrorist incidents. Policing demand across these areas has increased and continues to do so. Coupled with the tight financial environment within which the Constabulary operates, like many public sector bodies, there has to be a focus on economy, efficiency and effectiveness of policing with the resources available.

The response to the Covid-19 crisis added further challenges to the Force at end of 2019/20 which have continued into 2020/21. The Constabulary's response was managed working in partnership with our public sector partners across the county, whilst maintaining our normal policing service. The response to the crisis continues to be effectively managed by the Constabulary and will increasingly begin

to focus on recovery from Covid and a policing focus as the lockdown measures are lifted.

The 2019/20 financial year saw a significant drive to recruit additional police officers as part of the government's 20,000 police officer Uplift Programme. The Force rapidly responded to this opportunity exceeding the recruitment target set for the Force for the year ended 31 March 2020.

The Force has continued to work with its Strategic Partners Bedfordshire Police (Beds) and Hertfordshire Constabulary (Herts) as part of the tri-force (BCH) collaboration. BCH delivers a range of shared services optimising the use of public money across the collaboration. Further still partnership work with the 7 Forces (BCH, Norfolk, Suffolk, Kent and Essex) has progressed with the establishment of a single procurement team across the region and further areas of collaboration being explored. The Constabulary has continued to work with other local partners within Cambridgeshire and the Fire and Rescue Service. This continued focus on working together ensures the Constabulary's resources are achieving value for money.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader understand the overarching financial position of the Chief Constable and have confidence that the Chief Constable has spent public money effectively and has been accounted for in an appropriate manner.

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Cambridgeshire. The PCC is elected

by the public to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. This set of accounts explains how the resources provided by the PCC to the Constabulary have been used to deliver operational policing services.

## **2. Cambridgeshire**

Cambridgeshire Constabulary covers 1,309 square miles. The county consists of the cities of Ely, Peterborough and Cambridge, market towns and sparsely populated rural communities.

Cambridgeshire has a population in the region of 853k, a rise of 11 percent compared with 10 years ago. This resident population is ethnically diverse, with 9.7% from black, Asian and minority ethnic communities, and is increased by students who study in the area's universities and the large numbers who visit or travel through the county each year. Cambridgeshire continues to be one of the fastest growing counties with the population expected to grow above 900k by 2031.

Key facts for the Constabulary, as summarised by HMICFRS on their website relating to Cambridgeshire's most recent PEEL inspection, are set out below.

<b>FORCE AREA</b> 	<b>1309</b> square miles	
<b>POPULATION</b> 	<b>0.85m</b> people	 <b>11%</b> local 10 yr change
<b>WORKFORCE</b> 	<b>87%</b> frontline	
	<b>2.68</b> per 1000 population	
	 <b>17%</b> change in local workforce since 2010	
<b>VICTIM-BASED CRIMES</b> 	<b>0.08</b> per person	
	 Local 5 year trend	
<b>COST</b> 	<b>41p</b> per person per day local	

- b) Secure that the police force is efficient and effective”.

The PCC also has a role in holding the Chief Constable to account for the operational policing of Cambridgeshire.

The Chief Constable directs and controls the operations, police officers and police staff of the Constabulary to achieve the policing objectives in the Police and Crime Plan.

The financial management responsibilities differ in that the PCC has overall responsibility for the finance of the Constabulary’s group accounts. All resources, grant and precept funding is received by the PCC and funding is provided to the Chief Constabulary to deliver the operational policing requirement. The Chief Constable prepares single entity accounts to demonstrate how the funding provided by the PCC has been used to achieve the operational policing objectives.

The Financial Management Code of Practice for the police forces of England and Wales (the Code) has also been issued under the Police Reform and Social Responsibility Act 2011. The Code provides the financial governance arrangements for police forces and the financial requirements that the PCC and Chief Constable must adhere to. The ultimate aim being to ensure the proper use of, stewardship and value for money in the use of public funds to deliver the policing service.

### The Police and Crime Plan

The Police and Crime Plan (PCP) for Cambridgeshire sets the vision of the PCC for Cambridgeshire Constabulary - ‘Working Together to Keep Cambridgeshire Safe’. It is structured on strategic themes being Victims, Offenders, Communities and Transformation against which aims and shared outcomes are set. This is ultimately a plan to make the county safer and to reduce crime.

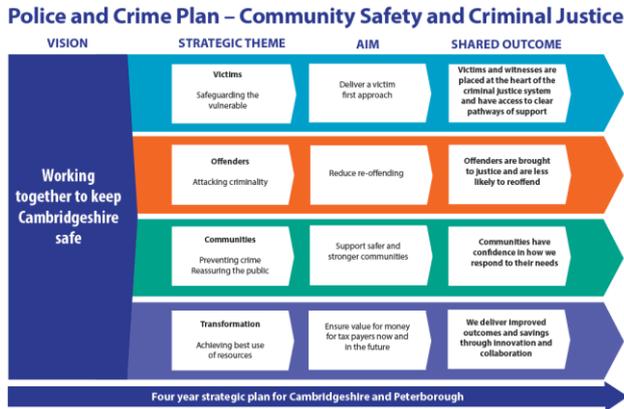
## 3. Cambridgeshire Constabulary

### Statutory Framework & Responsibilities

The Police Reform and Social Responsibility Act 2011 (the Act) provides the statutory framework under which the PCC and Chief Constable were established as separate legal entities. The Act prescribes the roles and responsibilities of which an overview is provided here.

“The Police and Crime Commissioner for a police area must –

- a) Secure the maintenance of the police force for that area, and



The PCP can be found at the following link:  
[Police and Crime Plan 2017-20](#)

### Corporate Plan

The vision of Cambridgeshire Constabulary is to create a safer Cambridgeshire. Our Corporate Plan was refreshed towards the end of 2019/20 setting Organisational and Operational priorities. The Organisational priorities focus on People, Transformation, Partnerships and Resources. The Operational priorities are to:

- Safeguard the vulnerable;
- Combat acquisitive crime;
- Reduce harm to communities;
- Tackle serious and organised crime and disrupt organised crime gangs; and
- Increase public satisfaction responding appropriately and improving communication.

In addition to the Organisational and Operational Priorities, the Corporate Plan also sets out the Constabulary's refreshed values of fairness, integrity, diligence and impartiality. These ensure the Constabulary has and continues to deliver an inclusive and professional policing service. The Corporate Plan can be found at the following link:  
[Cambridgeshire Constabulary Corporate Plan](#)

### The Operating Model

The Constabulary continues to enhance its pioneering tri-force collaboration with Bedfordshire and Hertfordshire (BCH) as well as wider collaboration across the Eastern Region (including Kent Police). However local policing remains at the centre of the Constabulary's operating model.

We continue to work with local partners across Cambridgeshire to have a joined up response to tackling the cause of crime and continue to seek ways with our partners to prevent crime.

Where possible the Constabulary also collaborates with the Cambridgeshire Fire and Rescue Service and continues to identify opportunities to work jointly.

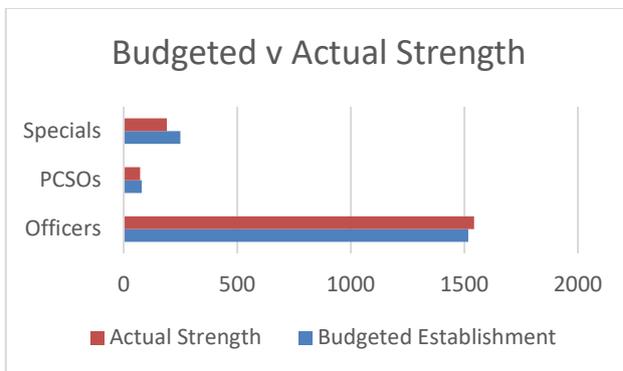
The Constabulary is also part of national policing arrangements where these are put in place for the benefit and consistency of policing nationally.

An annual planning process is undertaken to determine whether the operating model and resources remain appropriate. There is naturally a focus on the financial inputs in terms of the budget which is commented on further in the Financial Performance section. The financial resources are considered alongside other resources which are deployed by the Chief Constable to meet the objectives of the Police and Crime Plan and the organisational and operational priorities contained in the Corporate Plan.

### Workforce

The Constabulary employs police officers, police staff and police community support officers (PCSOs), and is supported by the special constabulary to deliver its policing model. The workforce is overseen by the monthly Strategic Workforce Planning meeting. The budget for 2019/20 included 1497 budgeted police

officers, including an additional 50 officers funded through the increase in the 2019/20 precept. During the year as a result of the government’s Uplift Programme to recruit 20,000 more police officers, a further 21 officers were added to the budgeted establishment giving a total of 1518. The actual officer strength at 31 March 2020 was 1541 demonstrating the Constabulary’s progress against the Uplift Programme. The chart below sets out the budgeted establishment compared to actual strength at the end of March 2020.



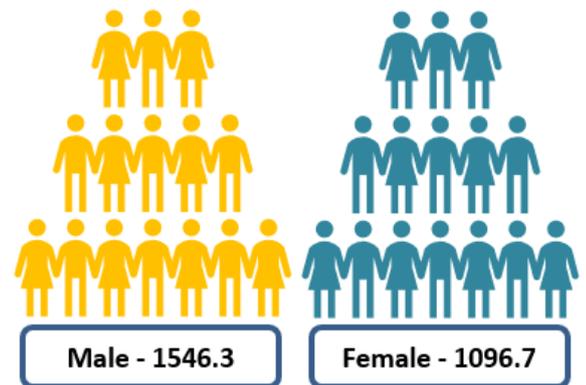
During the course of 2019/20 the Constabulary has been successful in recruiting 203 additional officers in total. Of these 19 were transferees or re-joiners with the remaining 184 being new to the organisation. The net increase of new recruits however is 101.4 FTE as there were 101.6 FTE officers that left the organisation during the year. The turnover rate for the Constabulary is 7.1% which is in line with the national average.

The black and minority ethnic (BAME) population in the county of Cambridgeshire is 9.7%. The percentage of BAME police officers within the Force is 4.6% at the end of the year and for PCSOs is 11%.

Female police officers total 474.7 FTE (30.8%) at the 31 March 2020. This compares favorably to the national average of 30.4%. The number of female PCSOs at the end of the year totaled 39.9 FTE (54.8%).

In addition to police officers the Constabulary employs a number of police staff in various roles. The police staff numbers at the end of March 2020 totaled 832 FTE.

Overall, taking all police officers, police staff, PCSOs and the Special Constabulary into account the number of male and female employees is presented below.



### External Environment

The Constabulary provides a public service and has a number of key stakeholders and external influences. Clearly at the top of the stakeholder list is the public of Cambridgeshire who the Force is here to protect from crime and keep safe. With a growing population the demands on policing continue to grow. With increases in population, new technologies and the changing nature of crime, the environment within which the Constabulary operates and seeks to bring offenders to justice is becoming ever more complex. Policing therefore has to adapt, innovate and transform in order to respond these demands.

The Constabulary collaborates with other police forces and the fire service as outlined earlier. In addition, the Force takes seriously the role it plays in the wider public sector in Cambridgeshire by working closely with and supporting partnership arrangements with other public sector bodies. A current and

ongoing example of this is the Constabulary's involvement in the Local Resilience Forum (LRF) and Strategic Coordinating Group (SCG) in response to the Covid 19 crisis in Cambridgeshire.

Central government through the Home Office also influences the environment within which the Constabulary operates. This ranges from national policing initiatives such as the Police ICT company and Blue Light Commercial, the drive for efficiency and sharing through collaboration arrangements, the funding upon which the Constabulary relies and key national initiatives such as the Uplift Programme to recruit 20,000 new police officers by 2023.

The Uplift Programme was only announced in the autumn of 2019 and therefore was not budgeted for in 2019/20. The Constabulary was given a target to deliver 21 new officers by 31 March 2020 and a further 41 by 31 March 2021. Targets for future years of the Uplift Programme are still to be determined at an individual force level. The Constabulary mobilised very quickly in response to this putting in place an Uplift Programme Board across the BCH collaboration chaired by the Constabulary's Deputy Chief Constable. This approach has proved successful with the Force exceeding the target of 21 offices by 31 March 2020 along with our BCH partners.

Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. It features clearly in the governance structure and it effectively underpins and enables the business to identify, assess and manage a range of both internal and external factors.

The Constabulary maintains its own Risk Register and the risk management process is managed by the Corporate Development Department. Formal accountability for the

process lies with the Deputy Chief Constable and governance is ensured through the Risk Review Board that adds further scrutiny to the risk processes. This Board is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board, which is chaired by the Chief Constable. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures that the Constabulary's processes are aligned with the Commissioner's processes. A joint strategic risk register is in place which brings the corporate risks together. The internal auditors provided a substantial assurance rating to the Constabulary's management processes.

## **Strategy and Resources**

### **Strategic Threat and Risk Assessment (STRA)**

In the autumn of 2019 the Constabulary introduced an innovative STRA process into its force and business planning process. The STRA identifies on an annual basis the threats and risks across the whole organisation against which a demand analysis is undertaken and resources deployed or reallocated accordingly. The STRA is also used to inform wider business planning activities such as the completion of the Force Management Statement (FMS) and the allocation of Cambridgeshire's share of the 20,000 police officer Uplift Programme put in place by the government.

The STRA process for 2021/22 was also started during the 2019/20 financial year, which has been developed further to include additional financial information that the strategic leads needed to consider. This information is being used to inform the MTFS refresh referred to in the next section.

The STRA process also links to the Constabulary's Uplift Programme by identifying the most effective use of the new officers to support the operational priorities whilst

delivering the government's target of 20,000 new police officers over the next 3 years.

### Medium Term Financial Strategy (MTFS)

The Draft Medium Term Financial Plan was approved by the PCC on 25 February 2020 at the Business Coordination Board. The plan includes both revenue and capital budget plans for the four year period to 2023/24 and can be accessed at the following link: [Draft 2020/21 MTFS](#)

A high-level summary of the Medium Term Financial Plan for the revenue budget is provided below.

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Total In-House Expenditure	96,351	102,913	108,535	111,000
Net Cost of Police Pensions	16,128	17,574	18,891	19,344
Total BCH Collaboration	33,600	34,527	35,353	36,199
Total Other Collaborations	5,775	5,852	5,969	6,089
Total Income	(1,473)	(1,473)	(1,473)	(1,473)
Total Constabulary Budget	150,381	159,394	167,275	171,158
OPCC Office Running Costs	1,210	1,237	1,264	1,292
Corporate Costs	2,716	2,789	2,789	2,789
Capital Financing Costs	2,290	2,732	3,111	3,686
<b>BUDGET REQUIREMENT</b>	<b>156,597</b>	<b>166,152</b>	<b>174,439</b>	<b>178,925</b>
Specific Grants	(4,130)	(8,408)	(11,708)	(11,932)
	152,467	157,744	162,731	166,993
Savings to be Identified	0	(2,819)	(5,707)	(7,806)
<b>NET BUDGET REQUIREMENT (NBR)</b>	<b>152,467</b>	<b>154,924</b>	<b>157,023</b>	<b>159,186</b>
Financed by:				
Central Grants	85,414	85,414	85,414	85,414
Precept and Collection Funds	67,053	69,510	71,609	73,772
Contribution (-)to / from Reserves	0	0	0	0
<b>TOTAL FINANCING</b>	<b>152,467</b>	<b>154,924</b>	<b>157,023</b>	<b>159,186</b>

There are uncertainties within the MTFS particularly in quantifying costs into the future and uncertainty in future funding levels. This is exacerbated by the fact that the Constabulary in recent years has only received single year funding settlements from government rather than multi-year funding announcements. This makes planning in the medium term increasingly more difficult and uncertain. Importantly the MTFS does not assume the use of any reserve contributions meaning the Constabulary's reserves are protected in the MTFS.

Additional risks exist around future pension liabilities due to the McLeod judgement, which could increase pension costs in the future. It is currently assumed that these costs will be met by government. Significant capital projects required by the Constabulary, as explained in

the next section, will create additional borrowing costs (interest and capital repayment) to the revenue account. An estimate of these costs is built into the MTFS but will need to be kept under review as projects develop.

In addition, since the MTFS was set the covid-19 crisis has impacted the nation's finances and economy. This introduces a new risk to the MTFP of reduced levels of funding for the Constabulary.

In response to these risks work is already underway for the 2021/22 budget and MTFP refresh. The assumptions underpinning the current MTFP, such as inflation, cost pressures, grant increase, precept funding will be revisited. Savings proposals are being developed and will be assessed in the coming months as part of the planning cycle. The refresh will need to consider the potential impacts that the covid-19 crisis may have on the finances of the organisation.

The next few years will continue to be challenging and difficult despite the ability of the PCC to raise the council tax for 2018/19 by £12, by £24 for 2019/20 and by a further £10 for 2020/21. The economic climate is now even more uncertain due to the impacts of covid-19 as the economy has gone into recession again before the full, and unknown, implications of the exit from the European Union take effect.

Despite this uncertain financial climate, the Constabulary will continue to meet the policing requirements of the county.

### Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £52.6m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver operational policing.

The largest scheme in the 4 year plan remains the replacement of Parkside Police Station in Cambridge with a new Southern Police Station. The estimated cost of the new facility is £35.9m (including spend already incurred) the Constabulary continues to review the funding options available for this project to ensure value for money. External borrowing will form part of the funding arrangement alongside the generation of capital receipts.

During 2019/20 two further significant projects have been identified that may be require capital investment. These were not confirmed at the time of preparing the capital programme and will factored in as appropriate as the business cases develop. The two projects are in relation to the specialist training facilities required for the BCH Joint Protective Services (JPS) and a firing range training facility. Both projects are required due to the requirement of BCH to vacate the premises from which these services operate in the next 2-3 years.

Developments in ICT continue to feature in the capital programme including the national Emergency Services Mobile Communications Programme. As technology moves on an increasingly ICT services are becoming more cloud based there is a forecast reduction in ICT capital over the period as cloud based services are a revenue cost to the Constabulary.

The Constabulary's vehicle fleet is managed through the Chiltern Transport Consortium (CTC). CTC is a consortium of 6 police forces led by Thames Valley Police. The capital programme contains an annual budget for vehicle replacement to ensure the provision of a modern vehicle fleet to support local policing.

The 4 year capital programme is provided below.

Description of Bid	Programme 2020/21	Forecast Programme 2021/22	Forecast Programme 2022/23	Forecast Programme 2023/24	Total
	£	£	£	£	£
<b>Projects where Funding Approved in Previous years</b>					
Athens	81,334	42,000	42,000	42,000	207,334
<b>Schemes Carried Forward Total</b>	<b>81,334</b>	<b>42,000</b>	<b>42,000</b>	<b>42,000</b>	<b>207,334</b>
<b>Estate Programme</b>					
Cambridgeshire Southern Police Station	4,000,000	17,000,000	13,000,000	1,000,000	35,000,000
Estates Major Repairs Planned	585,000	585,000	585,000	600,000	2,355,000
Replacement of Door Readers	490,000				490,000
<b>Estate Programme Total</b>	<b>4,985,000</b>	<b>17,585,000</b>	<b>13,585,000</b>	<b>1,600,000</b>	<b>37,755,000</b>
<b>Fleet Programme</b>					
Vehicle Replacement Programme	1,478,355	1,622,706	1,688,387	1,615,438	6,184,886
<b>Fleet Total</b>	<b>1,478,355</b>	<b>1,622,706</b>	<b>1,688,387</b>	<b>1,615,438</b>	<b>6,184,886</b>
<b>ICT Enabling Programme</b>					
ICT Programme 2018/19	2,326,346	1,611,688	1,396,146	1,200,000	6,434,080
ERP - learn completion	140,000	0	0	0	140,000
<b>ICT Enabling Programme Total</b>	<b>2,466,346</b>	<b>1,611,688</b>	<b>1,396,146</b>	<b>1,200,000</b>	<b>6,674,080</b>
<b>Operational Programme</b>					
JPS General	100,000	100,000	100,000	150,000	450,000
Covert Equipment	45,000	45,000	45,000	45,000	180,000
Delegated Chief's Budget	300,000	300,000	300,000	300,000	1,200,000
<b>Operational Total</b>	<b>445,000</b>	<b>445,000</b>	<b>445,000</b>	<b>495,000</b>	<b>1,835,000</b>
<b>Totals for All Schemes</b>	<b>9,456,035</b>	<b>21,106,294</b>	<b>17,036,533</b>	<b>4,982,438</b>	<b>52,551,300</b>

## Reserves

The reserves are held by the PCC and are separated between usable and unusable reserves. Usable reserves are those that can be applied to help meet expenditure in a one-off context whereas unusable reserves are typical generated or applied as a result of technical accounting requirements. In recent years reserves have been used to support the annual budget through the budget assistance reserve, including in 2019/20. The MTFs from 2020/21 has removed the use of any reserves from the revenue budget and is developing the MTFs further to bring the Constabulary's expenditure in line with the funding available over the medium term. Any revenue underspends in future years will be used to build further resilience in the reserves held.

The usable reserves consist of earmarked reserves held for specific purposes and the general reserve which the Constabulary is required to hold. The general reserve is £7.2m (which is 4.9% of the overall revenue budget) and total reserves are £9.8m as at 31 March 2020.

## 4. Financial Performance

### a. Economic climate

It is well known that since 2010 Cambridgeshire Constabulary, like most public sector bodies, has faced significant financial challenges due to

reductions in funding from central government as part of the financial austerity along with cost pressures and continual changes in the demand for policing both locally and nationally.

In both 2018/19 and 2019/20 the PCC was able to raise additional precept, which has helped to meet the costs of policing. In 2019/20 the precept was raised by £24 per annum on a band D property. This was the maximum increase to the precept allowed.

The Covid crisis will potentially lead to a further period of austerity in government funding as the economy recovers. Only time will tell whether any future austerity measures will be as deep and prolonged as those experienced after the financial collapse in 2008. However, it is expected that there will be an adverse impact on the Force's finances either directly from government or indirectly, for example through the council tax collection rates creating shortfalls in collection funds across the county.

The full impact of Brexit on funding and economic conditions is not known and may create further financial challenges for government and consequently the Constabulary.

Following the general election in December 2019 which put in place a new Conservative Government meant that the Constabulary, again, only received a one-year settlement heading into the 2020/21 financial year. This makes financial planning in the medium term difficult due to the unknown levels of funding.

These issues taken together provide an uncertain economic climate which will need to be kept under review, managed and planned for in future budgets.

## **b. Financial Management**

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices. Cambridgeshire Constabulary is judged to be good by HMICFRS in Efficiency, with the inspection report stating the following:

*“The force understands the costs of its services. It has a good track record for financial planning and is on target to achieve the necessary savings. Its collaboration with neighbouring forces helps it provide a more cost-effective service”.*

The Force operates a Scheme of Governance, which includes the Financial Regulations and has in place Force Financial Instructions (FFI) which are updated annually. This provides the overall financial framework for the Force to work towards achieving best practice in financial management.

The internal auditor has also assessed the financial management arrangements of the Constabulary and has raised no significant issues to address. Financial audits have been undertaken during the year with substantial assurance opinions on Budgetary Control, the Capital Programme and Income and Debtors. A reasonable assurance audit opinion was provided in respect of Payroll and Expenses. Looking forward to 2020/21 the Force has joined the Achieving Financial Excellence in Policing (AFEP) Programme. AFEP is a scheme run by the Chartered Institute of Public Finance and Accountancy (CIPFA). The National Police Chief's Council Finance Coordination Committee jointly developed the programme with CIPFA. Part of the Programme is a Financial Management Capability Review which will provide a further benchmark for the Force's financial management arrangements and will support the development of a roadmap to improve or strengthen arrangements.

### c. Revenue Outturn 2019/20

The revenue outturn for the year for the budgets under the control of the Chief Constable is an under spend of £0.97m. Areas of the budget that ended the year under budget were:

- Police Officer Pay and Allowances (£333k under) and Pensions (£76k over) giving a net outturn of £257k under budget. Local policing ended the year 69fte over strength.
- Police Staff Pay and Overtime ended the year £396k under budget. As at the end of March, Local Policing ended the year 25fte under strength.
- Police Community Support Officers £154k under budget as the Force is currently operating under the establishment of 80 PCSOs.
- Transport £431k under budget, where additions to the vehicle fleet due to increased Officer numbers has not been as high as expected. Covid 19 has resulted in some reduction in running costs including fuel.
- Additional income of £670k, the main areas being Uplift Grant of £297k linked to the delivery of additional officers through the government's 20,000 uplift programme, prior year immigration income £91k, funding for EU Exit planning, Watch and Casualty reduction posts £100k and £77k Foreign National Registration fees.
- BCH Collaborated units ended the year under budget by £648k. The main areas being the Roads Policing Unit, Armed Policing Unit and ICT Department, which have underspent largely due to officer and staff vacancies.

Under spent areas of the budget have offset other budgets that were over spent at the 31 March 2020. The areas of over spend for the year were:

- Police officer overtime was over budget by £696k as at the end of March. Local Policing overtime hours are 45,107 hours over budget.

- Supplies and Services were over spent against budget by £260k. These includes £83k unbudgeted Computer Hardware and Licencing costs on Local Policing, a £571k increase to the insurance provision, £184k on Clothing & Uniforms, a large proportion being to kit out new officers as part of the Uplift Programme. These are offset by a £491k surplus on subscriptions and corporate costs, as well as Mutual Aid income including £97k relating to Extinction rebellion costs.
- Premises £75k, relates to an overspend on utility costs.
- Capital accounting & Reserves moves, relates to carry forwards from 2018/19 to 2019/20 and the CTC surplus that will be moved to the Casualty Reduction Reserve.

The following table provides a high-level comparison between the approved budget and the actual expenditure for the Constabulary for 2019/20 i.e. those under the direction and control of the Chief Constable.

Chief Constable's Revenue Budget Provisional Outturn 2019/20			
£'000	Full Year budget £'000	Actual Outturn £'000	Variance Outturn £'000
<b>Force in-house Expenditure</b>			
Police Officer Pay & Allowances	50,160	49,826	-333
Police Officer Overtime	2,000	2,696	696
PCSO Pay & Overtime	2,903	2,750	-154
Police Staff Pay & Overtime	20,329	19,933	-396
Premises Costs	4,280	4,355	75
Transport	2,804	2,373	-431
Supplies & Services	5,949	6,209	260
<b>Total In-house Expenditure</b>	<b>88,426</b>	<b>88,143</b>	<b>-283</b>
Net Cost of Police Pensions	14,991	15,066	76
<b>Gross Revenue Expenditure</b>	<b>103,416</b>	<b>103,209</b>	<b>-207</b>
Income	-766	-1,437	-670
BCH Collaboration	36,878	36,231	-648
Other Collaborations and Partnerships	4,567	4,652	85
Capital Accounting & Reserve moves	-889	-423	466
<b>Policing Budget Delegated to Chief Constable</b>	<b>143,206</b>	<b>142,232</b>	<b>-974</b>

Note: Figures may not cast due to rounding

### d. Capital Outturn 2019/20

Under the Police and Social Responsibility Act 2011 the physical estate from which the Constabulary operates is held by the PCC. The PCC therefore incurs capital expenditure on land and buildings, information technology and other items of plant and equipment of a capital nature to enable the Constabulary to operate effectively and meet operational policing requirements.

The following table shows the capital outturn position for 2019/20 compared to the approved capital budget for the year.

### Summary of Capital Expenditure against budget at 31 March 2020

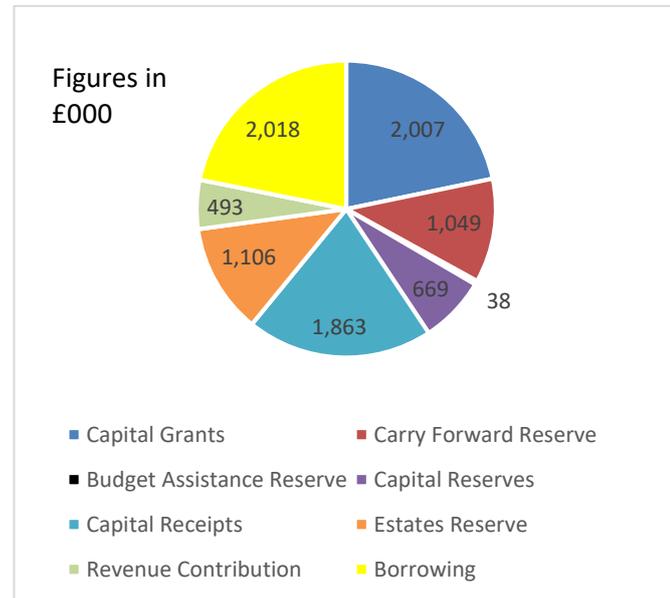
All figures £'000	Revised 2019/20 Capital Budget	Outturn 2019/20	Variance to Budget	%
<b>Capital Payments:-</b>				
Land & Buildings	7,790	4,289	-3,501	55%
IT & Communications	4,340	3,058	-1,282	70%
Fleet	1,525	1,540	15	101%
Other Collaboration	389	356	-33	92%
Schemes approved subject to further business case	34	-	-34	0%
<b>TOTAL</b>	<b>14,078</b>	<b>9,243</b>	<b>-4,835</b>	<b>66%</b>

Of the Land and Buildings schemes the Cambridge Southern Police Station accounts for £2.70m variance. A proposed land purchase relating to the scheme that was anticipated in 2019/20 has not progressed due to the need for the Constabulary to complete its consultation processes in relation to the scheme. The other main building scheme contributing to the variance is the refurbishment of Wisbech Police Station (£0.44m). The works for this scheme were only tendered in March 2019 just before the Covid crisis took hold. The project will carry forward to 2020/21.

The ICT variance of £1.28m is across a number of schemes some of which have completed and underspent with others being carried forward into 2020/21 for completion.

The sources of capital financing applied to fund the total £9.24m of capital expenditure for the year is presented in the graph below.

### Summary of £9.24m Capital Financing Applied for the Year Ended 31 March 2020



## 5. Non-Financial Performance

The Constabulary has a Corporate Framework in place which sets the structure and processes of the Constabulary to manage governance and drive performance, seeking to ensure senior managers are utilising resources to deliver first class policing across the county of Cambridgeshire.

The Constabulary received its latest Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection report during 2019/20. The PEEL inspection provides an overall assessment of the Force's performance. Whilst the inspection period was 2018/19 it is relevant to report on in this narrative statement due to the release date of the inspection report being 7 February 2020. The PEEL inspection provided the following judgement on for the Constabulary as good across all areas inspected (from a range of possible judgements of inadequate, requires improvement, good to outstanding).



The HM Inspector of Constabulary, Zoe Billingham, in her report commended the good progress made by the Constabulary and observed that the “changes the force has made provide a strong foundation for continuing to keep communities across Cambridgeshire safe.”

### Strategic Performance

The Constabulary has well defined performance reporting processes which are ultimately reported through to the Force Performance Meeting chaired by the Assistant Chief Constable. Performance on key measures are tracked at a strategic and operational level during the year with an annual review of performance making comparisons to the prior year. The strategic performance measures are aligned to the pillars of the Police and Crime Plan and are summarised in the following sections.

Operationally police recorded crime in Cambridgeshire increased by 5.9% in the 12 months to December 2019, which was the 15th highest increase nationally. It is likely this is related to Crime Data Integrity compliance, and the fact that Cambridgeshire was one of only 7 forces to report a year on year decline in recorded crime in the previous year. The overall crime rate per 1,000 population in Cambridgeshire remains lower than both the regional and national averages. Direction of travel by crime type was broadly in line with the national picture; with the exception of criminal damage where the number of crimes in Cambridgeshire was up year on year.

### Victims – delivering a victims first approach

This performance measure is based on victim satisfaction rates and response performance. Of the victims of crime surveyed in the 12 months ending March 2020 77.2% were at least fairly satisfied with overall service delivery. This is marginally lower than, but comparable to, the 12 months ending March 2019 and reflects both longer term challenges around follow-up, and more recent challenges around ease of contact and actions taken by the police. While there was year on year improvements in satisfaction rates for victims of both burglary and hate crime, there has been notable deterioration in satisfaction rates for victims of violent crime, particularly for follow-up.

While we continue to see higher satisfaction rates for victims of Domestic Abuse, follow-up again remains the most challenging aspect of service delivery. Improving the effective use of Victim Care Contracts has been a key area of focus during 2019/20 with improvements across most areas.

The median time to respond to immediate grade incidents has remained stable over the last 12 months. Prompt grade response performance has continued to prove challenging, with notable differences by incident type and variation by district. There has been a shift in the grading profile from prompt to immediate, which has had implications on the availability of resources to attend prompt graded incidents. The latter remains a key inhibitor to achieving sustainable improvements. This is being considered as part of a Demand Hub review being undertaken which will conclude in 2020/21.

### **Offenders – brought to justice and less likely to offend**

A measure underpinned by prosecution possible outcome rates for all recorded crime, burglary dwelling and domestic abuse.

The all crime prosecution possible outcome rate for the 12 months ending March 2020 was 10.8%. This is lower than, but comparable to, the long-term benchmark, with improvements noted across a number of crime types, albeit to varying degrees. Performance in the north of the county was better than the south, both areas are now trending upwards. Recent improvements have been largely attributable to the work of the Out of Court Disposals (OOC) team, and has been supplemented by improvements in investigation throughput and a focus on supervision is likely to have been influential.

The long-term prosecution possible outcome rate for burglary dwelling was significantly higher than the year end benchmark, both at Constabulary and area level and represents a key success.

The long-term prosecution possible outcome rate for domestic abuse was significantly lower than the year end benchmark, with rising crime numbers influential. However, there are early signs that the long-term downward trend has been halted.

### **Communities – have confidence in how we respond to their needs**

The Policing in Cambridgeshire Survey is used as the basis to assess confidence in the Constabulary.

56.4% of people surveyed in the 12 months ending March 2020 agreed that the Constabulary was dealing with the things that matter to people in their local community.

While there has been some improvement in the rolling 12 month rate in recent months, it remains lower than at the same time last year. However, there is notable variation by district, with levels of confidence in all four districts in the south area either stable or improved year on year. However, levels of confidence in the north deteriorated, particularly in Fenland where confidence levels fell below 50%.

### **Transformation – delivering improved outcomes and savings through innovation and collaboration**

The Constabulary delivers a good service to the public despite being one of the lowest cost Forces in the country per person per day. This has been achieved through the collaborative arrangements that in place and new shared services implemented during 2019/20. Notably the Force has joined with 6 other police forces through the 7 Force collaboration to create a single procurement function to serve all 7 Forces to drive procurement efficiencies and best practice. Within BCH we are continuing to undergo a major Human Resources transformation that is also planned to deliver financial savings.

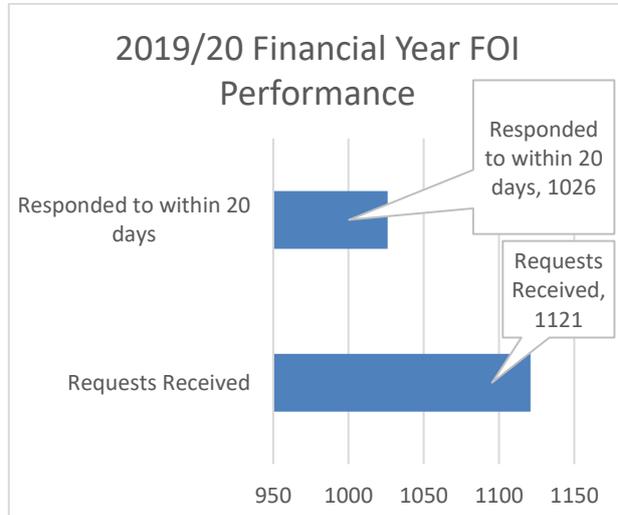
Locally the creation of the Out of Court Disposal (OOC) Suite is a transformational approach with partners to drive three main benefits; to divert suitable offenders/offences from the Criminal Justice System, to improve outcomes for victims/offenders and to reduce recidivism rates through early intervention. A small team of staff are able to support officers in their confident/appropriate use of OOCs. This approach went live in December 2019 and up until March 2020 resolved 845 offences by way of an OOC; many of these investigations would otherwise have been finalised with no further action. While it is too soon to accurately assess recidivism rates, indicative findings suggest victims support these outcomes. These positive outcomes have only been possible with

the support of partner support organisation that have delivered the interventions.

Similarly, the Case File Standards and Support Unit (CFSSU) was set up in order to use specialist officers to become experts; and drive improvements (and efficiency) to case file quality. This has resulted in improvements in overall file quality (Cambs are now the 7th best force nationally, from 41st mid 2019) and are now best in the eastern region for pre-charge review (PCR) error rates.

### Freedom of Information (FOI) Compliance

Throughout 2019/20 the Constabulary has delivered good performance against FOI requests. The chart below demonstrates that 92% of requests received have been responded to within 20 days, compared to the Information Commissioner's Office target of 90%.



In respect of complaints, during 2019/20 for Cambridgeshire the Professional Standards Department (PSD) recorded 403 public complaint cases that comprised a total of 988 individual allegations. Of the 988 allegations 428 related to 'Other Neglect or Failure In Duty'. 390 complaint cases and 991 allegations were finalised. 2 determined 'Case to Answer'

with 1 officer dismissed and 1 receiving management action.

50 conduct cases were recorded involving a total of 62 Police officers and staff. With regards to Police Officers, finalised conduct investigations led to 1 Special Case Hearing, 4 Gross Misconduct Hearings and 1 Misconduct Meeting. Proceedings invoked in relation to Police Staff employees totalled 4.

Also 41 matters were referred to the Independent Office for Police Complaints (IOPC), 5 of which were declared independent to be investigated by the IOPC, 28 were determined to be suitable for local investigation by PSD with the remaining 8 returned to the Force to manage.

## 6. Outlook (including Covid 19)

The financial outlook continues to be turbulent although the increases in precept allowed in recent years has helped significantly. There continue to be various aspects of the economic and financial climate that are uncertain and pose risks to the Constabulary. These have been outlined earlier in this narrative report. In summary these are the unknown impacts due to Covid 19 and Brexit and the potential for another period of austerity, the absence of a multi-year funding settlement from the government, and the need to continue to lobby for a fairer funding settlement through the police funding formula review.

The Constabulary is well placed with cash reserves in place and a strategy to protect these reserves and only use them where essential. With the ongoing work on the MTFs coupled with the STRA process, the Constabulary is in a strong position to respond to and manage these uncertainties.

Despite the financial challenges the Constabulary continues to perform well and will drive further improvement through its STRA and governance processes. The delivery to date against the Constabulary's share of the 20,000 police officer Uplift Programme exceeded the target set for 2019/20 and is on track to deliver the target during 2020/21. This will see a total of 62 extra officers by 31 March 2021 for the Force to make Cambridgeshire safer. The Constabulary is also confident in maintaining this trajectory to meet the Uplift Programme targets in 2021/22 and 2022/23.

Whilst there are financial uncertainties the Constabulary is heading into some exciting times as it works with the PCC to develop the estate, such as the Southern Police Station project, to transform and modernise its policing services.

At the time of compiling this set of accounts the Covid 19 crisis has been a significant challenge to the Constabulary. This is in the context of ensuring the welfare and safety of officers and staff as well as continuing to police as business as usual whilst playing a key role in encouraging, and enforcing where necessary, the Covid 19 lockdown. In respect of this set of accounts the Covid 19 crisis has had limited impact as it took effect in the last few weeks of the financial year. Given the significance of the situation it is worth commenting on Covid 19 further here.

The Constabulary's response to Covid 19 was to rapidly implement Gold and Silver Command Groups to direct the operational policing response. These command groups feed into the countywide LRF and SCG, and the Chief Officer Team of the Constabulary. A multi-agency bronze cell has also been put in place which supports the work of the Gold and Silver Command Groups. A further dimension to the command structure has been a Gold Command Group covering the BCH collaborated units,

which has been incredibly beneficial to coordinate and link with all BCH forces. Ultimately the command structure has enabled the policing service to continue operating as well as supporting the national policing response to the crisis. Moving forward the command structure will remain place during 2020/21 to continue to support the response and ultimately the Covid recovery until such time that alternative arrangements are required.

The Constabulary has been directly affected itself by Covid 19. Thankfully at the time of writing the number of Covid 19 illnesses has been very limited. This will be largely in part due to the working arrangements that were quickly put in place. The Constabulary held a stock of lap tops, which were being rolled out as part of an ICT refresh programme. These lap tops were brought forward for issue to enable the workforce to remote and agile work. This enabled staff to self-isolate where needed, follow government guidance to stay at home and for managers to put in place alternative working arrangements. Ultimately this has meant that the Constabulary's workforce has largely been able to continue its service provision during the crisis.

The other major factor for the Constabulary has been the sourcing of personal protective equipment (PPE) for front line officers. During the crisis this has been an area of complexity and at times confusion. Sourcing PPE locally became very difficult as all emergency services, carers, care homes and so on were competing for the same product. This ultimately meant that demand was outstripping supply and prices being escalated. For the Constabulary arrangements and supply chains were secured through the collaborated 7 Force procurement team, backed up by national contingency arrangements. This has undoubtedly been an area of significant challenge, which throughout

the Constabulary has been able to ensure the right PPE is in place for officers.

Overall sickness levels for the Constabulary linked directly to Covid-19 have been low during the crisis. However, the level of abstraction has been slightly higher with around 55 officers and 50 staff shielding from the virus and on average 12 officers and 10 staff self-isolating at any one time. This level of sickness and abstraction has been absorbed and has not impact on our service delivery (front line or back office).

In respect of the financial implications of the Covid 19 crisis, as stated these are relatively limited on the 2019/20 financial position. However unbudgeted for PPE and lap top replenishment is expected to run into the hundreds of thousands of pounds in 2020/21. Currently it is expected that the Constabulary will receive additional funding from government for costs associated with Covid 19. If additional funding is not forthcoming then the Constabulary will seek to manage these costs from the annual revenue budget.

Cash flow for the Constabulary has been managed during the crisis without the need for additional or unintended borrowing. Through the Treasury Management team in Finance additional funds were pulled back from investments held to ensure sufficient liquidity during the crisis. Early payment from the Home Office of certain funding streams has also supported the cash flow position.

The Constabulary is working as part of the LRF as the focus begins to turn to Covid 19 recovery. Internal recovery arrangements are also being put in place to learn from the crisis and identify organisational learning that can be made to either services or the way the Force works such as agile working.

There are two immediate risks to the Constabulary as the lockdown is lifted. Firstly, the fact that more social interaction and relaxing of lockdown measures will give offenders greater opportunity to commit crime, potentially leading to increases in crime rates. Secondly if a second Covid 19 peak is experienced the Constabulary's workforce, and consequently police services, will again be at risk. The arrangements and learning that the Constabulary is and will continue to undertake will put it in a good place to mitigate this second risk.

## **7. Financial Statements**

This section summarises the key headlines from the financial statements for 2019/20.

### **The Expenditure and Funding Analysis (EFA)**

The EFA intends to show how the management accounts of the Constabulary relate to the financial accounts. It presents how the annual expenditure is used and funded from resources (Government grants and Council Tax) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices (GAAP). It also shows how this expenditure is allocated for decision making purposes between the Constabulary's Services.

Key point to note is that the EFA shows that there was no resulting charge to the General Fund Balance in 2019/20. This is because the General Fund is held by the PCC and therefore is nil for the Chief Constable.

### **The Comprehensive Income and Expenditure Statement (CIES)**

The CIES shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from taxation. The Constabulary receives its funding

from the PCC. The PCC receives grant from central government and raises precept through local government bodies for policing services which provides the majority of the Constabulary's funding. The funding is used to cover expenditure in accordance with regulations. This is different from the accounting cost, which will include costs in respect of asset revaluations, movements in pension valuations and other technical accounting entries.

Key points to note are:

- The Net Cost of Services for 2019-20 for the Constabulary was £4.65million; and
- After taking into consideration other operating expenditure and Financial and Investment Expenditure the deficit on provision of services totalled £60.87m.

#### **Movement in Reserves Statement (MiRS)**

The MiRS shows the movement from the start of the year to the end of the year on the different reserves held by the Constabulary. The Statement shows how the movements in year of the reserves are broken down between gains and losses incurred in accordance with GAAP and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

The key point to note is that the Constabulary Reserves are negative and ended 2019/20 at £1,549m, an improvement of £104m, compared to the prior year figure of £1,653m. This reflects the fact that the reserves held by the Chief Constable are all unusable reserves and relate to liabilities held in the balance sheet.

#### **Balance Sheet**

The Balance Sheet shows the value of assets and liabilities held at the 31 March 2020 which

are recognised by the Constabulary. The net assets (assets less liabilities) are matched by the reserves held. The reserves held by the Constabulary are unusable reserves, and hold timing differences shown in the Movement in Reserves at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet is a snapshot of the Constabulary's assets, liabilities, cash balances and reserves at the balance sheet date.

The key point to note is that the Constabulary only has pay related liabilities, totalling £1,549m. All other assets and liabilities are reported in the Commissioners accounts.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

Excluding the pension liabilities, the Constabulary's Balance Sheet has negative net assets of £1.8 million. This reflects the fact that the PCC owns all Property but that the Chief Constable has all the liabilities in relation to operational policing. The combined position of all PCC and Chief Constable assets and liabilities is reported in the PCC's accounts.

#### **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents (such as movements in debtors and creditors) during the reporting period. The statement shows how the Constabulary generates and uses cash by classifying cash flows as operating, investing and financing activities. However, the statement does not show any cash

balances as all cash and cash equivalents are held by the PCC. The overall cash and cash equivalents are reported in the PCC's accounts.

## 8. Summary and Conclusion

Cambridgeshire Constabulary has a strong track record of effective financial and business management to support the delivery of the PCC's Policing Plan. The Chief Constable's Management Team are fully engaged with the financial planning process to ensure resources are directed to priority areas and within the funding available. This is supported by the comments made on Efficiency in the last HMICFRS (PEEL) inspection.

This strength in financial management will be as important as ever as the implications of the Covid-19 crisis unwind. Along with other economic and financial uncertainties the challenging financial environment will continue over the medium-term period. This will require a renewed focus to deliver a balanced financial plan whilst continuing to deliver and improve performance, bringing offenders to justice and keeping the people of Cambridgeshire safe.

This is challenge that the Constabulary will rise to with fairness, integrity, diligence and impartiality as determined by the Corporate Plan.

### Receipt of further information

You can also find information about Cambridgeshire Constabulary Police finances by looking at the Cambridgeshire Constabulary website at [www.cambs-police.co.uk](http://www.cambs-police.co.uk)

### Acknowledgements

The Statement of Accounts is a key statutory document providing transparency to the public on the financial performance of the Constabulary during the 2019/20 financial year. It takes an incredible amount of effort to produce these accounts which has been harder due to the exceptionally difficult circumstances due to the impact of Covid-19 right at the year end. This would not have been possible without the commitment, dedication and hard work of staff in the finance team and others across the organisation and the tri-force collaboration. I would like to thank all colleagues involved in the preparation of these accounts.



**Jon Lee CPFA**  
**Chief Finance Officer to the Chief Constable**

## Statement of Responsibilities for the Statement of Accounts

### The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of his financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs;
- manage his affairs to secure the economic, efficient, effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Group at 31 March 2020 and its income and expenditure for the year then ended.



Jon Lee CPFA

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary

29 May 2020

*These are unaudited draft Statement of Accounts which have been released for Public Inspection and external audit*

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) is not a primary statement but is of key importance in showing how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices providing a link between the management accounts and the financial accounts.

	2018/19			2019/20		
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Police Services	139,854	62,556	202,410	150,025	20,197	170,222
Intra-Group Adjustment for financial resources consumed (note 6)	(159,609)	-	(159,609)	(165,571)	-	(165,571)
<b>Net Cost of Services</b>	<b>(19,755)</b>	<b>62,556</b>	<b>42,801</b>	<b>(15,546)</b>	<b>20,197</b>	<b>4,651</b>
Other Income and Expenditure	19,755	38,090	57,845	15,546	40,674	56,220
<b>Deficit on Provision of Services (note 7)</b>	<b>-</b>	<b>100,646</b>	<b>100,646</b>	<b>-</b>	<b>60,871</b>	<b>60,871</b>
Opening General Fund Balance	-			-		
<b>Closing General Fund Balance</b>	<b>-</b>			<b>-</b>		

## Comprehensive Income and Expenditure Statement

2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000		2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
202,410	-	202,410	Police Services	170,222	-	170,222
(159,609)	-	(159,609)	Intra-Group Adjustment for financial resources consumed	(165,571)	-	(165,571)
<b>42,801</b>	<b>-</b>	<b>42,801</b>	<b>Net Cost of Services</b>	<b>4,651</b>	<b>-</b>	<b>4,651</b>
19,755	-	19,755	Other Operating Expenditure (note 10)	15,546	-	15,546
38,090	-	38,090	Financing and Investment Income and Expenditure (note 11)	40,674	-	40,674
<b>100,646</b>	<b>-</b>	<b>100,646</b>	<b>Deficit on Provision of Services</b>	<b>60,871</b>	<b>-</b>	<b>60,871</b>
		59,821	Remeasurement of the net defined benefit liability (note 20)			(164,693)
		<b>59,821</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(164,693)</b>
		<b>160,467</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(103,822)</b>

The Chief does not recognise any income. This is all included in the Police and Crime Commissioner Annual Accounts.

## Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2018</b>	-	(1,492,769)	(1,492,769)
<b>Movement in reserves during 2018/19</b>			
Total Comprehensive Income and Expenditure	(100,646)	(59,821)	(160,467)
Adjustments between accounting basis & funding basis under regulations	100,646	(100,646)	-
Decrease in 2018/19	-	<b>(160,467)</b>	<b>(160,467)</b>
<b>Balance at 31 March 2019 carried forward</b>	-	<b>(1,653,236)</b>	<b>(1,653,236)</b>
<b>Movement in reserves during 2019/20</b>			
Total Comprehensive Expenditure and Income	(60,871)	164,693	103,822
Adjustments between accounting basis & funding basis under regulations (note 9)	60,871	(60,871)	-
Decrease in 2019/20	-	<b>103,822</b>	<b>103,822</b>
<b>Balance at 31 March 2020 carried forward</b>	-	<b>(1,549,414)</b>	<b>(1,549,414)</b>

This statement shows balances only for reserves in relation to staff under the direction and control of the Chief Constable for the financial years 2019/20 and 2018/19, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

## Balance Sheet

	Notes	2019/20		2018/19	
		£000	£000	£000	£000
<b>Long Term Assets</b>			-		-
<b>Current Assets</b>			-		-
Short Term Creditors	12	(1,826)		(1,511)	
<b>Current Liabilities</b>			(1,826)		(1,511)
Other Long Term Liabilities	19	(1,547,588)		(1,651,725)	
<b>Long Term Liabilities</b>			(1,547,588)		(1,651,725)
<b>Net Liabilities</b>			<u>(1,549,414)</u>		<u>(1,653,236)</u>
Usable Reserves			-		-
Unusable Reserves	13		1,549,414		1,653,236
<b>Net Reserves</b>			<u>1,549,414</u>		<u>1,653,236</u>

## Cash Flow Statement

	2019/20 £000	2018/19 £000
Net surplus/(deficit) on the provision of services	(60,871)	(100,646)
Adjusted net deficit or surplus on the provision of services for non cash movements (note 14)	60,871	100,646
Net cash flows from Operating Activities	<u>-</u>	<u>-</u>
Investing Activities	-	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>-</u>

This statement does not show any cash balances for the financial years 2019/20 and 2018/19 as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

## Notes to the Accounts

### 1. Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the transactions for the 2019/20 financial year and the position at 31 March 2020. The Accounts and Audit Regulations 2015 requires the preparation of an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'
- The underlying assumption that the Group is a going concern and that materiality has been set at the relevant level for the individual entities and the Group
- The following fundamental qualitative characteristics:
  - Relevance; and
  - Faithful representation.
- The following qualitative characteristics:
  - Comparable;
  - Verifiable;
  - Timely; and
  - Understandable.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Accounting policies are reviewed annually and have been applied consistently, as appropriate.

Following the passing of the Police Reform and Social Responsibility Act 2011, Cambridgeshire Police Authority was replaced on 22 November 2012 with two 'corporation sole' bodies, the Cambridgeshire Police and Crime Commissioner ('the Commissioner') and the Chief Constable of Cambridgeshire Constabulary ('the Chief Constable'). Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the Chief Constable. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011. The Police and Crime Commissioner Group and the Chief Constable have adopted consistent accounting policies.

**(ii) Accruals of Income and Expenditure**

Items of income and expenditure are accounted for in the year to which they relate. Payments may be made, or receipts received, in the year prior or subsequent to the current year. This means that all material sums received or receivable during the year are included in the accounts, whether or not the cash has actually been paid or received in the year. Adjustments between years are made by way of accruals and prepayments of both income and expenditure. With the exception of payroll-related accruals/prepayments and any accruals/prepayments automatically generated by the accounting system, a de-minimis limit of £5,000 is applied for revenue.

All sales and purchase orders are raised in the name of the PCC and monies are paid into their bank account. Therefore, all debtors and creditors sit in the PCC accounts. The PCC also signs off the fees and charges methodology and therefore income in the Chiefs accounts are moved into the PCC at year end.

**(iii) Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits, being those that fall due wholly within 12 months of the year-end, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Group.

An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees, but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. Termination Benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

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. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits, relating to pensions enhancements 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.

Post Employment Benefits

The Group participates in four defined benefit pension schemes: the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional

protection; the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection; and the Local Government Pension Scheme for Police Staff (LGPS). Pension contributions and further costs that arise in respect of certain pensions paid to retired employees on an unfunded basis are charged to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (as appropriate). The Chief Constable's Accounts include the cost of providing pensions to the staff under the direction and control of the Chief Constable only.

Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Group. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

The PPS, the NPPS and the PPS 2015 are unfunded schemes and have no attributable assets.

The LGPS is a funded scheme and as such the assets of the scheme are attributable to the Group and are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price;
- Unquoted securities – a professional estimate of fair value;
- Unitised securities – current bid price; and
- Property – market value.

Scheme assets include current assets, such as debtors and cash, as well as the investment portfolio. Accrued expenses and other current liabilities, such as fees payable to fund managers, are deducted from the net asset/liability. All scheme assets are held and monitored by Cambridgeshire County Council LGPS (the administrator); further information can be seen within their Statement of Accounts for 2019/20.

Liabilities largely comprise benefits promised under the formal terms of the pension scheme. Scheme liabilities are measured using the projected unit method. This method examines all the benefits for pensioners and deferred pensioners and their dependants and the accrued benefits for current members of the scheme, making allowance for projected scheme member earnings.

The change in the net pensions liability is analysed over the following headings:

*Current Service Cost*

This is the increase in liabilities as a result of years of service earned in the current year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

*Interest Cost*

This is the expected increase in the present value of liabilities accrued during the year as they move one year closer to being paid. Interest cost is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### *Expected Return on Assets*

This is a measure of the estimated return (income from dividends, interest, etc.) on the investments held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but an estimate at the beginning of the financial year of the long-term future expected investment return for each asset class. The expected return on assets is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The expected return is based on:

- For quoted corporate or government bonds – application of the current redemption yield at the start of the year to the market value of bonds held; and
- For other assets (especially equities) – application of the rate of return expected for each significant class of assets over the long-term at the beginning of the year to the fair value of assets held

#### *Actuarial Gains and Losses*

This element arises where actual events have not coincided with the actuarial assumptions made for the last valuation, known as experience gains and losses, or the actuarial assumptions have been updated. For instance, there may have been an unexpectedly high pay award in the year, or new research might alter assumptions about general levels of mortality. Actuarial gains and losses are recognised in the Pension Reserve.

#### *Past Service Costs*

These arise from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years. For instance, if scheme regulations were amended to increase the multiplier derived from years of service applied to final salaries in calculating pensions, total liabilities would rise but the majority of this rise would not relate to employee activity in the current year. It is therefore presented separately from the Current Service Cost and is charged to Non-Distributed Costs in the Comprehensive Income and Expenditure Statement.

#### *Settlements and Curtailments*

These are events that change pension liabilities but are not normally covered by actuarial assumptions.

Settlements are irrevocable actions that relieve the employer of the primary responsibility for pension obligations, for example the transfer of scheme assets and liabilities relating to a group of employees moving to another scheme.

Curtailments are events that reduce the expected years of future service of present employees or reduce for a number of employees the accrual of defined benefits for some or all of their future service, such as closing a service unit of the Group.

Gains or losses on settlements and curtailments are debited to the Comprehensive Income and Expenditure Statement.

#### *Contributions paid to defined benefit schemes*

This is the cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as a separate expense.

Actual amount charged against the General Fund Balance for pensions in the year

Revenue charges in respect of current and past service costs, interest costs and the expected return on assets are reversed in order that actual employer's contributions and retirement benefits payable are recognised in the General Fund Balance. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove notional debits and credits 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 Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

**(v) Events After the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**(vi) Value Added Tax (VAT)**

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

**2. Accounting Standards that have been issued but have not yet been adopted**

Standards that have been issued but not yet adopted, which may require disclosure in 2019/20 accounts, are anticipated to be listed in Appendix C of the 2020/21 Code when it is published. In the interim, potentially relevant standards include:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments; and
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

When these changes come into effect for financial year 2019/20 it is not expected that any will have a material impact on the Statement of Accounts.

### **3. Critical judgements in applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Constabulary has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a degree of uncertainty about future levels of funding for Police and Crime Commissioners, and consequently Chief Constables. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.

All income, including that from grants, is received and controlled by the Police and Crime Commissioner. As a result, no income is included within the Accounts of the Chief Constable.

It has been judged that all property, plant and equipment is owned and controlled by the PCC and as such is not included in the Chief Constable's Accounts.

### **4. Assumptions made about the future and other major sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions of amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Pensions Liability</b>	<p>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. We have engaged the Governments Actuary's Department to provide the Group with expert advice about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same advice for the Police Staff Pension Scheme (LGPS) administered by Cambridgeshire County Council.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>However, the assumptions interact in complex ways. During 2019/20, the Group's actuaries advised that the net pension liability had decreased by £73m for Police Pension Schemes (including a decrease of £49m as a result of changes in financial assumptions) and a decrease of £31m for Police Staff Pensions as a result of changes in financial assumptions. See note 19</p> <p>A sensitivity analysis shown in Note 19 shows the impact that a 0.5% increase in Real Discount Rate will have or a 0.5% increase in Salary or Pension Increase would have on the 3 pension schemes. The highest impact likely is on the Police Pension Scheme if the Real Discount Rate was reduced with a potential impact of £155m (10.5% reduction in liability).</p>

## 5. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 29<sup>th</sup> May 2020.

There are no events to report.

## 6. Intra Group Funding Arrangements Between the Police and Crime Commissioner and the Chief Constable

The PCC receives all funding on behalf of the Group. There is no transfer of real cash between the PCC and the Chief Constable as the latter does not have a bank account into which monies can be received or paid from.

The table below shows the movement through the intra-group account within the respective Balance Sheets. PCC resources consumed at the request of the CC are reflected in the PCC and CC Balance sheets through an intra-group adjustment. Similarly an intra-group adjustment is made through the PCC and CC Balance Sheets to reflect the PCC funding of these resources.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
PCC resources consumed at the request of the CC	165,571	159,609
PCC funding for resources consumed at the request of the CC	(165,571)	(159,609)

## 7. Note to the Expenditure and Funding Analysis

	2019/20		
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	£000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts			
Police Services	19,882	315	20,197
Intra-Group Adjustment for financial resources consumed	-	-	-
	19,882	315	20,197
Net Cost of Services	40,674		40,674
	40,674		40,674
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<b>60,556</b>	<b>315</b>	<b>60,871</b>

	2018/19		
	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	£000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts			
Police Services	62,505	51	62,556
Intra-Group Adjustment for financial resources consumed	-	-	-
	62,505	51	62,556
Net Cost of Services	38,090		38,090
	38,090		38,090
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<b>100,595</b>	<b>51</b>	<b>100,646</b>

### 7.1 Adjustment relating to Pensions

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 Authority as allowed by statute and the replacement with current service costs and past service costs; and
- Other Income and Expenditure being the net interest on the defined benefit liability is charged to the CIES.

### 7.2 Other Adjustments

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

- **For services** this represents the removal of the accumulated absences accrual as allowed by statute.

## 8 Expenditure and Income Analysed by Nature

	2019/20 £'000	2018/19 £'000
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
Police Pay and Allowances	66,130	62,561
Police Staff Pay and Allowances	45,063	42,339
Other Pay and Allowances	65	818
Other Employee Expenses	1,906	1,729
Police Pensions	32,252	71,940
Premises	5,052	4,734
Transport	3,250	3,208
Supplies and Services	14,961	13,737
Agency and Contracted Services	1,543	1,344
Funding to PCC (Re RCCO)		
Intra-Group Adjustment for financial resources consumed	(165,571)	(159,609)
Pension Top Up Grant Transferred to Pension Fund	15,546	19,755
Net interest on the net defined benefit liability	40,674	38,090
<b>(Surplus) or Deficit on Provision of Services</b>	<b>60,871</b>	<b>100,646</b>

## 9 Movement in Reserves Statement – 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 Chief Constable in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure. The adjustments are made against the General Fund Balance.

	<b>2019/20</b>	<b>2018/19</b>
	<b><u>Usable Reserves</u></b>	<b><u>Usable Reserves</u></b>
	<b>General Fund</b>	<b>General Fund</b>
	<b>Balance</b>	<b>Balance</b>
	<b>£000</b>	<b>£000</b>
<b>Adjustments to the Revenue Resources</b>		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	60,556	100,595
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	315	51
<b>Total Adjustments to Revenue Resources</b>	<b>60,871</b>	<b>100,646</b>
<b>Total Adjustments</b>	<b>60,871</b>	<b>100,646</b>

## 10 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Pension Top Up Grant Transferred to Pension Fund	15,546	19,755
	<b>15,546</b>	<b>19,755</b>

Note – Pension Top Up Grant is received from the Home Office to meet the Constabulary's cost of police officer pensions.

## 11 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Net interest on the net defined benefit liability	40,674	38,090
	<b>40,674</b>	<b>38,090</b>

Note – this represents the interest costs associated with the LGPS pensions deficit.

## 12 Creditors

	2019/20 £000	2018/19 £000
Accruals	<u>(1,826)</u>	<u>(1,511)</u>
	<b><u>(1,826)</u></b>	<b><u>(1,511)</u></b>

The balance of creditors is a financial instrument, with the category of current other liabilities and is included in disclosure note 18 of the Group accounts.

## 13 Unusable Reserves

The unusable reserves comprise of our Pension and Accumulated Absence Reserve. Details below.

### Pension Reserve

The Pension 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 Chief Constable accounts for post employment benefits:

- In the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service;
- By updating the liabilities recognised to reflect inflation; and
- By 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 Chief Constable makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable 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. The movements on the pensions liability have been disclosed in Note 20.

*The Chief Constable of Cambridgeshire Constabulary  
Draft Statement of Accounts 2019/20*

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April		
Pension reserve opening balance transfer to PCC	(1,651,725)	(1,491,309)
Remeasurements of the net defined benefit liability	164,693	(59,821)
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	(100,498)	(140,681)
Employer's pensions contributions and direct payments to pensioners payable in the year	39,942	40,086
	<u><b>(1,547,588)</b></u>	<u><b>(1,651,725)</b></u>

**Accumulated Absences Account (Group)**

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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(1,513)	(1,460)
Amount by which employer 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	<u>(312)</u>	<u>(53)</u>
Balance at 31 March	<u><b>(1,825)</b></u>	<u><b>(1,513)</b></u>

**14 Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Movement in Pension Liability	60,556	100,595
Other non-cash items charged to the net surplus or deficit on the provision of services	315	51
	<u><b>60,871</b></u>	<u><b>100,646</b></u>

**15 Joint Operations**

**Eastern Region Special Operations Unit**

The Eastern Region Special Operations Unit (ERSOU) was established on 1st April 2010 as a joint arrangement between 6 forces – Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Kent and Bedfordshire, to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

Expenditure of £2.717m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement. As all assets, liabilities and reserves, except those relating to staff and officers under the direction and control of the Chief Constable, are held by the PCC only the operational policing costs of the ERSOU joint operation have been included in the Chief Constable's Comprehensive Income and Expenditure Statement. The full consolidation is included in the PCC and Group Statement of Accounts.

The income and expenditure for the ERSOU joint operation is shown below:

2019/20	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-426	-551	-1013	-772	-476	-626	-472	-4,336
Running Costs	2,384	3,083	2,946	4,318	2,721	3,497	2,640	21,589
Depreciation	39	35	20	61	4	47	39	245
<b>Surplus / Deficit</b>	<b>1,997</b>	<b>2,567</b>	<b>1,953</b>	<b>3,607</b>	<b>2,249</b>	<b>2,918</b>	<b>2,207</b>	<b>17,498</b>
2018/19	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-517	-682	-1022	-951	-486	-749	-576	-4,983
Running Costs	2,314	2,998	2,450	4,218	2,215	3,379	2,572	20,146
Depreciation	50	46	28	85	7	64	54	334
<b>Surplus / Deficit</b>	<b>1,847</b>	<b>2,362</b>	<b>1,456</b>	<b>3,352</b>	<b>1,736</b>	<b>2,694</b>	<b>2,050</b>	<b>15,497</b>

### Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Collaborative Units

Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary participates in collaborative arrangements with Bedfordshire Police and Crime Commissioner/ Bedfordshire Police and Hertfordshire Police and Crime Commissioner/Hertfordshire Constabulary. The collaborated units are jointly staffed and funded by the three forces and are overseen by governance boards where all forces are equally represented and decisions are made with the unanimous consent of all Forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

Expenditure of £28.039m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement. The table below provides the breakdown across the functions that are collaborated.

### 7 Force Procurement

Procurement across Seven Forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk has been collaborated to form a single 7F Procurement function during the latter quarter of the year. It's aim is delivery of an effective Police service and provide support for victims of crime by procuring and managing a high quality, value for money supply chain. The team will be working towards aligning contracts across the seven forces, increasing the opportunity for greater interoperability across the region and enhancing efficiency and effectiveness.

The costs to Cambridgeshire Constabulary during 2019/20 were £362k.

The net operating costs for the BCH joint operations is shown below:

Beds 2018/19 £'000	Cambs 2018/19 £'000	Herts 2018/19 £'000	Total 2018/19 £'000		Beds 2019/20 £'000	Cambs 2019/20 £'000	Herts 2019/20 £'000	Total 2019/20 £'000
				<b>Joint Protective Services</b>				
2,691	2,345	2,700	<b>7,736</b>	Armed Policing Unit	2,809	2,471	2,816	<b>8,096</b>
696	860	1,161	<b>2,717</b>	Dogs	731	913	1,221	<b>2,865</b>
2,442	2,933	3,616	<b>8,991</b>	Major Crime Unit	2,492	3,022	3,691	<b>9,205</b>
284	363	514	<b>1,161</b>	Operational Planning & Public Order	280	362	506	<b>1,148</b>
211	269	381	<b>861</b>	Protective Services Command Team	245	318	444	<b>1,007</b>
93	119	169	<b>381</b>	Resilience	95	123	171	<b>389</b>
2,724	3,919	5,249	<b>11,892</b>	Roads Policing Unit	2,471	3,591	4,769	<b>10,831</b>
2,054	2,496	3,390	<b>7,940</b>	Scientific Services Unit	2,433	2,986	4,019	<b>9,438</b>
<b>11,195</b>	<b>13,304</b>	<b>17,180</b>	<b>41,679</b>	<b>Total Joint Protective Services</b>	<b>11,556</b>	<b>13,786</b>	<b>17,637</b>	<b>42,979</b>
				<b>Operational Support</b>				
271	346	489	<b>1,106</b>	Criminal Justice & Custody Management Team	277	359	502	<b>1,138</b>
599	765	1,083	<b>2,447</b>	Criminal Justice	655	850	1,187	<b>2,692</b>
101	195	159	<b>455</b>	Firearms & Explosives Licensing	108	210	171	<b>489</b>
40	51	72	<b>163</b>	Local Criminal Justice Board	0	0	0	<b>0</b>
-338	-427	-563	<b>-1,328</b>	Camera, Tickets, Collisions	-356	-454	-593	<b>-1,403</b>
3,740	4,774	6,761	<b>15,275</b>	ICT	3,603	4,671	6,527	<b>14,801</b>
242	309	437	<b>988</b>	Public Contact Senior Leader Team	303	393	549	<b>1,245</b>
<b>4,655</b>	<b>6,013</b>	<b>8,438</b>	<b>19,106</b>	<b>Total Operational Support Expenditure</b>	<b>4,590</b>	<b>6,029</b>	<b>8,343</b>	<b>18,962</b>
				<b>Organisational Support</b>				
514	657	930	<b>2,101</b>	Collaboration Team	455	590	825	<b>1,870</b>
3,891	5,093	7,408	<b>16,392</b>	HR / L&D	4,056	5,257	7,345	<b>16,658</b>
642	820	1,161	<b>2,623</b>	Information Management Department	668	866	1,210	<b>2,744</b>
1,070	1,102	1,607	<b>3,779</b>	Professional Standards Unit	1,104	1,149	1,659	<b>3,912</b>
231	294	417	<b>942</b>	Procurement	279	362	506	<b>1,147</b>
<b>6,348</b>	<b>7,966</b>	<b>11,523</b>	<b>25,837</b>	<b>Total Organisational Support Expenditure</b>	<b>6,562</b>	<b>8,224</b>	<b>11,545</b>	<b>26,331</b>
<b>22,198</b>	<b>27,283</b>	<b>37,141</b>	<b>86,622</b>	<b>Total Net Operating Costs</b>	<b>22,708</b>	<b>28,039</b>	<b>37,525</b>	<b>88,272</b>

## 16 Officers' Remuneration

		Salaries, fees & allowances £	Bonuses £	Benefits in Kind £	Total Remuneration excluding pension contributions £	Employer's pension contributions £	Total Remuneration including pension contributions £
<b>Chief Constable's Accounts</b>							
Chief Constable							
<i>Nick Dean</i>	<b>2019/20</b>	<b>148,280</b>	-	<b>5,497</b>	<b>153,777</b>	<b>44,879</b>	<b>198,656</b>
<i>Nick Dean from 29/09/2018</i>	2018/19	73,912	-	4,466	78,378	15,365	93,743
<i>Alec Wood to 28/09/2018</i>	2018/19	84,021	-	4,911	88,932	-	88,932
Deputy Chief Constable							
<i>Jane Gyford from 13/05/2019</i>	<b>2019/20</b>	<b>114,781</b>	-	-	<b>114,781</b>	<b>32,799</b>	<b>147,580</b>
<i>Alan Baldwin until 17/06/2019</i>	<b>2019/20</b>	<b>33,063</b>	-	-	<b>33,063</b>	<b>7,804</b>	<b>40,867</b>
<i>Alan Baldwin</i>	2018/19	125,880	-	5,163	131,043	24,863	155,906
Assistant Chief Constables							
<i>Dan Vajozvic**</i>	<b>2019/20</b>	<b>113,892</b>	-	-	<b>113,892</b>	<b>35,690</b>	<b>149,582</b>
<i>Nav Malik &amp; Dan Vajozvic</i>	2018/19	241,960	-	6,148	248,108	49,657	297,765
Chief Finance Officer (Constabulary)							
<i>Jon Lee from 11/12/2019</i>	<b>2019/20</b>	<b>31,871</b>	-	-	<b>31,871</b>	<b>7,298</b>	<b>39,169</b>
<i>Niki Howard until 30/09/2019</i>	<b>2019/20</b>	<b>52,028</b>	-	-	<b>52,028</b>	<b>11,914</b>	<b>63,942</b>
<i>Niki Howard</i>	2018/19	104,806	-	-	104,806	24,001	128,807
Assistant Chief Constable - BCH Joint Protective Services							
<i>Paul Fullwood</i>	<b>2019/20</b>	<b>117,777</b>	-	<b>3,484</b>	<b>121,261</b>	<b>35,679</b>	<b>156,940</b>
<i>Paul Fullwood</i>	2018/19	108,759	-	6,058	114,817	22,594	137,411
<b>Totals</b>	<b>2019/20</b>	<b>611,691</b>	-	<b>8,981</b>	<b>620,672</b>	<b>176,063</b>	<b>796,735</b>
	2018/19	739,337	-	26,746	766,083	136,480	902,563

\*\* Our ACC Nav Malik has been seconded to a role outside of Cambridgeshire Police during the year. His post is being covered through a secondment by Sharn Basra from Bedfordshire Police from 22 Oct 2019 to 31st March 2020. During this Period we paid Bedfordshire Police £61,510.82 to cover the secondment costs

The number of employees and senior police officers holding a rank above that of superintendent whose remuneration, excluding employer's pension contributions, was £50,000 or more, in bands of £5,000, was as follows:

	<b>2019/20</b>	<b>2018/19</b>
£50,000 to £54,999	13	5
£55,000 to £59,999	2	3
£60,000 to £64,999	1	2
£65,000 to £69,999	1	-
£70,000 to £74,999	1	1
£75,000 to £79,999	1	3
£80,000 to £84,999	3	2
£85,000 to £89,999	1	3
£90,000 to £94,999	3	1
£95,000 to £99,999	-	1
£100,000 to £104,999	-	1
£105,000 to £109,999	1	1
£110,000 to £114,999	1	1
£115,000 to £119,999	2	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	1	2
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	1	-
	<b>32</b>	<b>27</b>

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 16 where they earned over £50k.

The numbers of exit packages with total cost per band and the total cost of redundancies agreed are set out below:

Exit package cost band	2019/20 No.	2018/19 No.	2019/20 £'000	2018/19 £'000
£0 - £20,000	5	7	62	48
£20,001 - £40,000	-	2	-	36
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
	<b>5</b>	<b>9</b>	<b>62</b>	<b>84</b>

## 17 Audit Costs

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

	2019/20	2018/19
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<u>12</u>	<u>12</u>

## 18 Related Parties

The Chief Constable is required to disclose material transactions with related parties, being bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might be constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

### Police and Crime Commissioner

The Police and Crime Commissioner has direct control over the groups finances, including responsibility for funding of all pensions' liabilities, and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the Police and Crime Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept. (see note 6)

### Central Government

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from government departments are set out in the PCC Group and the PCC Statement of Accounts 2019/20.

### Officers

During the year, the Chief Constable, the Assistant Chief Constable and the Chief Finance Officer (Constabulary) were trustees of the Shrievalty Trust.

### Cambridgeshire Police Shrievalty Trust

The Cambridgeshire Police Shrievalty Trust is a charitable organisation supported by the Group whose objective is to support efforts to "Create a Safer Cambridgeshire". Details of Officers who were trustees throughout the period are set out below:

Officers: N Dean, Chief Constable  
N Howard, Chief Finance Officer (Constabulary) to 31 Oct 2019

In the year to 31 March 2020, the Office of the Police and Crime Commissioner, as part of the Group, had dealings with the Trust being a Victims Support grant contribution of £50,000 (2018/19 £50,000). We do not produce consolidated accounts for this as the amount is immaterial.

**Other Public Bodies (subject to common control by central government)**

The Chief Constable has a pooled budget arrangement (joint operation) with the 6 other eastern police forces for the provision of tackling organised crime and further pooled budget arrangements (joint operation) with Bedfordshire Police and Hertfordshire Constabulary for the provision of a range of policing services. Transactions and balances outstanding are detailed in the PCC Group and the PCC Statement of Accounts 2019/20.

The Chief Constable participates in four pension schemes the Local Government Pension Scheme (LGPS) for Police Staff, the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and PPS 2015 are administered by XPS Pension Group. See Note 20 for details of transactions and balances outstanding.

During the year the Chief Constable made payments totalling £1,453k to the six local authorities for National Non-Domestic Rates Bills (2018/19 £1,569k).

**19 Group's Retirement Benefits**

**Participation in Pension Schemes**

As part of the terms and conditions of employment of its Police Officers and Police Staff, the Chief Constable offers retirement benefits which are normally payable on retirement. The Chief Constable, however, is required to disclose its commitment to pay future retirement benefits as those benefits are earned by officers or employees.

The Chief Constable participates in four pension schemes:

- i) the Local Government Pension Scheme (LGPS) for Police Staff, administered by Cambridgeshire County Council. This is a defined benefit, funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. As corporations sole the Police and Crime Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and
- ii) the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes,

administered by XPS Pension Group, meaning that there are no investment assets built up to meet the pension liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Chief Constable. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

**Transactions Relating to Post Employment Benefits**

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by staff rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2019/20			2018/19		
	Police Pensions £000	LGPS- Chief Constable £000	Total £000	Police Pensions £000	LGPS- Chief Constable £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>						
<i>Cost of Services:</i>						
Current service cost	42,548	12,004	54,552	25,945	10,114	36,059
Past service costs	5,250	22	5,272	65,750	782	66,532
	<b>47,798</b>	<b>12,026</b>	<b>59,824</b>	<b>91,695</b>	<b>10,896</b>	<b>102,591</b>
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	38,390	2,284	40,674	36,200	1,890	38,090
	<b>38,390</b>	<b>2,284</b>	<b>40,674</b>	<b>36,200</b>	<b>1,890</b>	<b>38,090</b>
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>						
	<b>86,188</b>	<b>14,310</b>	<b>100,498</b>	<b>127,895</b>	<b>12,786</b>	<b>140,681</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets	-	13,974	13,974	-	(6,156)	(6,156)
Actuarial gains and losses arising on changes in demographic assumptions	(47,160)	(6,087)	(53,247)	-	-	-
Actuarial (gains) and losses arising on changes in financial assumptions	(49,210)	(30,610)	(79,820)	44,620	23,797	68,417
Other	(28,500)	(17,100)	(45,600)	(2,420)	(20)	(2,440)
	<b>(124,870)</b>	<b>(39,823)</b>	<b>(164,693)</b>	<b>42,200</b>	<b>17,621</b>	<b>59,821</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>						
	<b>(38,682)</b>	<b>(25,513)</b>	<b>(64,195)</b>	<b>170,095</b>	<b>30,407</b>	<b>200,502</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	<b>(86,188)</b>	<b>(14,310)</b>	<b>(100,498)</b>	<b>(127,895)</b>	<b>(12,786)</b>	<b>(140,681)</b>
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	<b>33,850</b>	<b>6,092</b>	<b>39,942</b>	<b>34,108</b>	<b>5,978</b>	<b>40,086</b>

### Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2019/20			2018/19		
	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000
Balance at 1 April	1,559,682	263,302	1,822,984	1,423,695	224,507	1,648,202
Current service cost	42,548	12,004	54,552	25,945	10,114	36,059
Past service costs	5,250	22	5,272	65,750	782	66,532
Interest cost	38,390	6,443	44,833	36,200	6,176	42,376
Contributions by scheme participants	7,210	1,693	8,903	6,540	1,645	8,185
Benefits paid	(41,060)	(4,452)	(45,512)	(40,648)	(3,699)	(44,347)
Remeasurement gain/loss:						
Actuarial gains/losses arising from changes in demographic assumptions	(47,160)	(6,087)	(53,247)	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(49,210)	(30,610)	(79,820)	44,620	23,797	68,417
Other	(28,500)	(17,100)	(45,600)	(2,420)	(20)	(2,440)
<b>Balance at 31 March</b>	<b>1,487,150</b>	<b>225,215</b>	<b>1,712,365</b>	<b>1,559,682</b>	<b>263,302</b>	<b>1,822,984</b>

Reconciliation of fair value of the scheme assets:

	2019/20			2018/19		
	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	171,259	171,259	-	156,893	156,893
Interest Income	-	4,159	4,159	-	4,286	4,286
Remeasurement gain/loss:						
The return on plan assets, excluding the amount included in the net interest expense	-	(13,974)	(13,974)	-	6,156	6,156
Contributions from employer	33,850	6,092	39,942	34,108	5,978	40,086
Contributions from employees into the scheme	7,210	1,693	8,903	6,540	1,645	8,185
Benefits paid	(41,060)	(4,452)	(45,512)	(40,648)	(3,699)	(44,347)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>164,777</b>	<b>164,777</b>	<b>-</b>	<b>171,259</b>	<b>171,259</b>

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

	Police Pensions £000		LGPS £000		Total £000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Present value of the defined benefit obligation	1,487,150	1,559,682	225,215	263,302	1,712,365	1,822,984
Fair Value of Plan Assets	-	-	(164,777)	(171,259)	(164,777)	(171,259)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,487,150</b>	<b>1,559,682</b>	<b>60,438</b>	<b>92,043</b>	<b>1,547,588</b>	<b>1,651,725</b>

The PPS has no assets to cover its liabilities. The LGPS's assets consist of the following categories, by proportion of the total assets held:

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>£000</b>	<b>£000</b>
Cash and Cash Equivalents	2,164	2,121
Private Equity	13,229	12,967
Debt Securities		
UK government	4,334	4,249
Equity Instruments:		
By industry type		
Consumer	5,279	5,174
Manufacturing	3,145	3,082
Energy and Utilities	3,669	3,596
Financial Institutions	6,568	6,438
Health and Care	1,057	1,036
Information Technology	930	911
Investment Funds and Unit Trusts		
Equities	97,873	95,938
Bonds	16,236	15,915
Infrastructure	7,272	7,128
Other	12,961	12,704
	<b>174,714</b>	<b>171,259</b>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,546m (£1,487m police officer pension scheme and £60m unfunded liabilities in LGPS for police staff) has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,549m. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains stable:

- i) the deficit on the LGPS will be made good by increased contributions over the remaining working lives of employees, as assessed by the scheme actuary; and
- ii) finance is only required to be raised to cover police pensions as and when they are actually paid.

**Basis of 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 dependant on assumptions made about mortality rates and salary levels. The PPS, the NPPS and the PPS 2015 have been assessed by the Government Actuary's Department. The LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2018/19	2017/18	2018/19	2017/18
Men	22.4	22.4	22.7	22.6
Women	24.4	24.4	24.3	24.5
Men	24.0	24.0	24.6	24.5
Women	26.3	26.3	26.2	26.4
Rate of increase in salaries	2.8	2.6	4.3	4.3
Rate of increase in pensions	2.5	2.3	2.3	2.3
Rate for discounting scheme liabilities	2.4	2.7	2.4	2.6

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

	Chief Constable Scheme		Police Pension Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £000
Change in assumptions at 31 March 2019				
0.5% increase in Real Discount Rate	-13%	(33,455)	-10.5%	(155,000)
0.5% increase in the Salary Increase Rate	2%	5,089	1.5%	21,000
0.5% Increase in the Pension Increase Rate	11%	27,794	8.5%	124,000
Life Expectancy (Pensioners assumed to be one year younger)			2.5%	38,000

### Impact on Cash Flows

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2020 is £5,819k (2018/19 £5,457k). Expected contributions for the Police Pension Scheme in the year to 31 March 2020 are £15,040k (2018/19 £11,457k).

### **McCloud / Sargeant judgement**

The Chief Constable of Cambridgeshire along with other Chief Constables and the Home Office, currently has claims lodged in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, the Government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25 March.

The Police Minister has indicated that remedy period will not end before 2022. It is anticipated the Treasury will consult on proposals to implement remedy in the coming months to be followed by primary legislation and scheme regulation.

### **Impact on Pension Liability**

Allowing for all members to remain in their existing scheme as at 1 April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for Cambridgeshire to be approximately 4.4% or £67.5m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018-19 accounts. In 2019-20, scheme actuaries have reviewed these assumptions and have allowed for the additional accrual of “better off” benefits for affected members during the year April 2019 to March 2020. This additional liability has been included in the Current Service Cost. This decrease reflects a change in assumptions and therefore represents a gain on remeasurement and reported in the Comprehensive Income and Expenditure Statement (CIES).

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.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have 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 police authority in the form of a central government top-up grant.

### Compensation Claims

The employment tribunal has agreed a process for the consideration of compensation claims between April 2020 and January 2021. The basis of claims from claimants is due in April 2020 and the identity and banding of claims proposed by claimants is due in June for non-pecuniary claims and September for pecuniary claims. As at 31st March 2020, it is not possible to estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

## 20 Transport Consortium

The PCC for Cambridgeshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Cambridgeshire's contribution for 2019/20 was £2.6m (£2.6m in 2018/19). Costs are allocated to the forces in proportion to the size of their fleet. The total costs of the consortium are shown below:

	2019/20 £000	2018/19 £000
Employee Costs	2,602	2,602
Premises	434	412
Running Costs	4,612	3,849
Insurance	2,352	3,599
Vehicles	9,663	7,764
Income	(1,537)	(1,488)
	<b>18,126</b>	<b>16,738</b>

## **21 Pension Account**

The Chief Constable is required to maintain a Pensions Account in order to discharge its responsibility for paying the pensions of retired officers and their survivors and to account to the Home Office as sponsoring department for police pensions funding. The Pensions Account has the legal status of a fund for the purposes of the Local Government Finance Act and all accounting entries are recorded, administered and governed by The Police Pension Fund Regulations 2007.

Credits to the Pension Account include contributions from both the Chief Constable and serving police officers who are members of either the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) or the Police Pension Scheme 2015 (PPS 2015). The Chief Constable's contributions in 2019/20 were at a rate of 31.0% of pensionable salary (previously 21.3% plus further 2.9%). These rates are set by the Home Office and are subject to triennial revaluation by the Government's Actuary Department.

Charges to the Pension Account include pensions to retired police officers and their survivors and commutations and lump sum retirement benefits.

The Pension Account is balanced to nil each year by the receipt of pension top-up grant from, or by paying over any surplus to, the sponsoring department. The effect of this funding mechanism is that the employer's contribution of 31.0% of serving police officers' pensionable salary and together with injury pensions and a capital charge for ill-health retirements, falls to be charged to the Group's Comprehensive Income and Expenditure Statement.

The Pension Account is designed to discharge liabilities to pay pensions as they fall due and no account is taken of pensions and other liabilities after the period end.

A statement of account for the Pension Account, together with its net current assets and liabilities at 31 March 2020, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out in Note 1, where applicable.

Full details of the Chief Constable's retirement benefits have been disclosed in Note 20.

**Fund Account**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Contributions receivable:		
From employer:		
Normal	(15,516)	(11,532)
Early retirements	(481)	(540)
From members	(6,668)	(6,386)
Transfers in	(558)	(173)
	<u><b>(23,223)</b></u>	<u><b>(18,631)</b></u>
Benefits payable:		
Pensions	31,763	30,368
Commutations and lump sum retirement benefits	6,899	7,975
	<u><b>38,662</b></u>	<u><b>38,343</b></u>
Payments to and on account of leavers:		
Refunds of contributions	108	30
Individual transfers out to other schemes	-	13
	<u><b>108</b></u>	<u><b>43</b></u>
Net amount for the year before top-up grant payable by sponsoring department	<b>15,547</b>	<b>19,755</b>
Amount to sponsoring department	<b>(15,547)</b>	<b>(19,755)</b>
<b>Balance on Fund at 31 March</b>	<u><b>-</b></u>	<u><b>-</b></u>

## 22 Glossary of Terms

Accrual	The recognition in the correct accounting period of income and expenditure as it is earned or incurred rather than as cash is received or paid.
Accrued Retirement Benefits (Pensions)	The retirement benefits for service up to a given point in time, whether vested rights or not.
Actuarial Gains And Losses (Pensions)	For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.
Budget	A financial statement of the Group's plans for any given year.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the leading professional accountancy body for public services.
Creditors	Amounts owed by the Group for work done, goods received or services rendered, but for which payment has not been made at the date of the balance sheet.
Curtailment (Pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of current staff or reduces for a number of staff the accrual of defined benefits for some or all of their future service.
Current Service Costs (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from pensionable service earned in the current period.
Debtors	Sums of money due to the Group, but unpaid at the balance sheet date.
Defined Benefit Scheme (Pensions)	A scheme to provide retirement benefits, the value of which are independent of the contributions payable, and that are not directly related to the underlying investments.
Expected Rate of Return on Pension Assets	For a funded, defined benefit scheme, the average rate of return, net of any charges, expected to be earned on assets held by the scheme over the remaining life of the related obligation to pay future retirement benefits.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial Reporting Standards (FRSs)	Standards developed by the Accounting Standards Board to regulate the preparation and presentation of statement of accounts. See Statements of Standard Accounting Practice.

Government Grants	Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Police Grant or for a general purpose (see Revenue Support Grant).
Income	Amounts that the Group receives, or expects to receive, from any source. Income includes fees, charges, sales, specific grants and special grants. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not they have been received in that period.
Injury Award	An injury award compensates an individual for the potential loss of earnings for injury sustained whilst on duty that results in some level of disablement which hinders or prevents them from working in the future. An injury award is a life time award.
International Financial Reporting Standards (IFRSs)	Standards developed by the International Accounting Standards Board to regulate the preparation and presentation of statement of accounts.
Investments (Pensions)	The Group's share of pension scheme assets associated with its liability to pay future retirement benefits.
Past Service Cost (Pensions)	For a defined benefit scheme, the increase in the present value of the scheme liabilities related to staff service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits payable.
Projected Unit Credit Method (Pensions)	An actuarial method of valuing a pension scheme's liability to pay future retirement benefits taking into account estimated increases in future earnings.
Reserves	Amounts set aside by the Group that do not fall within the definition of a provision.
Retirement Benefits (Pensions)	All forms of consideration given by an employer in exchange for services rendered by staff that are payable after completion of the engagement.
Revenue Expenditure	The day-to-day spending and income of the Group on such items as staff, goods, services and equipment.
Revenue Fund Balances	The accumulated surplus of income over expenditure held in reserve.
Scheme Liabilities (Pensions)	The liabilities to pay future retirement benefits, measured using the projected unit credit method, of a defined benefit scheme for outgoings falling due after the valuation date.
Service Reporting Code of Practice (SeRCOP)	A CIPFA Code that is designed to ensure a consistent and comparable approach to the calculation of the cost of services.

Settlement  
(Pensions)

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation.