



# **THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK**

## **GROUP AND PCC STATEMENT OF ACCOUNTS**

**for the year ended**

**31 March 2021**

**DRAFT**

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## **INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK**

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# Statement of Responsibilities for the Statement of Accounts

## The Police and Crime Commissioner for Suffolk (PCC for Suffolk) Responsibilities

The PCC for Suffolk must:

- Arrange for the proper administration of the PCC for Suffolk's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer (CFO PCC).
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.
- Ensure that there is an adequate Annual Governance Statement.

## Approval of Statement of Accounts

I approve the following Statement of Accounts

**Tim Passmore**

**30 June 2021**

**Police and Crime Commissioner for Suffolk**

## The Chief Finance Officer of the PCC for Suffolk Responsibilities

The CFO PCC is responsible for preparing the Statement of Accounts for the PCC for Suffolk in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the Code").

In preparing this statement of accounts, the CFO PCC has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code and its application to local authority accounting.

The CFO PCC has also:

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

## Certified by Chief Finance Officer of the PCC for Suffolk

I certify that this statement of accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the PCC at 31 March 2021, and its income and expenditure for the year to that date.

**Chris Bland CPFA**

**30 June 2021**

**Chief Finance Officer**

## NARRATIVE REPORT

This narrative report provides the following information about the Office of the Police and Crime Commissioner for Suffolk (OPCC) and the Suffolk PCC Group. Section 6 presents an assessment of the impact of Covid-19 on the Suffolk PCC Group:

1. Policing context
2. Governance
3. Risks
4. Non-financial performance 2020/21
5. Financial performance 2020/21
6. Covid-19 pandemic
7. Outlook
8. Basis of preparation

### 1. Policing Context

#### The Office of the Police and Crime Commissioner for Suffolk

Under the Police Reform and Social Responsibility Act 2011 (the Act) the Police and Crime Commissioner for Suffolk (PCC) and the Chief Constable of Suffolk Constabulary were established as separate legal entities. Corporate governance arrangements for the PCC and the Chief Constable have been reviewed and a commentary on their effectiveness is provided in their Annual Governance Statements which are published alongside these Statements of Accounts.

The responsibilities of the PCC, determined by the Act, include:

- **Publishing** a Police and Crime Plan;
- **Holding** the Chief Constable to account for the running of the Constabulary;

- **Agreeing** the Constabulary budget for the year and the level of the precept;
- **Working** with partner organisations and building on collaboration arrangements with other organisations; and
- **Publishing** an annual report setting out progress against the strategic priorities published in the Police and Crime Plan.

For accounting purposes, the PCC for Suffolk is the parent entity of the Chief Constable of Suffolk and together they form the Suffolk PCC Group.

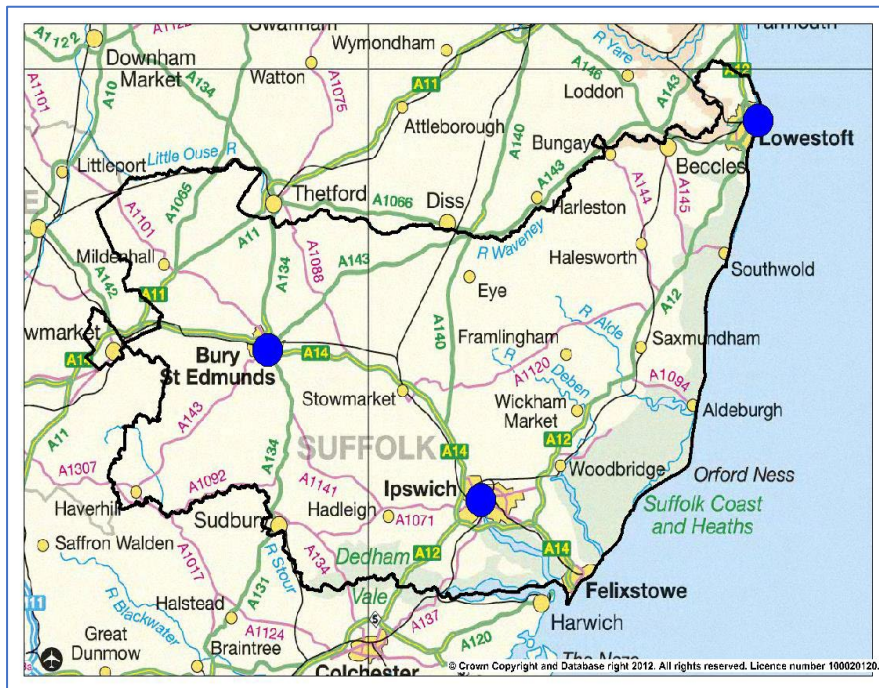
Tim Passmore was elected in 2012 as the PCC for Suffolk and was re-elected in May 2016. PCC elections scheduled for May 2020 were postponed by 12 months due to the Covid-19 pandemic. Mr. Passmore was re-elected as PCC for Suffolk in May 2021 and will serve a 3-year term to May 2024.

The PCC is held to account by the Police and Crime Panel, which scrutinises the actions and decisions of the PCC. Formal public meetings between the PCC and the Chief Constable are held every two months. An independent Audit Committee has also been established in accordance with recommendations from the Home Office and the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### The County of Suffolk

Suffolk is a rural county in eastern England with a land area of 1,466 square miles. Located 60 miles north east of London, it is bordered by Norfolk to the north, Cambridgeshire to the west and Essex to the south. The North Sea marks the eastern border of the county (see [Figure 1](#)).



**Figure 1 – Map of the County of Suffolk**

Note: Principal police stations are marked in blue

Ipswich is the largest town and is the major economic, social, and cultural hub of the county. Lowestoft, Bury St Edmunds, Newmarket, and Felixstowe also present specific policing needs related to the nature of their industries; such as tourism in Lowestoft, horse racing in Newmarket and Britain's biggest and busiest seaport in Felixstowe.

Suffolk Constabulary polices a population of 770,400 residents and has grown by an estimated 6% over the last 10 years. It is expected to rise over the next five years to an estimated 788,400 residents, with an increasing ageing population. In 2021 persons aged 65 years and over are estimated

to form 24% of the population, compared to around 31% projected for 2041. The proportion of minority ethnic communities in Suffolk has also risen, from 3% in 2001 to 5% in 2011, with the greatest proportions in Ipswich and Forest Heath (sources: Office for National Statistics and Suffolk Observatory population estimates), with upcoming census data expected to show a further increase. The Constabulary continues to respond to the changing nature of Suffolk's population by ensuring policies take account of equality and diversity.

Suffolk contains several sites of policing significance including: the Port of Felixstowe, British Telecom Research and Development facility, two US Air Force Bases and Sizewell B nuclear power station. The process to decommission Sizewell A is ongoing, whilst construction of a proposed new nuclear power station at Sizewell C will bring additional policing demands, for which robust plans are under development.

Tourism plays a key role in Suffolk's economy and is worth over £2 billion and provides over 40,000 jobs. In 2021, tourism is likely to be higher than usual as a result of higher numbers of domestic tourists due to ongoing Covid-19 restrictions.

### Collaboration and partnership working

The Police Reform and Social Responsibility Act 2011 places duties on chief officers and policing bodies to keep collaboration activities under review and to collaborate where it is in the interests of the efficiency and effectiveness of their own and other police force areas.

Suffolk Constabulary's primary partner for collaboration is Norfolk Constabulary. A joint strategy exists which outlines the collaborative vision for Suffolk and Norfolk and provides a strategic framework within which collaborative opportunities are progressed.

The two police forces have an extensive collaboration, with the programme of collaborative work delivering a number of joint units and departments in areas such as major investigation, protective services, custody, and back office support functions.

Areas of collaboration outside of Norfolk / Suffolk include the Eastern Region Special Operations Unit (ERSOU), a specialist unit with a remit for tackling serious and organised crime in the Eastern Region. ERSOU comprises resources from Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk, and Suffolk forces.

The same seven police forces and their OPCCs form the seven-force strategic collaboration programme, which is working on areas for wider collaboration and savings with a seven-force procurement function established in January 2020.

Suffolk is also part of a ten-force consortium for insurance known as the South East and Eastern Regional Police Insurance Consortium (SEERPIC).

## Partnerships

The PCC and Constabulary are involved in many partnership arrangements at a number of levels from strategic boards, such as the Health and Wellbeing Board, to operational working groups. These are aimed at ensuring the PCC and Constabulary fulfil their statutory responsibilities for partnership working, as well as ensuring they continue to be effective and efficient by working together with partners and key stakeholders in providing continued high-quality service delivery.

## Commissioning

The PCC can commission services that:

- Secure, or contribute to securing, crime and disorder reduction in Suffolk;
- Help victims, witnesses or other persons affected by offences and anti-social behaviour.

This is in accordance with the provisions in the Anti-Social Behaviour, Crime and Policing Act 2014. In applying this provision, the PCC ensures that the services commissioned are also consistent with the Police and Crime Plan 2017-2021.

Two primary grant awarding funds have been utilised in Suffolk. The first is grant funding in relation to local commissioning of victims' support services awarded annually by the Ministry of Justice. This grant is ring-fenced and is used for commissioning victims' services including services for victims of child sexual abuse.

The second, the Crime and Disorder Reduction Grant Fund, was established by the PCC in 2013 for the purpose of commissioning services in accordance with the statutory power outlined above. The PCC allocates part of this fund to the 'PCC Fund' administered by the Suffolk Community Foundation.

Additional external funding (£357k) has been secured during the year through the 'Covid-19 Extraordinary Fund' to support the delivery of domestic abuse and sexual violence services. All this grant funding has been disbursed in line with the grant agreement. The PCC has also been successful in securing a grant of £238,307 from the Home Office for delivery of DA perpetrator programmes until 31 March 2021.

All grants awarded include success criteria, for example intended outcomes and milestones, together with risks. The delivery of clear and measurable outcomes against Police and Crime Plan objectives is described for all initiatives where funding is sought. Grant decisions are published on the PCC website. All grant recipients report on the outcomes and progress of projects. Conditions of award specify that recipients may also be required to report to public accountability meetings, for example the bi-monthly Accountability and Performance Panel.

The performance of service providers has been regularly reviewed and monitored against proposed outputs and outcomes. Where appropriate, services are assessed using the perceptions of victims of crime in terms of their satisfaction with the services and the extent to which they have been supported to cope and recover.

Value for money and efficiency also features in the commissioning and evaluation of services.

## 2. Governance

The International Accounting Standards Board Framework states that assets, liabilities and reserves should be recognised when it is probable that any future economic benefits associated with the item will flow to or from the entity. When the OPCC was established, the PCC took responsibility for the finances of the Group and controls the assets, liabilities and reserves that were transferred from the former Police Authority. With the exception of the liabilities for employment and post-employment benefits, this position has not changed and these balances are shown on the PCC's balance sheet.

The Scheme of Governance and Consent sets out the roles and responsibilities of the PCC and Chief Constable, and also includes the

Financial Regulations and Contract Standing Orders. All contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets, and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the PCC accounts and consolidated in the Group financial statements.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's police officers and police staff operate. The PCC has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the PCC. The PCC does not permit the carry forward of balances or for the Chief Constable to hold cash-backed reserves.

The Chief Constable fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is determined by the PCC. The Chief Constable ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over the Constabulary's police officers, police community support officers and police staff. In exercising day-to-day direction and control the Chief Constable will undertake activities, incur expenditure, and generate income to allow the Constabulary to operate effectively. A distinction is made between the financial impact of this day-to-day direction and control of the Constabulary and the overarching strategic control exercised by the PCC.

The expenditure and income associated with day-to-day direction and control and the PCC's funding to support the Chief Constable is shown in the Chief Constable's accounts, with the main sources of funding from

central government grants and the council tax and the majority of balances being shown in the PCC's accounts.

The Chief Constable's Comprehensive Income and Expenditure Statement recognises transactions in respect of police officer and police staff costs and associated operational incomes. The Chief Constable's balance sheet shows employment and post-employment benefits in accordance with International Accounting Standard 19 (IAS19).

### 3. Risks

The PCC and the Chief Constable maintain strategic risk registers which are regularly reviewed. Risk management policies and procedures are in place to ensure that the risks facing the PCC and Chief Constable in achieving objectives are identified, evaluated, and reported.

A Joint Suffolk and Norfolk Constabularies risk management policy includes details of the risk management framework for Suffolk Constabulary. The policy supports a risk management approach for ensuring that strategic objectives are achieved and shows how risk is dealt with by mitigation and / or escalation to the appropriate level within the Constabulary.

All legal requirements for insurance were met and insurance policies were reviewed as necessary as part of regional consortium arrangements under SEERPIC.

## 4. Non-Financial Performance 2020/21

### Non-financial performance

Like most police forces in England and Wales, crime reported to and recorded by Suffolk Constabulary has been affected by the onset of Covid-19 and the resulting measures that were put in place across 2020 and 2021.

In the 12 months to the end of March 2021, there were 48,077 recorded crimes, 11.7% less than the long-term average of 54,432. This decrease reflects the impact that Covid-19 and its resulting restrictions are likely to have had on opportunities for crime to be committed as well as potential impact on reporting trends. Throughout this time, considerable efforts have been made by officers and staff to encourage reporting from victims of 'hidden crimes', and those from parts of the community which do not normally report crime frequently. As a result, increases in domestic abuse and hate crime have been recorded despite the overall reduction in recorded crime.

The Constabulary continues to prioritise services to vulnerable and at-risk victims, and perpetrators who cause the highest harm. It continues robust operational responses to the threat of 'county lines' organised crime groups, modern slavery, and sexual crimes against adults and children. Collaborations with Norfolk Constabulary, ERSOU, the seven force collaboration and other Suffolk agencies and voluntary organisations, and investments in modern technologies such as automated number plate recognition, mobile computing devices and body worn video cameras are critical parts of these responses.

The Constabulary continues to prioritise community issues through investment in its safer neighbourhood teams and the rural crime team. The Suffolk 2025 project continues to develop evidence based initiatives to reduce demand and improve efficiency, enabling officers to spend more time engaging with communities and responding to local needs.

The Police and Crime Plan 2017-2021 lists the following as priorities for tackling crime in Suffolk:

- [Child Sexual Abuse](#)
- [Domestic Abuse](#)
- [Rural Crime](#)
- [Business Crime](#)

- Serious Sexual Offences
- Online Crime
- Hate Crime
- Emergency Response
- Public Confidence
- Road Safety

The following table shows the year-end position for selected Police and Crime Plan indicators and compares them with last year's performance.

**Table 1: Performance against Police and Crime Plan indicators**

| Area                           | Indicator                                         | 2018/19 | 2019/20 | 2020/21 |
|--------------------------------|---------------------------------------------------|---------|---------|---------|
| <b>Domestic Abuse</b>          | Number of crimes                                  | 7,895   | 8,923   | 9,358   |
|                                | Solved rate                                       | 16%     | 14%     | 11%     |
| <b>Serious Sexual Offences</b> | Number of crimes                                  | 1,891   | 2,088   | 1,749   |
|                                | Solved rate                                       | 6%      | 5%      | 6%      |
| <b>Child Sexual Abuse</b>      | Number of crimes                                  | 1,086   | 1,125   | 1,196   |
|                                | Solved rate                                       | 9%      | 9%      | 10%     |
| <b>Business Crime</b>          | Number of crimes                                  | 7,723   | 6,990   | 4,711   |
|                                | Solved rate                                       | 27%     | 27%     | 24%     |
| <b>Hate Crime</b>              | Number of crimes                                  | 998     | 906     | 994     |
|                                | Solved rate                                       | 16%     | 16%     | 18%     |
| <b>Online Crime</b>            | Number of crimes                                  | 1,377   | 1,492   | 2,013   |
|                                | Solved rate                                       | 11%     | 11%     | 10%     |
| <b>Call Handling</b>           | 999 calls answered in 10 seconds <sup>1</sup>     | 92%     | 91%     | 92%     |
| <b>Emergency Response</b>      | Emergencies responded to in target time           | 91%     | 91%     | 92%     |
| <b>Road Safety</b>             | Number of killed and seriously injured collisions | 274     | 305     | 228     |

<sup>1</sup> 2018/19 figures are for the period June 2018 to March 2019

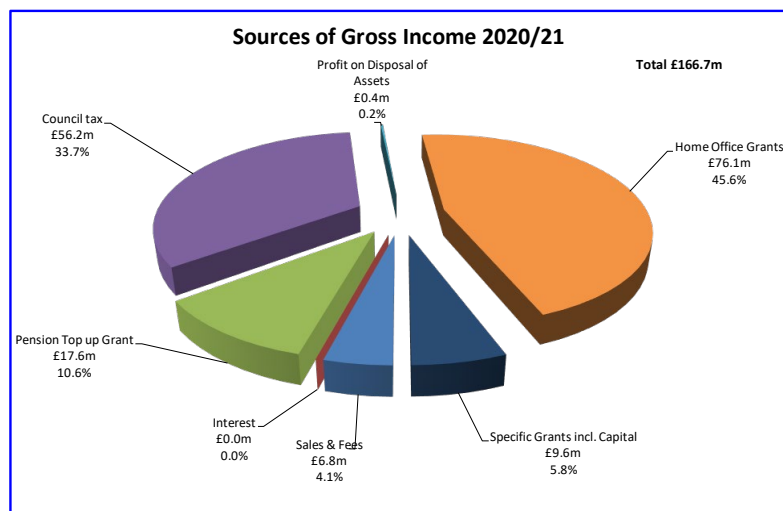
Demands on the Constabulary have changed in nature in recent years. It is experiencing rising volumes of increasingly complex demand, especially in terms of safeguarding, and is reflected in reduced solved rates. The Constabulary continues to prioritise the most harmful crime types such as domestic abuse and serious sexual offences, whilst maintaining strong performance in emergency call handling and response. The Constabulary continues to robustly enforce against road users that speed, fail to wear seatbelts, use mobile phones whilst driving, and drive under the influence of drink and drugs. Often referred to as the 'fatal four', these offences impact upon the number of people killed and seriously injured in road traffic collisions.

## 5. Financial Performance 2020/21

### Sources of Funding

The majority of police funding comes from the government in the form of general and specific grants. The remainder comes from council tax and fees and charges. The financing burden on local council taxpayers, as a percentage of funding, has steadily increased as government grants are reduced. **Chart 1** shows the sources of revenue funding in 2020/21.



**Chart 1: Sources of gross income 2020/21**

### Revenue Budget 2020/21

In January 2020, the PCC approved a net revenue budget for 2020/21 of £133.116m. The council tax for a Band D property for 2020/21 was £222.75 following a decision by the PCC to increase the Council Tax by £9.99 and 4.69% for a Band D property.

### Outturn Revenue Expenditure Compared to Budget

For budgeting purposes, the revenue budget is compiled and controlled as set out in the following table:

|                                                            | Budget<br>£000 | Outturn<br>£000 | Final<br>Variance<br>£000 |
|------------------------------------------------------------|----------------|-----------------|---------------------------|
| Constabulary (net after transfer to reserves)              | 136,976        | 135,083         | 1,893                     |
| Office of the PCC                                          | 890            | 797             | 93                        |
| PCC Commissioning                                          | 850            | 721             | 129                       |
| OPCC - Grants                                              | (5,410)        | (6,201)         | 791                       |
| Net total contributions to / (from) earmarked reserves     | (190)          | 2,997           | (3,187)                   |
| <b>Total Net Expenditure</b>                               | <b>133,116</b> | <b>133,397</b>  | <b>(281)</b>              |
| Grants income                                              | 75,595         | 75,876          | (281)                     |
| Precept income (before collection fund balance adjustment) | 57,521         | 57,521          | -                         |
| <b>Transfer from/(to) General reserves</b>                 | <b>-</b>       | <b>-</b>        | <b>-</b>                  |

Explanations for significant variances are provided below:

- **Chief Constable operational budget:** this is due to underspends in pay and non-pay, together with the in-year savings exercise allowing the transfer to reserves in order to mitigate future funding risks.
- **OPCC – Grants:** this is due to the additional Home Office grants relating to Covid-19, including Surge funding of £0.270m and Pressure funding of £0.522m.

Savings targets of £1.282m were identified for 2020/21 and these savings were achieved.

### Capital Budget 2020/21

The Capital programme for 2020/21, including slippage from 2019/20 and in-year approvals, was £6.215m. Actual expenditure against this total was £4.323m. The under-spend of £1.892m is primarily due to the re-profiling of estates schemes and joint digital projects in the MTFP. Actual expenditure includes an amount of £0.170m relating to incidental and de-minimis expenditure, which is not capitalised in the financial statements but charged directly to the CIES. The capital programme was financed by government grants and contributions of £0.193m, internal borrowing of £0.260m and

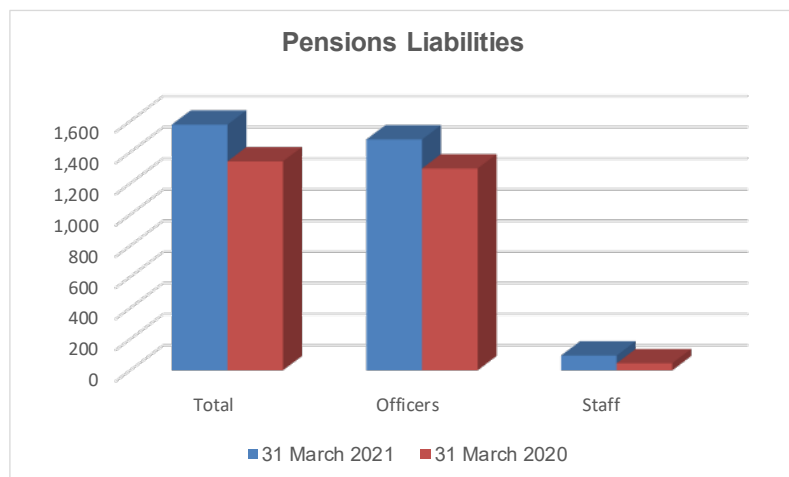
revenue contributions of £3.700m.

## Long Term Liabilities

### Pension Liabilities

The Suffolk PCC Group operates three separate pension schemes for police officers and one scheme for police staff. Although benefits from these schemes will not be payable until an officer or staff member retires, the PCC has a future commitment to make these payments and under financial reporting standards the PCC is required to account for this future commitment based on the full cost at the time of retirement. The PCC's future net pension liabilities, which have been calculated by an independent actuary, are set out in [chart 2](#):

**Chart 2: Suffolk PCC Group pension liabilities**



These liabilities result in the balance sheet showing net overall liabilities of £1,537m at 31 March 2021, however, the financial position of the PCC remains sound as these liabilities are spread over many years.

### PFI Liabilities

At the year end the Suffolk PCC share of the PFI liability associated with police investigation centres amounted to £21.4m. The full cost of the annual unitary charge is included within the PCC's balanced budget. The Suffolk PCC share of an annual grant received from the Home Office supporting the annual unitary charge amounts to £2.7m per annum.

### Reserves

The PCC has usable reserves of £18.166m at 31 March 2021, which are available to support revenue and capital spending. These include a general fund balance made up of earmarked reserves of £12.631m, against which there are significant commitments, a general balance of £4.000m and unapplied capital grants and usable capital receipts of £1.535m. These reserves are not fully supported by cash balances, primarily due to capital expenditure in some prior years being financed from cash.

### Treasury Management

The PCC has agreed a treasury management strategy which complies with CIPFA guidance. During 2020/21, the PCC continued to borrow or invest available cash balances in accordance with cash flow forecasts, ensuring that prescribed policies with regard to security and liquidity were observed. The average level of investments for 2020/21 was £15.9m and the interest received was £0.012m. The overall return of 0.08% was 0.08% lower than the 3-month LIBOR average of 0.16%.

## Annual Governance Statement

The PCC is responsible for conducting a review of the effectiveness of the governance framework, including the system of internal control and management of risk.

This is presented in the Annual Governance Statement 2020/21 that accompanies the Group and PCC Statement of Accounts. A copy is available on the PCC's website at [www.suffolk-pcc.gov.uk](http://www.suffolk-pcc.gov.uk).

## 6. Covid-19 Pandemic

On 18 March 2020, Suffolk and Norfolk Constabularies implemented a joint response to the coronavirus pandemic setting up a dedicated command structure under the operation name 'Operation Response 20'. The pandemic required significant adjustments to policing due to the introduction and requirement to police the coronavirus regulations; the changing behaviours of the public; changes in crime; and the need to enhance the protection of police officers and police staff and maintain service continuity. The impact on the Constabulary in 2020/21 is provided below.

### Provision of Services

The Constabulary maintained its levels of response and investigations throughout the pandemic. Crime types changed during the lockdown period with significant reductions in vehicle crime, shoplifting, theft, and property crime but increases in robbery and on-line crime including fraud. The Constabulary increased proactivity, increasing the level of recorded investigations and pursuing outstanding suspects for historical investigations.

The Constabulary's approach to powers in the *Coronavirus Act 2020* has been for officers to engage, explain, encourage, and only enforce as a last

resort with the overarching aim that people follow the government's guidance on Covid-19.

### The Constabulary's Workforce

Operation Response 20 established a Workplace Health Covid-19 Team to support police officers and police staff to access information and advice relating to all aspects of Covid-19. It developed a series of wellbeing handbooks covering working from home, losing someone from Covid-19 and pregnancy during Covid-19.

The Constabulary supported homeworking wherever possible with additional laptops purchased to allow officers and staff to work from home. Where homeworking was not suitable the Constabulary used its office space more flexibly and secured additional accommodation to support social distancing and permit safe working.

Sickness absence levels from officers and staff off sick or isolating for their own health reasons or due to members of their household displaying symptoms or needing to isolate peaked at the end of March 2020 but have steadily fallen. Operational capacity has been increased through additional hours provided by the Special Constabulary.

### Supply Chains

The Constabulary's supply chain remained resilient for the most part during the pandemic. It made significant purchases of laptops and personal protective equipment in response to the pandemic.

- **Personal protective equipment:** the Constabulary procured significant stocks of PPE to support its operations. High national and international demand disrupted normal supply chains and stocks of PPE ran low but did not run out. PPE was procured through the Eastern



Region's 7 Force collaborated procurement team and sustainable supplies of PPE secured and contingency stocks purchased.

- **Information technology:** significant purchases of laptops were made to support homeworking. Orders placed through existing suppliers were fulfilled, but order sizes restricted and delivery times extended due to national and international demand.
- **Estates:** construction work was slowed or stopped during lockdowns causing delays in the Constabulary's estates programme. The delays did not impact the Constabulary operationally as these were replacement premises with police officers and police staff able to continue working in the existing police stations.

Police vehicle workshops remained operational during the pandemic to service and maintain police vehicles with a stock of vehicle parts purchased in advance of lockdown restrictions being imposed to mitigate the risk of delays or non-supply from vehicle parts' suppliers.

The Constabulary applied provisions under the *Public Contract Regulations 2015* to expedite purchases of operational kit and equipment, to extend contracts with key suppliers and provide supplier relief and varied payment terms to ensure service continuity.

## Financial Impact

Financial reports were prepared regularly showing outturn expenditure and presenting forecasts for expenditure and lost income for 2020/21. Expenditure of £474k was incurred in 2020/21 to support the Constabulary's operational response to the pandemic. The most significant costs were additional IT to support remote working at £229k and PPE & Estates costs at £51k. Lost income during 2020/21 compared to 2019/20, predominately from driver awareness courses, was £223k.

The government reimbursed the Constabulary of the costs of medical and non-medical grade PPE and compensation for a proportion of lost income as a result of the coronavirus pandemic.

The Home Office provided an additional grant of £270k to enhance policing of coronavirus regulations. An enforcement plan was developed and submitted to the Home Office, and regular returns described the use of this additional in-year funding.

In February 2021 the Home Office announced a further allocation of £58m to help cover the costs incurred as a result of responding to Covid-19. This included additional workforce demands, making the Constabulary estate Covid-19-secure, and continuing to enforce coronavirus regulations. Suffolk Constabulary received an allocation of £522k.

In May 2021, the local tax income guarantee grant relating to Collection Fund deficits for 20/21 was confirmed by District Councils, totalling £281k.

Looking forward, the Constabulary remains confident that it can meet any costs incurred as a result of the coronavirus pandemic and offset any lost income through the reprioritisation of planned activities during 2021/22 and the reallocation of budgets.

## Financial Position

### Property Valuations

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of the Coronavirus pandemic on markets might cause a valuer to conclude that there is a material uncertainty, which the valuer would then declare in their report. The valuers have concluded that although the pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets

globally, property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, properties valued were not reported as subject to material valuation uncertainty.

### Pension Plan Assets

Pension assets were valued at the balance sheet date and actual rather than estimated investment returns were reported in year. Therefore, the impact of Covid-19 on pension assets in 2020/21 has been reflected in the accounts.

### Cash Flow Management

The Constabulary's cash flows remained positive throughout the coronavirus pandemic period with no recourse to overdraft or borrowings. The Home Office brought forward payment of the pensions grant of £1.16m to April and the Constabulary received additional funding of £792k to cover the costs of policing during the pandemic. The Constabulary also received reimbursement of the costs of PPE and lost income during the financial year. Additionally, the Home Office released half of the 2020/21 police officer uplift grant earlier than planned and continued to pay the grant monthly, rather than quarterly, in arrears. These measures contributed to support the Constabulary's positive liquidity position.

### Major Risks to the Constabulary

Risks and mitigations were reviewed regularly as part of Operation Response 20's strategic command meetings with a positive reduction in risk scores being achieved. Key risks included:

- Inability to deliver services due to high levels of police officer and police staff absence,

- Increase in community tensions across the county,
- Reduction in levels of public confidence,
- Delivery partners, contractors and suppliers are unable to provide required goods and services, and
- Non-compliance with the Constabulary's statutory responsibilities due to staff absences and / or breakdown in its supply chain.

### Plans for Recovery

Suffolk and Norfolk Constabularies started planning their recovery phase prior to any announcements on the relaxation of lockdown restrictions. A programme of work was established under Operation Evolve for three phases of work: restart, restore and recover. Plans in place cover the following areas:

| Workstream               | Purpose                                                                                                                                                                                       |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Logistics                | <ul style="list-style-type: none"> <li>• Provide Covid-secure workspaces for police officers and police staff</li> </ul>                                                                      |
| Demand                   | <ul style="list-style-type: none"> <li>• Prepare for return to normal demand levels and potential surges when lockdown restrictions are lifted</li> </ul>                                     |
| People                   | <ul style="list-style-type: none"> <li>• Focus on officer and staff wellbeing; supervision of and support to homeworkers; manage backlog of officer and staff leave</li> </ul>                |
| Justice Services         | <ul style="list-style-type: none"> <li>• Embed phone and video investigative and criminal procedures and manage backlog of cases</li> </ul>                                                   |
| Learning and Development | <ul style="list-style-type: none"> <li>• Restart and manage backlog of essential training; review training schedule to minimise absences; continue recruitment of student officers</li> </ul> |
| Service Continuity       | <ul style="list-style-type: none"> <li>• Identify and capture organisational learning</li> </ul>                                                                                              |

## Review of Operational Response and Resilience of Governance Arrangements

The Chief Constables of Suffolk and Norfolk Constabularies commissioned a peer review of their operational policing response to the coronavirus pandemic. The review assessed and tested the approach across a number of key areas including governance and leadership; command, operational structures, and decision-making; internal and external communications; and forward planning to maximise the use of resources.

The report concluded that the collaborated forces of Suffolk and Norfolk acted swiftly to this crisis and the response proved to be effective throughout.

The report made a number of recommendations on issues that had been identified by both forces and were part of future planning. All recommendations have been actioned. The report's authors noted that the recommendations provided confidence that the strategic command team took and continued to take the right actions.

The PCC, Chief Constable and Joint Audit Committee asked the internal auditor to undertake an assurance review of financial controls to test their resilience during the coronavirus pandemic and, for example, the introduction of new ways of working and police officers and police staff working from home or key personnel self-isolating and the relaxation of procurement requirements to facilitate the purchase of personal protective equipment.

This report noted that procurement activity had been challenging and sourcing sufficient personal protective equipment had been the Constabulary's priority. It provided reasonable assurance that the financial controls operated effectively during the pandemic.

## 7. Outlook

### Police and Crime Plan 2017-21

The PCC's Police and Crime Plan 2017-21 presents his four strategic objectives all aimed at making Suffolk a safer place in which to live, work, travel and invest. They are as follows:

- Responding to calls for urgent assistance;
- Caring about victims, communities, the local economy, and our people;
- Protecting the most vulnerable people and communities by preventing, reducing, and solving crime; and
- Delivering efficient and effective services with the right resources.

These have been translated into an action plan that drives day-to-day activities with progress monitored under the PCC's performance management framework.

### Suffolk Constabulary Strategic Plan 2020/21 to 2022/23

The Chief Constable has published his 3-year strategic plan which sets the Constabulary's priorities for 2020/21 to 2022/23. The plan is consistent with the PCC's Police and Crime Plan and the Force Management Statement. The plan contains the following 8 operational and organisational priority outcomes:

#### Operational

- Proactive policing to catch criminals;
- Quality crime investigations to improve service to victims;
- Problem solving with our communities and partners; and
- Building confidence and increasing satisfaction in Suffolk Constabulary.

## Organisational

- Investing in our people and ensuring we are fit for the future;
- Creating capacity to catch and convict criminals and keep the public safe;
- Leadership based on our values; everyone is a leader; and
- We will be courageous, innovative, and ambitious exploiting technology.

Each priority is assigned to a chief officer and supported by areas of operational and organisational focus and measures of success to monitor performance against outcomes.

## Medium Term Financial Plan 2021/22 to 2024/25

### Revenue Funding

The PCC has published a medium term financial plan for 2021/22 to 2024/25. A copy is available from the PCC's website.

Funding for policing services has increased from £133.116m in 2020/21 to £139.538m in 2021/22. This will enable the Constabulary to recruit 53 officers by 31 March 2021 as part of the government's commitment to increase officers nationally by 8,000 by the end of 2021/22. Additional precept funding in 2021/22 will support recruitment of a further 25 officers and 17 police staff.

Both investments support delivery of the PCC's Police and Crime Plan 2017/21 and the Chief Constable's 3-year strategic plan. Monitoring delivery of improvements in performance from the additional policing resources provided will be through meetings of the Accountability and Performance Panel chaired by the PCC.

### Capital Programme

There is an increased investment requirement on the capital programme over the medium-term driven by the continuing pace of modernisation and

ensuring the Constabulary is fit-for-purpose, appropriately equipped and has an appropriate estate footprint. This includes significant investment in the estate and in refreshing the growing ICT and digital capabilities to drive more efficient and more effective ways of working. The Group's capital expenditure programme for 2021/22 is shown in **Table 3**:

**Table 3: Capital programme 2021/22**

|                                         | 2021/22<br>£000 |
|-----------------------------------------|-----------------|
| <b>Suffolk only capital programme</b>   |                 |
| Estates                                 | 4,388           |
| ICT                                     | 455             |
| Vehicles and equipment                  | 842             |
| <b>Sub-total</b>                        | <b>5,685</b>    |
| <b>Share of joint capital programme</b> |                 |
| ICT schemes and projects                | 2,826           |
| <b>Total</b>                            | <b>8,511</b>    |

The capital programme will be funded from the following sources (see [Table 4](#)).

**Table 4:** Funding sources for capital programme 2021/22

|                              | 2020/21      |
|------------------------------|--------------|
|                              | £000         |
| Capital Receipts             | 1,787        |
| Capital Grant                | 118          |
| Revenue Contribution         | 2,900        |
| Capital Financing Reserve    | (657)        |
| Internal/ External Borrowing | 4,363        |
| <b>Total</b>                 | <b>8,511</b> |

### Future Efficiency and Savings Plans

As a result of service pressures, the Constabulary is required to achieve savings of £3.158m in 2021/22 and a further £4.973m across the remaining 3 years of the MTFP period. The PCC and Chief Constable are jointly committed to providing the best possible policing service across Suffolk whilst at the same time increasing efficiency and reducing costs.

## 8. Basis of Preparation

### Going Concern

These accounts are prepared on a going concern basis, which assumes that the PCC for Suffolk and the Suffolk PCC Group will continue in operation for the foreseeable future in accordance with the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice on Local Authority Accounting 2021/22. Further information is provided in Note 29 of the financial statements.

### Explanation of financial statements

This document contains two sets of accounts:

- **PCC for Suffolk:** PCC single entity accounts; and
- **Suffolk PCC Group:** consolidated accounts which incorporate the PCC single entity accounts and the accounts prepared by the Chief Constable.

The 2020/21 Statement of Accounts for the PCC for Suffolk and the Suffolk PCC Group are set out on the following pages. The purpose of individual primary statements is explained below:

- **The Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. Adjustments made between the accounting and funding bases are shown in the Movement in Reserves Statement and the associated notes to the financial statements.
- **The Balance Sheet** shows the value as at the balance sheet date of the assets and liabilities recognised by the Suffolk PCC Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves. These are reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt. The second category of reserves are unusable reserves, which the Group is not able to use to provide services. This category of reserves includes reserves that hold

unrealised gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold and the revaluation gains are realised; and reserves that hold accounting timing differences.

- **The Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Group, analysed into usable and unusable reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These differ from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.
- **The Cash Flow Statement** shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Group.

The PCC is required by statute to make funding decisions on a different basis from the way in which it reports the statement of accounts. A number of adjustments are made to the accounts that are used for budget setting and budget management to incorporate proper accounting adjustments in the area of pensions, employee benefits and depreciation.

The accounting policies are disclosed in Note 1 of the financial statements.

**Chris Bland CPFA**  
**Chief Finance Officer**

# Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

| Gross<br>Expenditure<br>2019/20<br>£000 | Income<br>2019/20<br>£000 | Net<br>Expenditure<br>2019/20<br>£000 | PCC Group                                                                         | Note | Gross<br>Expenditure<br>2020/21<br>£000 | Income<br>2020/21<br>£000 | Net<br>Expenditure<br>2020/21<br>£000 |
|-----------------------------------------|---------------------------|---------------------------------------|-----------------------------------------------------------------------------------|------|-----------------------------------------|---------------------------|---------------------------------------|
| 144,757                                 | (9,169)                   | 135,588                               | <b>Division of Service:</b>                                                       |      | 146,957                                 | (9,727)                   | 137,230                               |
| 8,946                                   | (5,080)                   | 3,866                                 | Constabulary                                                                      |      | 7,853                                   | (5,156)                   | 2,698                                 |
| 1,685                                   | (920)                     | 764                                   | Office of the PCC                                                                 |      | 2,258                                   | (1,537)                   | 721                                   |
|                                         |                           |                                       | PCC commissioning                                                                 |      |                                         |                           |                                       |
| <b>155,388</b>                          | <b>(15,169)</b>           | <b>140,218</b>                        | <b>Net Cost of Police Services</b>                                                |      | <b>157,068</b>                          | <b>(16,420)</b>           | <b>140,648</b>                        |
|                                         |                           |                                       | <b>Other Operating Expenditure:</b>                                               |      |                                         |                           |                                       |
| -                                       | (20,522)                  | (20,522)                              | Home Office contribution to police pensions                                       | 7    | -                                       | (17,606)                  | (17,606)                              |
| -                                       | (503)                     | (503)                                 | Loss / (profit) on disposal of fixed assets                                       |      | -                                       | (388)                     | (388)                                 |
| <b>-</b>                                | <b>(21,025)</b>           | <b>(21,025)</b>                       | <b>Total Other Operating Expenditure</b>                                          |      | <b>-</b>                                | <b>(17,995)</b>           | <b>(17,995)</b>                       |
|                                         |                           |                                       | <b>Financing and Investment Income and Expenditure:</b>                           |      |                                         |                           |                                       |
| 1,711                                   | -                         | 1,711                                 | Interest payable and similar charges                                              |      | 2,504                                   | -                         | 2,504                                 |
| 35,645                                  | -                         | 35,645                                | Net pensions interest cost                                                        | 16   | 30,820                                  | -                         | 30,820                                |
| -                                       | (89)                      | (89)                                  | Interest and investment income                                                    |      | -                                       | (11)                      | (11)                                  |
| 2                                       | -                         | 2                                     | (Gains) / losses from derecognition of financial assets carried at amortised cost |      | -                                       | (2)                       | (2)                                   |
| <b>37,358</b>                           | <b>(89)</b>               | <b>37,269</b>                         | <b>Total Financing and Investment Income and Expenditure</b>                      |      | <b>33,324</b>                           | <b>(13)</b>               | <b>33,311</b>                         |
|                                         |                           |                                       | <b>Taxation and Non-specific Grant Income:</b>                                    |      |                                         |                           |                                       |
| -                                       | (47,814)                  | (47,814)                              | General grants                                                                    | 7    | -                                       | (51,316)                  | (51,316)                              |
| -                                       | (499)                     | (499)                                 | Capital grants and contributions                                                  |      | -                                       | (202)                     | (202)                                 |
| -                                       | (22,990)                  | (22,990)                              | Former MHCLG funding                                                              | 7    | -                                       | (24,560)                  | (24,560)                              |
| -                                       | (53,677)                  | (53,677)                              | Precepts                                                                          | 11   | -                                       | (56,163)                  | (56,163)                              |
| <b>-</b>                                | <b>(124,980)</b>          | <b>(124,980)</b>                      | <b>Total Taxation and Non-specific Grant Income</b>                               |      | <b>-</b>                                | <b>(132,241)</b>          | <b>(132,241)</b>                      |
|                                         |                           | <b>31,482</b>                         | <b>Deficit on the Provision of Services</b>                                       |      |                                         |                           | <b>23,723</b>                         |
|                                         |                           |                                       | <b>Other Comprehensive Income and Expenditure:</b>                                |      |                                         |                           |                                       |
|                                         |                           | (6,295)                               | (Surplus) / deficit on the revaluation of assets                                  | 13   |                                         |                           | 406                                   |
|                                         |                           | (177,986)                             | Remeasurements of the net defined benefit liability                               | 16   |                                         |                           | 208,600                               |
|                                         |                           | <b>(184,281)</b>                      | <b>Total Other Comprehensive Income and Expenditure</b>                           |      |                                         |                           | <b>209,006</b>                        |
|                                         |                           | <b>(152,799)</b>                      | <b>Total Comprehensive (Income) and Expenditure</b>                               |      |                                         |                           | <b>232,730</b>                        |



# Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

| Gross<br>Expenditure<br>2019/20<br>£000                 | Income<br>2019/20<br>£000 | Net<br>Expenditure<br>2019/20<br>£000 | PCC                                                                               | Note | Gross<br>Expenditure<br>2020/21<br>£000 | Income<br>2020/21<br>£000 | Net<br>Expenditure<br>2020/21<br>£000 |
|---------------------------------------------------------|---------------------------|---------------------------------------|-----------------------------------------------------------------------------------|------|-----------------------------------------|---------------------------|---------------------------------------|
| <b>Division of Service:</b>                             |                           |                                       |                                                                                   |      |                                         |                           |                                       |
| 8,946                                                   | (5,080)                   | 3,866                                 | Office of the PCC                                                                 |      | 7,853                                   | (5,156)                   | 2,698                                 |
| 1,685                                                   | (920)                     | 764                                   | PCC commissioning                                                                 |      | 2,258                                   | (1,537)                   | 721                                   |
| <b>10,631</b>                                           | <b>(6,001)</b>            | <b>4,630</b>                          | <b>Net Cost of Police Services before group funding</b>                           |      | <b>10,112</b>                           | <b>(6,693)</b>            | <b>3,419</b>                          |
| 136,454                                                 | -                         | 136,454                               | Intra-group funding                                                               | 5    | 140,681                                 | -                         | 140,681                               |
| <b>147,085</b>                                          | <b>(6,001)</b>            | <b>141,084</b>                        | <b>Net Cost of Police Services</b>                                                |      | <b>150,793</b>                          | <b>(6,693)</b>            | <b>144,100</b>                        |
| <b>Other Operating Expenditure:</b>                     |                           |                                       |                                                                                   |      |                                         |                           |                                       |
| -                                                       | (20,522)                  | (20,522)                              | Home Office contribution to police pensions                                       | 7    | -                                       | (17,606)                  | (17,606)                              |
| -                                                       | (503)                     | (503)                                 | Loss / (profit) on disposal of fixed assets                                       |      | -                                       | (388)                     | (388)                                 |
| <b>-</b>                                                | <b>(21,025)</b>           | <b>(21,025)</b>                       | <b>Total Other Operating Expenditure</b>                                          |      | <b>-</b>                                | <b>(17,995)</b>           | <b>(17,995)</b>                       |
| <b>Financing and Investment Income and Expenditure:</b> |                           |                                       |                                                                                   |      |                                         |                           |                                       |
| 1,711                                                   | -                         | 1,711                                 | Interest payable and similar charges                                              |      | 2,504                                   | -                         | 2,504                                 |
| 30                                                      | -                         | 30                                    | Net pensions interest cost                                                        | 16   | 14                                      | -                         | 14                                    |
| -                                                       | (89)                      | (89)                                  | Interest and investment income                                                    |      | -                                       | (11)                      | (11)                                  |
| 2                                                       | -                         | 2                                     | (Gains) / losses from derecognition of financial assets carried at amortised cost |      | -                                       | (2)                       | (2)                                   |
| <b>1,743</b>                                            | <b>(89)</b>               | <b>1,654</b>                          | <b>Total Financing and Investment Income and Expenditure</b>                      |      | <b>2,518</b>                            | <b>(13)</b>               | <b>2,505</b>                          |
| <b>Taxation and Non-specific Grant Income:</b>          |                           |                                       |                                                                                   |      |                                         |                           |                                       |
| -                                                       | (47,814)                  | (47,814)                              | General grants                                                                    | 7    | -                                       | (51,316)                  | (51,316)                              |
| -                                                       | (499)                     | (499)                                 | Capital grants and contributions                                                  |      | -                                       | (202)                     | (202)                                 |
| -                                                       | (22,990)                  | (22,990)                              | Former MHCLG funding                                                              | 7    | -                                       | (24,560)                  | (24,560)                              |
| -                                                       | (53,677)                  | (53,677)                              | Precepts                                                                          | 11   | -                                       | (56,163)                  | (56,163)                              |
| <b>-</b>                                                | <b>(124,980)</b>          | <b>(124,980)</b>                      | <b>Total Financing and Investment Income and Expenditure</b>                      |      | <b>-</b>                                | <b>(132,241)</b>          | <b>(132,241)</b>                      |
|                                                         |                           | <b>(3,267)</b>                        | <b>Total (Surplus) / Deficit on the Provision of Services</b>                     |      |                                         |                           | <b>(3,631)</b>                        |
| <b>Other Comprehensive Income and Expenditure:</b>      |                           |                                       |                                                                                   |      |                                         |                           |                                       |
|                                                         |                           | (6,295)                               | (Surplus) / deficit on the revaluation of assets                                  | 13   |                                         |                           | 406                                   |
|                                                         |                           | (744)                                 | Remeasurements of the net defined benefit liability                               | 16   |                                         |                           | 452                                   |
|                                                         |                           | <b>(7,039)</b>                        | <b>Total Other Comprehensive Income and Expenditure</b>                           |      |                                         |                           | <b>858</b>                            |
|                                                         |                           | <b>(10,306)</b>                       | <b>Total Comprehensive (Income) and Expenditure</b>                               |      |                                         |                           | <b>(2,773)</b>                        |



**Balance Sheet as at 31 March 2021**

| Group<br>31 March<br>2020<br>£000 | PCC<br>31 March<br>2020<br>£000 |                                    | Notes         | Group<br>31 March<br>2021<br>£000 | PCC<br>31 March<br>2021<br>£000 |
|-----------------------------------|---------------------------------|------------------------------------|---------------|-----------------------------------|---------------------------------|
| 57,771                            | 57,771                          | Property, plant and equipment      | 13            | 56,635                            | 56,635                          |
| 2,477                             | 2,477                           | Intangible assets                  | 13            | 1,897                             | 1,897                           |
| 554                               | 554                             | Long term debtors                  | 17            | 356                               | 356                             |
| 60,802                            | 60,802                          | <b>Total Long Term Assets</b>      |               | 58,889                            | 58,889                          |
| 161                               | 161                             | Inventories                        |               | 141                               | 141                             |
| 11,698                            | 11,698                          | Short term debtors and prepayments | 17            | 11,347                            | 11,347                          |
| 5,431                             | 5,431                           | Cash and cash equivalents          | 18            | 13,796                            | 13,796                          |
| 1,309                             | 1,309                           | Assets held for sale               | 19            | 730                               | 730                             |
| 18,599                            | 18,599                          | <b>Current Assets</b>              |               | 26,014                            | 26,014                          |
| <b>79,401</b>                     | <b>79,401</b>                   | <b>Total Assets</b>                |               | <b>84,903</b>                     | <b>84,903</b>                   |
| 10,997                            | 10,116                          | Short-term creditors and accruals  | 20            | 14,206                            | 12,918                          |
| 475                               | 475                             | Short term borrowing               | 22            | 484                               | 484                             |
| 822                               | 822                             | Provisions                         | 24            | 954                               | 954                             |
| 403                               | 403                             | PFI liabilities and leases         | 15            | 442                               | 442                             |
| 12,697                            | 11,816                          | <b>Current Liabilities</b>         |               | 16,087                            | 14,799                          |
| 1,341,982                         | 581                             | Other long term liabilities        | 16            | 1,577,611                         | 1,116                           |
| 7,086                             | 7,086                           | Long term borrowing                | 22            | 6,730                             | 6,730                           |
| 21,448                            | 21,448                          | PFI liabilities                    | 15            | 21,006                            | 21,006                          |
| 1                                 | 1                               | Grants receipts in advance         |               | 14                                | 14                              |
| 1,370,517                         | 29,116                          | <b>Long Term Liabilities</b>       |               | 1,605,361                         | 28,865                          |
| <b>1,383,214</b>                  | <b>40,932</b>                   | <b>Total Liabilities</b>           |               | <b>1,621,447</b>                  | <b>43,664</b>                   |
| <b>(1,303,813)</b>                | <b>38,469</b>                   | <b>Net Assets / (Liabilities)</b>  |               | <b>(1,536,545)</b>                | <b>41,239</b>                   |
| 11,514                            | 11,516                          | Usable reserves                    | Pages 20 & 22 | 18,166                            | 18,166                          |
| (1,315,327)                       | 26,953                          | Unusable reserves                  | 26            | (1,554,710)                       | 23,078                          |
| <b>(1,303,813)</b>                | <b>38,469</b>                   | <b>Total Reserves</b>              |               | <b>(1,536,545)</b>                | <b>41,243</b>                   |

The unaudited financial statements were issued on 30 June 2021.

**Chris Bland CPFA**  
**Chief Finance Officer PCC**  
**30 June 2021**

## Movement in Reserves Statement

| PCC Group<br>Year Ended 31 March 2021                                                                  | Note    | General<br>Fund<br>Balance<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Capital<br>Grants<br>Unapplied<br>£000 | Total<br>Usable<br>Reserves<br>£000 | Total<br>Unusable<br>Reserves<br>£000 | Total<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|---------|------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|---------------------------------------|---------------------------|
| <b>Balance at 1 April 2020</b>                                                                         |         | <b>11,437</b>                      | <b>-</b>                               | <b>77</b>                              | <b>11,514</b>                       | <b>(1,315,326)</b>                    | <b>(1,303,812)</b>        |
| <b>Movement in Reserves during 2020/21</b>                                                             |         |                                    |                                        |                                        |                                     |                                       |                           |
| Deficit on the provision of services                                                                   | Page 17 | (23,723)                           | -                                      | -                                      | (23,723)                            | -                                     | (23,723)                  |
| Other comprehensive income and (expenditure)                                                           | Page 17 | -                                  | -                                      | -                                      | -                                   | (209,006)                             | (209,006)                 |
| <b>Total comprehensive income and expenditure</b>                                                      |         | <b>(23,723)</b>                    | <b>-</b>                               | <b>-</b>                               | <b>(23,723)</b>                     | <b>(209,006)</b>                      | <b>(232,730)</b>          |
| Amortisation of intangible assets                                                                      | 13      | 832                                | -                                      | -                                      | 832                                 | (832)                                 | -                         |
| Depreciation on property, plant and equipment                                                          | 13      | 4,322                              | -                                      | -                                      | 4,322                               | (4,322)                               | -                         |
| Revaluation losses on property, plant and equipment                                                    | 13      | 24                                 | -                                      | -                                      | 24                                  | (24)                                  | -                         |
| Capital grants and contributions credited to the revised CIES                                          | Page 17 | (202)                              | -                                      | 202                                    | -                                   | -                                     | -                         |
| Application of capital grants from unapplied account                                                   |         | -                                  | -                                      | (193)                                  | (193)                               | 193                                   | -                         |
| Net gain or loss on the sale of non-current assets                                                     | Page 17 | (388)                              | 1,252                                  | -                                      | 863                                 | (863)                                 | -                         |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   |         | -                                  | 198                                    | -                                      | 198                                 | (198)                                 | -                         |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements |         | 44,633                             | -                                      | -                                      | 44,633                              | (44,633)                              | -                         |
| Movement on the Collection Fund Adjustment Account                                                     |         | 1,357                              | -                                      | -                                      | 1,357                               | (1,357)                               | -                         |
| Capital expenditure charged to the General Fund Balance                                                | 14      | (3,699)                            | -                                      | -                                      | (3,699)                             | 3,699                                 | -                         |
| Statutory provision for the repayment of debt                                                          | 14      | (762)                              | -                                      | -                                      | (762)                               | 762                                   | -                         |
| Contribution to the Police Pension Fund                                                                | Page 17 | (17,606)                           | -                                      | -                                      | (17,606)                            | 17,606                                | -                         |
| Increase / (decrease) on the Compensated Absences Account                                              |         | 407                                | -                                      | -                                      | 407                                 | (407)                                 | -                         |
| Use of capital receipts to fund asset purchases                                                        |         | -                                  | -                                      | -                                      | -                                   | -                                     | -                         |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        |         | <b>28,917</b>                      | <b>1,450</b>                           | <b>9</b>                               | <b>30,376</b>                       | <b>(30,376)</b>                       | <b>-</b>                  |
| <b>Increase / (decrease) in year</b>                                                                   |         | <b>5,194</b>                       | <b>1,450</b>                           | <b>9</b>                               | <b>6,652</b>                        | <b>(239,382)</b>                      | <b>(232,730)</b>          |
| <b>Balance at 31 March 2021</b>                                                                        |         | <b>16,631</b>                      | <b>1,450</b>                           | <b>85</b>                              | <b>18,166</b>                       | <b>(1,554,706)</b>                    | <b>(1,536,541)</b>        |

| <b>PCC Group</b>                                                                                       |                | General<br>Fund<br>Balance<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Capital<br>Grants<br>Unapplied<br>£000 | <b>Total<br/>Usable<br/>Reserves<br/>£000</b> | <b>Total<br/>Unusable<br/>Reserves<br/>£000</b> | <b>Total<br/>Reserves<br/>£000</b> |
|--------------------------------------------------------------------------------------------------------|----------------|------------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------------|-------------------------------------------------|------------------------------------|
| <b>Year Ended 31 March 2020</b>                                                                        |                |                                    |                                        |                                        |                                               |                                                 |                                    |
| <b>Balance at 1 April 2019</b>                                                                         |                | <b>7,646</b>                       | <b>-</b>                               | <b>93</b>                              | <b>7,740</b>                                  | <b>(1,464,353)</b>                              | <b>(1,456,614)</b>                 |
| <b>Movement in Reserves during 2019/20</b>                                                             |                |                                    |                                        |                                        |                                               |                                                 |                                    |
| Deficit on the provision of services                                                                   | <b>Page 17</b> | (31,482)                           | -                                      | -                                      | <b>(31,482)</b>                               | -                                               | <b>(31,482)</b>                    |
| Other comprehensive income and (expenditure)                                                           | <b>Page 17</b> | -                                  | -                                      | -                                      | -                                             | <b>184,281</b>                                  | <b>184,281</b>                     |
| <b>Total comprehensive income and expenditure</b>                                                      |                | <b>(31,482)</b>                    | <b>-</b>                               | <b>-</b>                               | <b>(31,482)</b>                               | <b>184,281</b>                                  | <b>152,799</b>                     |
| Amortisation of intangible assets                                                                      | <b>13</b>      | 792                                | -                                      | -                                      | <b>792</b>                                    | <b>(792)</b>                                    | -                                  |
| Depreciation on property, plant and equipment                                                          | <b>13</b>      | 4,220                              | -                                      | -                                      | <b>4,220</b>                                  | <b>(4,220)</b>                                  | -                                  |
| Revaluation losses on property, plant and equipment                                                    | <b>13</b>      | 1,006                              | -                                      | -                                      | <b>1,006</b>                                  | <b>(1,006)</b>                                  | -                                  |
| Capital grants and contributions credited to the revised CIES                                          | <b>Page 17</b> | (499)                              | -                                      | 499                                    | -                                             | -                                               | -                                  |
| Application of capital grants from unapplied account                                                   |                | -                                  | -                                      | (516)                                  | <b>(516)</b>                                  | <b>516</b>                                      | -                                  |
| Net gain or loss on the sale of non-current assets                                                     | <b>Page 17</b> | (503)                              | 1,169                                  | -                                      | <b>666</b>                                    | <b>(666)</b>                                    | -                                  |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   |                | -                                  | 198                                    | -                                      | <b>198</b>                                    | <b>(198)</b>                                    | -                                  |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements |                | 55,180                             | -                                      | -                                      | <b>55,180</b>                                 | <b>(55,180)</b>                                 | -                                  |
| Movement on the Collection Fund Adjustment Account                                                     |                | (110)                              | -                                      | -                                      | <b>(110)</b>                                  | <b>110</b>                                      | -                                  |
| Capital expenditure charged to the General Fund Balance                                                | <b>14</b>      | (2,175)                            | -                                      | -                                      | <b>(2,175)</b>                                | <b>2,175</b>                                    | -                                  |
| Statutory provision for the repayment of debt                                                          | <b>14</b>      | (2,337)                            | -                                      | -                                      | <b>(2,337)</b>                                | <b>2,337</b>                                    | -                                  |
| Contribution to the Police Pension Fund                                                                | <b>Page 17</b> | (20,522)                           | -                                      | -                                      | <b>(20,522)</b>                               | <b>20,522</b>                                   | -                                  |
| Increase / (decrease) on the Compensated Absences Account                                              |                | 223                                | -                                      | -                                      | <b>223</b>                                    | <b>(223)</b>                                    | -                                  |
| Use of capital receipts to fund asset purchases                                                        |                | -                                  | (1,367)                                | -                                      | <b>(1,367)</b>                                | <b>1,367</b>                                    | -                                  |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        |                | <b>35,273</b>                      | <b>-</b>                               | <b>(17)</b>                            | <b>35,256</b>                                 | <b>(35,256)</b>                                 | <b>-</b>                           |
| <b>Increase / (decrease) in year</b>                                                                   |                | <b>3,791</b>                       | <b>-</b>                               | <b>(17)</b>                            | <b>3,775</b>                                  | <b>149,025</b>                                  | <b>152,799</b>                     |
| <b>Balance at 31 March 2020</b>                                                                        |                | <b>11,437</b>                      | <b>-</b>                               | <b>77</b>                              | <b>11,514</b>                                 | <b>(1,315,328)</b>                              | <b>(1,303,814)</b>                 |

| <b>PCC</b>                                                                                             |                | General       | Capital      | Capital   | <b>Total</b>    | <b>Total</b>    | <b>Total</b>    |
|--------------------------------------------------------------------------------------------------------|----------------|---------------|--------------|-----------|-----------------|-----------------|-----------------|
| <b>Year Ended 31 March 2021</b>                                                                        |                | Fund          | Receipts     | Grants    | <b>Usable</b>   | <b>Unusable</b> | <b>Total</b>    |
|                                                                                                        | <b>Note</b>    | Balance       | Reserve      | Unapplied | <b>Reserves</b> | <b>Reserves</b> | <b>Reserves</b> |
|                                                                                                        |                | £000          | £000         | £000      | £000            | £000            | £000            |
| <b>Balance at 1 April 2020</b>                                                                         |                | <b>11,440</b> | -            | <b>77</b> | <b>11,516</b>   | <b>26,953</b>   | <b>38,469</b>   |
| <b>Movement in Reserves during 2020/21</b>                                                             |                |               |              |           |                 |                 |                 |
| Surplus on provision of services                                                                       | <b>Page 18</b> | 3,631         | -            | -         | <b>3,631</b>    | -               | <b>3,631</b>    |
| Other comprehensive income and expenditure                                                             | <b>Page 18</b> | -             | -            | -         | -               | (858)           | (858)           |
| <b>Total comprehensive income and expenditure</b>                                                      |                | <b>3,631</b>  | -            | -         | <b>3,631</b>    | <b>(858)</b>    | <b>2,773</b>    |
| Amortisation of intangible assets                                                                      | <b>13</b>      | 832           | -            | -         | <b>832</b>      | <b>(832)</b>    | -               |
| Depreciation on property, plant and equipment                                                          | <b>13</b>      | 4,322         | -            | -         | <b>4,322</b>    | <b>(4,322)</b>  | -               |
| Revaluation losses on property, plant and equipment                                                    | <b>13</b>      | 24            | -            | -         | <b>24</b>       | <b>(24)</b>     | -               |
| Capital grants and contributions credited to the revised CIES                                          | <b>Page 18</b> | (202)         | -            | 202       | -               | -               | -               |
| Application of capital grants from unapplied account                                                   |                | -             | -            | (193)     | <b>(193)</b>    | <b>193</b>      | -               |
| Net gain or loss on the sale of non-current assets                                                     | <b>Page 18</b> | (388)         | 1,252        | -         | <b>863</b>      | <b>(863)</b>    | -               |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   |                | -             | 198          | -         | <b>198</b>      | <b>(198)</b>    | -               |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements |                | 80            | -            | -         | <b>80</b>       | <b>(80)</b>     | -               |
| Movement on the Collection Fund Adjustment Account                                                     |                | 1,357         | -            | -         | <b>1,357</b>    | <b>(1,357)</b>  | -               |
| Capital expenditure charged to the General Fund Balance                                                | <b>14</b>      | (3,699)       | -            | -         | <b>(3,699)</b>  | <b>3,699</b>    | -               |
| Statutory provision for the repayment of debt                                                          | <b>14</b>      | (762)         | -            | -         | <b>(762)</b>    | <b>762</b>      | -               |
| Use of capital receipts to fund asset purchases                                                        |                | -             | -            | -         | -               | -               | -               |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        |                | <b>1,563</b>  | <b>1,450</b> | <b>9</b>  | <b>3,021</b>    | <b>(3,021)</b>  | -               |
| <b>Increase / (decrease) in year</b>                                                                   |                | <b>5,194</b>  | <b>1,450</b> | <b>9</b>  | <b>6,652</b>    | <b>(3,879)</b>  | <b>2,773</b>    |
| <b>Balance at 31 March 2021</b>                                                                        |                | <b>16,632</b> | <b>1,450</b> | <b>85</b> | <b>18,166</b>   | <b>23,078</b>   | <b>41,241</b>   |

| PCC<br>Year Ended 31 March 2020                                                                        |         | General<br>Fund<br>Balance<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Capital<br>Grants<br>Unapplied<br>£000 | Total<br>Usable<br>Reserves<br>£000 | Total<br>Unusable<br>Reserves<br>£000 | Total<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|---------|------------------------------------|----------------------------------------|----------------------------------------|-------------------------------------|---------------------------------------|---------------------------|
|                                                                                                        | Note    |                                    |                                        |                                        |                                     |                                       |                           |
| <b>Balance at 1 April 2019</b>                                                                         |         | <b>7,648</b>                       | <b>-</b>                               | <b>93</b>                              | <b>7,742</b>                        | <b>20,421</b>                         | <b>28,163</b>             |
| <b>Movement in Reserves during 2019/20</b>                                                             |         |                                    |                                        |                                        |                                     |                                       |                           |
| Deficit on provision of services                                                                       | Page 18 | 3,267                              | -                                      | -                                      | 3,267                               | -                                     | 3,267                     |
| Other comprehensive income and expenditure                                                             | Page 18 | -                                  | -                                      | -                                      | -                                   | 7,039                                 | 7,039                     |
| <b>Total comprehensive income and expenditure</b>                                                      |         | <b>3,267</b>                       | <b>-</b>                               | <b>-</b>                               | <b>3,267</b>                        | <b>7,039</b>                          | <b>10,306</b>             |
| Amortisation of intangible assets                                                                      | 13      | 792                                | -                                      | -                                      | 792                                 | (792)                                 | -                         |
| Depreciation on property, plant and equipment                                                          | 13      | 4,220                              | -                                      | -                                      | 4,220                               | (4,220)                               | -                         |
| Revaluation losses on property, plant and equipment                                                    | 13      | 1,006                              | -                                      | -                                      | 1,006                               | (1,006)                               | -                         |
| Capital grants and contributions credited to the revised CIES                                          | Page 18 | (499)                              | -                                      | 499                                    | -                                   | -                                     | -                         |
| Application of capital grants from unapplied account                                                   |         | -                                  | -                                      | (516)                                  | (516)                               | 516                                   | -                         |
| Net gain or loss on the sale of non-current assets                                                     | Page 18 | (503)                              | 1,169                                  | -                                      | 666                                 | (666)                                 | -                         |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   |         | -                                  | 198                                    | -                                      | 198                                 | (198)                                 | -                         |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements |         | 132                                | -                                      | -                                      | 132                                 | (132)                                 | -                         |
| Movement on the Collection Fund Adjustment Account                                                     |         | (110)                              | -                                      | -                                      | (110)                               | 110                                   | -                         |
| Capital expenditure charged to the General Fund Balance                                                | 14      | (2,175)                            | -                                      | -                                      | (2,175)                             | 2,175                                 | -                         |
| Statutory provision for the repayment of debt                                                          | 14      | (2,337)                            | -                                      | -                                      | (2,337)                             | 2,337                                 | -                         |
| Use of capital receipts to fund asset purchases                                                        |         | -                                  | (1,367)                                | -                                      | (1,367)                             | 1,367                                 | -                         |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        |         | <b>524</b>                         | <b>-</b>                               | <b>(17)</b>                            | <b>507</b>                          | <b>(507)</b>                          | <b>-</b>                  |
| <b>Increase / (decrease) in year</b>                                                                   |         | <b>3,791</b>                       | <b>-</b>                               | <b>(17)</b>                            | <b>3,774</b>                        | <b>6,532</b>                          | <b>10,306</b>             |
| <b>Balance at 31 March 2020</b>                                                                        |         | <b>11,440</b>                      | <b>-</b>                               | <b>77</b>                              | <b>11,516</b>                       | <b>26,953</b>                         | <b>38,469</b>             |

**Cash flow Statement for the year ended 31 March 2021**

| Group<br>2019/20<br>£000 | PCC<br>2019/20<br>£000 |                                                                                                                          | Note                     | Group<br>2020/21<br>£000 | PCC<br>2020/21<br>£000 |
|--------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|------------------------|
| (31,482)                 | 3,267                  | <b>Net surplus / (deficit) on the provision of services</b>                                                              | <b>Pages 17 &amp; 18</b> | <b>(23,723)</b>          | <b>3,631</b>           |
| 38,243                   | 3,494                  | Adjustment for non-cash or cash equivalent movements                                                                     | <b>21</b>                | 35,676                   | 8,322                  |
| (499)                    | (499)                  | Capital grants and contributions                                                                                         |                          | (202)                    | (202)                  |
| <b>6,262</b>             | <b>6,262</b>           | <b>Net cash flows from operating activities</b>                                                                          |                          | <b>11,751</b>            | <b>11,751</b>          |
|                          |                        | <b>Investing activities</b>                                                                                              |                          |                          |                        |
| (5,392)                  | (5,392)                | Purchase of non current assets                                                                                           |                          | (4,097)                  | (4,097)                |
| 13,000                   | 13,000                 | Purchase of short-term or long term investments                                                                          |                          | -                        | -                      |
| 1,169                    | 1,169                  | Proceeds from the sale of non currents assets                                                                            |                          | 1,252                    | 1,252                  |
| (13,000)                 | (13,000)               | Proceeds from short-term or long-term investments                                                                        |                          | -                        | -                      |
| 499                      | 499                    | Other receipts from investing activities                                                                                 |                          | 202                      | 202                    |
| <b>(3,723)</b>           | <b>(3,723)</b>         | <b>Net cash flows from investing activities</b>                                                                          |                          | <b>(2,643)</b>           | <b>(2,643)</b>         |
|                          |                        | <b>Financing activities</b>                                                                                              |                          |                          |                        |
| 11,000                   | 11,000                 | Cash receipts of short and long-term borrowing                                                                           |                          | -                        | -                      |
| (1,257)                  | (1,257)                | Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts |                          | (403)                    | (403)                  |
| (11,325)                 | (11,325)               | Repayments of short and long-term borrowing                                                                              |                          | (340)                    | (340)                  |
| <b>(1,582)</b>           | <b>(1,582)</b>         | <b>Net cash flows from financing activities</b>                                                                          |                          | <b>(743)</b>             | <b>(743)</b>           |
| <b>957</b>               | <b>957</b>             | <b>Net increase or (decrease) in cash and cash equivalents</b>                                                           |                          | <b>8,365</b>             | <b>8,365</b>           |
| 4,473                    | 4,473                  | Cash and cash equivalents at the beginning of the period                                                                 | <b>18</b>                | 5,430                    | 5,430                  |
| <b>5,430</b>             | <b>5,430</b>           | <b>Cash and cash equivalents at the end of the period</b>                                                                | <b>18</b>                | <b>13,796</b>            | <b>13,796</b>          |

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the financial statements; however, it is positioned here as it provides a link from the figures reported in the Narrative Report to the CIES.

| Net Expenditure<br>Chargeable to<br>the General<br>Fund Balances | Adjustments<br>between Funding<br>and Accounting<br>Basis | Net<br>Expenditure<br>in the<br>CIES<br>2019/20<br>£000 | Group                                                 | Net Expenditure<br>Chargeable to<br>the General<br>Fund Balances | Adjustments<br>between Funding<br>and Accounting<br>Basis | Net<br>Expenditure<br>in the<br>CIES<br>2020/21<br>£000 |
|------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|
| £000                                                             | £000                                                      | £000                                                    |                                                       | £000                                                             | £000                                                      | £000                                                    |
| <b>Year Ended 31 March</b>                                       |                                                           |                                                         |                                                       |                                                                  |                                                           |                                                         |
| 115,932                                                          | 19,656                                                    | 135,588                                                 | Constabulary                                          | 123,075                                                          | 14,154                                                    | 137,230                                                 |
| (2,253)                                                          | 6,119                                                     | 3,866                                                   | Office of the PCC                                     | (2,546)                                                          | 5,244                                                     | 2,698                                                   |
| 764                                                              | -                                                         | 764                                                     | PCC commissioning                                     | 721                                                              | -                                                         | 721                                                     |
| <b>114,443</b>                                                   | <b>25,775</b>                                             | <b>140,218</b>                                          | <b>Net Cost of Police Services</b>                    | <b>121,250</b>                                                   | <b>19,398</b>                                             | <b>140,648</b>                                          |
| (118,234)                                                        | 9,497                                                     | (108,737)                                               | Other income and expenditure                          | (126,444)                                                        | 9,519                                                     | (116,925)                                               |
| <b>(3,791)</b>                                                   | <b>35,272</b>                                             | <b>31,482</b>                                           | <b>Deficit/(Surplus) on the Provision of Services</b> | <b>(5,194)</b>                                                   | <b>28,917</b>                                             | <b>23,723</b>                                           |
| 7,646                                                            |                                                           |                                                         | Opening general fund balance at 1 April               | 11,437                                                           |                                                           |                                                         |
| <b>11,437</b>                                                    |                                                           |                                                         | <b>Closing General Fund Balance at 31 March</b>       | <b>16,631</b>                                                    |                                                           |                                                         |

| Net Expenditure<br>Chargeable to<br>the General<br>Fund Balances | Adjustments<br>between Funding<br>and Accounting<br>Basis | Net<br>Expenditure<br>in the<br>CIES<br>2019/20 | PCC                                                   | Net Expenditure<br>Chargeable to<br>the General<br>Fund Balances | Adjustments<br>between Funding<br>and Accounting<br>Basis | Net<br>Expenditure<br>in the<br>CIES<br>2020/21 |
|------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------|
| £000                                                             | £000                                                      | £000                                            |                                                       | £000                                                             | £000                                                      | £000                                            |
| <b>Year Ended 31 March</b>                                       |                                                           |                                                 |                                                       |                                                                  |                                                           |                                                 |
| (2,254)                                                          | 6,119                                                     | 3,866                                           | Office of the PCC                                     | (2,546)                                                          | 5,244                                                     | 2,698                                           |
| 764                                                              | -                                                         | 764                                             | PCC commissioning                                     | 721                                                              | -                                                         | 721                                             |
| 136,454                                                          | -                                                         | 136,454                                         | Intra-group funding                                   | 140,681                                                          | -                                                         | 140,681                                         |
| <b>134,965</b>                                                   | <b>6,119</b>                                              | <b>141,084</b>                                  | <b>Net Cost of Police Services</b>                    | <b>138,856</b>                                                   | <b>5,244</b>                                              | <b>144,100</b>                                  |
| (138,757)                                                        | (5,595)                                                   | (144,352)                                       | Other income and expenditure                          | (144,052)                                                        | (3,680)                                                   | (147,731)                                       |
| <b>(3,792)</b>                                                   | <b>524</b>                                                | <b>(3,267)</b>                                  | <b>Deficit/(Surplus) on the Provision of Services</b> | <b>(5,195)</b>                                                   | <b>1,565</b>                                              | <b>(3,631)</b>                                  |
| 7,646                                                            |                                                           |                                                 | Opening general fund balance at 1 April               | 11,438                                                           |                                                           |                                                 |
| <b>11,438</b>                                                    |                                                           |                                                 | <b>Closing General Fund Balance at 31 March</b>       | <b>16,632</b>                                                    |                                                           |                                                 |



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## Notes to the Financial Statements for the PCC for Suffolk and the PCC for Suffolk Group

### 1. Accounting Policies

#### General principles

The Statement of Accounts summarises the Group's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code supported by International Financial Reporting Standards (IFRS).

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.

#### Cost recognition and intra-group adjustment

Refer to Note 5 for further details.

#### Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

#### Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

#### Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals a de-minimis level of £1,000 is set for year-end accruals of purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

#### Charges to the Comprehensive Income and Expenditure Statement (CIES) for Non-Current Assets

Net cost of policing of the PCC is debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets.
- Revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible assets.

The PCC is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue, the Minimum Revenue Provision (MRP), towards the reduction in the overall borrowing requirement (represented by the Capital Financing Requirement) equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance.

Depreciation, amortisation, and revaluation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the Movement in Reserves Statement (MIRS). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

Guidance issued under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009, enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in MRP being charged over the related assets' useful life.

### **Property, plant and equipment**

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

#### Recognition

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

All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de-minimis threshold of £10,000. Expenditure below this amount on an individual asset is treated as revenue, with the following exceptions:

- Desktop and laptop computers and tablets
- Monitors
- Widespread replacement of communication devices including radios
- Servers
- Software licences
- Radios
- Firearms including TASERS
- Vehicles with a life exceeding 12 months
- Annual Assets (projects incurring expenditure throughout the year which are not classified as assets under construction)
- Where government grant funding has been sought and received for specific expenditure on the assumption that both the grant and expenditure are treated as capital

#### Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred on the acquisition or construction of non-current assets.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund balance to the Capital Adjustment Account in the MIRS.

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

- Assets under construction – historic cost until the asset is live (assets under construction are not depreciated).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the net cost of policing of the PCC in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairment

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

Where impairment losses are identified, they are accounted for in the following way:

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

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

#### Depreciation

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

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset.

The Code requires that where a property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

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

Depreciation or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

#### Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification, on the basis relevant to the asset class prior to reclassification, and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised

only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund balance in the MIRS.

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

### **Fair Value Measurement**

The Group measures some of its non-financial assets such as surplus assets and investment properties at fair value on each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

### **Intangible assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.



Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC or Group's services.

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

The depreciable amount of a finite intangible asset is amortised over its useful life and charged to the net cost of policing of the PCC in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the net cost of policing of the PCC in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

### **Council Tax**

Billing authorities act as agents, collecting council tax on behalf of the major preceptors, which includes the PCC. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax collected could be less or more than predicted.

The council tax income included in the CIES is the PCC's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the PCC's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS. The Balance Sheet includes the PCC's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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

### **Employee benefits**

#### Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

#### Termination benefits

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the entity can no longer withdraw the offer of those benefits or when the entity 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 entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Suffolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to

members (retirement lump sums and pensions), earned as employees work for the Constabulary, all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Group of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuaries.

The assets of the LGPS attributable to the Group are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is partially topped up by a grant from the Home Office.

The change in the net pensions liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the CIES. The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the 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 are earned by employees.

#### Discretionary Benefits

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

The Group makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

#### **Events after the reporting period**

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

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.



- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However, 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.

## Financial Instruments

### Financial Liabilities

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

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

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

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

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the PCC, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### Expected Credit Loss Model

The PCC recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the PCC.

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

## Government grants and contributions

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

### Investment policy

The PCC works closely with its external treasury advisors Link Treasury Services to determine the criteria for high quality institutions. The criteria for providing a pool of high-quality investment counterparties for inclusion on the PCC's 'Approved Authorised Counterparty List' is provided below:

- UK Banks which have the following minimum ratings from at least one of the three credit rating agencies:

| UK Banks           | Fitch | Standard & Poors | Moody's |
|--------------------|-------|------------------|---------|
| Short Term Ratings | F1    | A-1              | P-1     |
| Long Term Ratings  | A-    | A-               | A3      |

- Non-UK Banks domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the three credit rating agencies:

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| Non-UK Banks       | Fitch | Standard & Poors | Moody's |
|--------------------|-------|------------------|---------|
| Short Term Ratings | F1+   | A-1+             | P-1     |
| Long Term Ratings  | AA-   | AA-              | Aa3     |

- Part Nationalised UK Banks;
- The PCC's Corporate Banker (Lloyds Bank) – if the credit ratings of the PCC's Corporate Banker fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time;
- Building Societies (which meet the minimum ratings criteria for UK Banks);
- Money Market Funds (which are rated AAA by at least one of the three major rating agencies);
- UK Government;
- Local Authorities, PCCs, Parish Councils etc.

All cash invested by the PCC in 2020/21 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

### Joint operations and joint assets

Joint operations are activities undertaken by the PCC or the Chief Constable in conjunction with other bodies, which involve the use of the assets and resources of the Group or the other body, rather than the establishment of a separate entity. The Group recognises on the PCC Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the relevant CIES with its share of the expenditure incurred and income earned from the activity of the operation.

Joint assets are items of property, plant and equipment that are jointly controlled by the Group and other bodies, with the assets being used to obtain benefits for these bodies. The joint operation does not involve the establishment of a separate entity. The Group accounts for only its share of the joint assets, and the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the arrangement.

### Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant

or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

#### The PCC as Lessee

##### *Finance Leases*

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

#### *Operating Leases*

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

#### The PCC as Lessor

Where the PCC grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the net cost of policing line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **Private Finance Initiative (PFI) and similar contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI scheme, and for the Police Investigation Centres (PICs) ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The liability was written down by the initial contribution.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the Chief Constable's net cost of policing in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – these are included as part of the unitary payment such that the supplier absorbs any peaks and troughs throughout the life of the contract.

## Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the estimated liabilities which will not

be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

## Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

### Revaluation Reserve

This reserve records the accumulated gains on non-current assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this reserve for assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

### Capital Adjustment Account

This account accumulates (on the debit side) the write-down of the historical costs of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this account represents timing differences between the amount of the historical cost of the non-current assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

### 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 PCC accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PCC and Chief Constable make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the PCC and Chief Constable have 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.

### **Value Added Tax**

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Group's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable.

### **Going Concern**

The Code stipulates that the financial statements of local authorities that can only be discontinued under statutory prescription shall be prepared on a going concern basis. This assumption is made because local authorities carry out functions essential to the local community, and cannot be created or dissolved without

statutory prescription. Transfers of services under combinations of public sector bodies do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. However, in order to assist External Audit with establishing their going concern conclusion, a review of going concern is carried out by management.

## **2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted**

The Financial Statements have been prepared in accordance with the Code, which is based on International Financial Reporting Standards (IFRSs).

The amendments required to be adopted under the 2021/22 Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16

Application of the IFRSs referred to above, as adopted by the Code, is required by 1 April 2021, and these IFRSs will be initially adopted as at 1 April 2021. The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

It is not expected that the adoption of any of the standards listed above will have a material effect on the 2021/22 financial statements.

Implementation of the new leasing standard, IFRS 16 Leases, had previously been deferred from 2020/21 for one year due to the impact of the Covid-19 global pandemic. However, due to the continued widespread impact of the pandemic, and resulting pressures on council finance teams, the CIPFA/LASAAC Local Authority Accounting Code Board agreed to defer the implementation of this standard for a further year. This will mean the effective date for implementation is now 1 April 2022.



### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2021/22 in regard of what the PCC will receive from the government and limitations around the precept. The PCC and the Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium-Term Financial Plan, the impact of which will be realised in the budget set by the PCC.
- The allocation of transactions and balances between the PCC and the Chief Constable has been set out in the Narrative Report to these accounts.
- The PCC has taken over the obligations arising from a PFI contract entered into by the former Police Authority. The 30 year PFI contract was for the provision of newly built Police Investigation Centres, title to the assets will be retained by the PCCs of both Norfolk and Suffolk on completion of the contract. Associated assets have been capitalised and treated “on Balance Sheet” as required by IFRS.
- The PCC has a significant number of assets including those under PFI arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI), and the capital and financing costs of the provision of those assets in the PCC accounts. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the Chief Constable have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the Chief Constable accounts including the service charges element of the PFI.
- Costs of pension arrangements require estimates assessed by independent qualified actuaries regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect

Group and PCC Statement of Accounts for the year ended 31 March 2021  
market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.

- In respect of the LGPS police staff pension costs, separate actuarial valuations have been carried out to provide the accounting entries for the PCC and the Chief Constable in 2020/21 and are reflected in the financial statements.
- Establishing the valuation of operational and residential properties. Depreciation is a calculation based on asset value and expected useful life of the assets. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year.

#### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

##### Pensions Liability

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. Actuaries are engaged to provide the PCC with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £179.2m.

The value of the LGPS pension fund assets is calculated by the actuary as part of the formal triennial valuation process, and rolled forward to the balance sheet date, allowing for any movements in the year. These movements include investment returns, which may be estimated where necessary. However, the figure for 2020/21 incorporates actual returns for the period 1 April 2020 to 31 March 2021.

##### Property, Plant and Equipment

The value of land and property together with the asset lives are obtained from the PCC's appointed external valuers (NPS). The PCC relies upon the experience and knowledge of the valuer using the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual to provide a fair value under IAS16. The carrying value of land and buildings (excluding assets under construction, surplus assets and assets held for sale) at the Balance Sheet date was as follows:

Land £11.0m

Property £34.0m

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of the Coronavirus pandemic on markets might cause a valuer to conclude that there is a material uncertainty, which the valuer would then declare in their report. The valuers have concluded that although the pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally, property markets have started to function again, with transaction volumes

and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, properties valued were not reported as subject to material valuation uncertainty.

Although the valuation estimate is based on the valuer's professional judgement, the following table shows the impact of an overall percentage fall in asset valuations on the balance sheet and CIES.

|                                                                             | Impact of a percentage drop in asset valuations |             |             |
|-----------------------------------------------------------------------------|-------------------------------------------------|-------------|-------------|
|                                                                             | 1%<br>£000                                      | 10%<br>£000 | 20%<br>£000 |
| Change in the carrying value of assets                                      | (450)                                           | (4,502)     | (9,003)     |
| Change in the revaluation reserve                                           | (349)                                           | (3,399)     | (6,736)     |
| Additional charge to Other Comprehensive Income and Expenditure in the CIES | 101                                             | 1,103       | 2,267       |



## **5. Intra-group Funding Arrangement Between the PCC and Chief Constable**

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the Narrative Report.

The PCC received all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff are also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts, funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities are carried on the balance sheet in accordance with the Code and added to the carrying value of the pensions liability and accumulated absences liability.

## 6. Notes to the Expenditure and Funding Analysis

### Adjustments between the CIES and the General Fund – Group

| Adjustment<br>for Capital<br>Purposes                    | Net Change<br>for the<br>Pensions<br>Adjustments | Other<br>Differences | Total<br>Adjustments |                                     | Adjustment<br>for Capital<br>Purposes | Net Change<br>for the<br>Pensions<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|----------------------------------------------------------|--------------------------------------------------|----------------------|----------------------|-------------------------------------|---------------------------------------|--------------------------------------------------|----------------------|----------------------|
| £000                                                     | £000                                             | £000                 | 2019/20<br>£000      |                                     | £000                                  | £000                                             | £000                 | 2020/21<br>£000      |
| <b>Year Ended 31 March</b>                               |                                                  |                      |                      |                                     |                                       |                                                  |                      |                      |
| -                                                        | 19,433                                           | 223                  | 19,656               | Constabulary                        | -                                     | 13,748                                           | 407                  | 14,154               |
| 6,017                                                    | 102                                              | -                    | 6,119                | Office of the PCC                   | 5,178                                 | 66                                               | -                    | 5,244                |
| -                                                        | -                                                | -                    | -                    | PCC commissioning                   | -                                     | -                                                | -                    | -                    |
| <b>6,017</b>                                             | <b>19,535</b>                                    | <b>223</b>           | <b>25,776</b>        | <b>Net Cost of Police Services</b>  | <b>5,178</b>                          | <b>13,813</b>                                    | <b>407</b>           | <b>19,398</b>        |
| (5,515)                                                  | 15,123                                           | (110)                | 9,497                | Other income and expenditure        | (5,052)                               | 13,214                                           | 1,357                | 9,519                |
| <b>Difference between General Fund Deficit/(Surplus)</b> |                                                  |                      |                      |                                     |                                       |                                                  |                      |                      |
| <b>502</b>                                               | <b>34,658</b>                                    | <b>113</b>           | <b>35,273</b>        | <b>&amp; CIES Deficit/(Surplus)</b> | <b>126</b>                            | <b>27,027</b>                                    | <b>1,764</b>         | <b>28,917</b>        |

### Adjustments between the CIES and the General Fund – PCC

| Adjustment<br>for Capital<br>Purposes                    | Net Change<br>for the<br>Pensions<br>Adjustments | Other<br>Differences | Total<br>Adjustments |                                     | Adjustment<br>for Capital<br>Purposes | Net Change<br>for the<br>Pensions<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|----------------------------------------------------------|--------------------------------------------------|----------------------|----------------------|-------------------------------------|---------------------------------------|--------------------------------------------------|----------------------|----------------------|
| £000                                                     | £000                                             | £000                 | 2019/20<br>£000      |                                     | £000                                  | £000                                             | £000                 | 2020/21<br>£000      |
| <b>Year Ended 31 March</b>                               |                                                  |                      |                      |                                     |                                       |                                                  |                      |                      |
| 6,017                                                    | 102                                              | -                    | 6,119                | Office of the PCC                   | 5,178                                 | 66                                               | -                    | 5,244                |
| -                                                        | -                                                | -                    | -                    | PCC commissioning                   | -                                     | -                                                | -                    | -                    |
| <b>6,017</b>                                             | <b>102</b>                                       | <b>-</b>             | <b>6,119</b>         | <b>Net Cost of Police Services</b>  | <b>5,178</b>                          | <b>66</b>                                        | <b>-</b>             | <b>5,244</b>         |
| (5,515)                                                  | 30                                               | (110)                | (5,595)              | Other income and expenditure        | (5,052)                               | 14                                               | 1,357                | (3,680)              |
| <b>Difference between General Fund Deficit/(Surplus)</b> |                                                  |                      |                      |                                     |                                       |                                                  |                      |                      |
| <b>502</b>                                               | <b>132</b>                                       | <b>(110)</b>         | <b>524</b>           | <b>&amp; CIES Deficit/(Surplus)</b> | <b>126</b>                            | <b>80</b>                                        | <b>1,357</b>         | <b>1,565</b>         |

**Expenditure and Income Analysed by Nature**

| Total<br>Constab'<br>£000 | Total<br>Office of<br>the PCC<br>£000 | Total<br>PCC's<br>Comm'<br>£000 | Total<br>Group<br>2019/20<br>£000 | Total<br>PCC<br>2019/20<br>£000 |                                                                                 | Total<br>Constab'<br>£000 | Total<br>Office of<br>the PCC<br>£000 | Total<br>PCC's<br>Comm'<br>£000 | Total<br>Group<br>2020/21<br>£000 | Total<br>PCC<br>2020/21<br>£000 |
|---------------------------|---------------------------------------|---------------------------------|-----------------------------------|---------------------------------|---------------------------------------------------------------------------------|---------------------------|---------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b>Expenditure</b>        |                                       |                                 |                                   |                                 |                                                                                 |                           |                                       |                                 |                                   |                                 |
| 124,341                   | 783                                   | -                               | <b>125,124</b>                    | <b>783</b>                      | Employee benefits expenses                                                      | 125,003                   | 780                                   | -                               | <b>125,783</b>                    | <b>780</b>                      |
| 20,416                    | 2,146                                 | 1,685                           | <b>24,246</b>                     | <b>3,831</b>                    | Other service expenditure                                                       | 21,954                    | 1,895                                 | 2,258                           | <b>26,108</b>                     | <b>4,154</b>                    |
| -                         | 6,017                                 | -                               | <b>6,017</b>                      | <b>6,017</b>                    | Depreciation, amortisation, impairment                                          | -                         | 5,178                                 | -                               | <b>5,178</b>                      | <b>5,178</b>                    |
| 35,615                    | 30                                    | -                               | <b>35,645</b>                     | <b>30</b>                       | Net pensions interest cost                                                      | 30,806                    | 14                                    | -                               | <b>30,820</b>                     | <b>14</b>                       |
| -                         | 1,711                                 | -                               | <b>1,711</b>                      | <b>1,711</b>                    | Interest payments                                                               | -                         | 2,504                                 | -                               | <b>2,504</b>                      | <b>2,504</b>                    |
| -                         | 2                                     | -                               | <b>2</b>                          | <b>2</b>                        | Losses from derecognition of financial assets carried at amortised cost         | -                         | -                                     | -                               | <b>-</b>                          | <b>-</b>                        |
| <b>180,372</b>            | <b>10,689</b>                         | <b>1,685</b>                    | <b>192,746</b>                    | <b>12,374</b>                   | <b>Total Expenditure</b>                                                        | <b>177,763</b>            | <b>10,371</b>                         | <b>2,258</b>                    | <b>190,392</b>                    | <b>12,629</b>                   |
| <b>Income</b>             |                                       |                                 |                                   |                                 |                                                                                 |                           |                                       |                                 |                                   |                                 |
| (7,117)                   | (2,131)                               | -                               | <b>(9,248)</b>                    | <b>(2,131)</b>                  | Fees, charges and other service income                                          | (6,737)                   | (117)                                 | -                               | <b>(6,855)</b>                    | <b>(117)</b>                    |
| -                         | (89)                                  | -                               | <b>(89)</b>                       | <b>(89)</b>                     | Interest and investment income                                                  | -                         | (11)                                  | -                               | <b>(11)</b>                       | <b>(11)</b>                     |
| -                         | -                                     | -                               | <b>-</b>                          | <b>-</b>                        | Gain from derecognition of financial assets carried at amortised cost           | -                         | (2)                                   | -                               | <b>(2)</b>                        | <b>(2)</b>                      |
| -                         | (503)                                 | -                               | <b>(503)</b>                      | <b>(503)</b>                    | Gain on the disposal of assets                                                  | -                         | (388)                                 | -                               | <b>(388)</b>                      | <b>(388)</b>                    |
| -                         | (53,677)                              | -                               | <b>(53,677)</b>                   | <b>(53,677)</b>                 | Income from council tax                                                         | -                         | (56,163)                              | -                               | <b>(56,163)</b>                   | <b>(56,163)</b>                 |
| (2,052)                   | (94,775)                              | (920)                           | <b>(97,747)</b>                   | <b>(95,695)</b>                 | Government grants and contributions                                             | (2,990)                   | (98,722)                              | (1,537)                         | <b>(103,249)</b>                  | <b>(100,259)</b>                |
| <b>(9,169)</b>            | <b>(151,175)</b>                      | <b>(920)</b>                    | <b>(161,264)</b>                  | <b>(152,095)</b>                | <b>Total Income</b>                                                             | <b>(9,727)</b>            | <b>(155,404)</b>                      | <b>(1,537)</b>                  | <b>(166,669)</b>                  | <b>(156,942)</b>                |
| <b>171,203</b>            | <b>(140,486)</b>                      | <b>764</b>                      | <b>31,482</b>                     | <b>(139,722)</b>                | <b>Deficit/(Surplus) on the Provision of Services</b>                           | <b>168,036</b>            | <b>(145,033)</b>                      | <b>721</b>                      | <b>23,723</b>                     | <b>(144,312)</b>                |
|                           |                                       |                                 |                                   | <b>136,454</b>                  | <b>Intra Group Funding (PCC Only)</b>                                           |                           |                                       |                                 |                                   | <b>140,681</b>                  |
| <b>171,203</b>            | <b>(140,486)</b>                      | <b>764</b>                      | <b>31,482</b>                     | <b>(3,267)</b>                  | <b>Deficit/(Surplus) on the Provision of Services after Intra Group Funding</b> | <b>168,036</b>            | <b>(145,033)</b>                      | <b>721</b>                      | <b>23,723</b>                     | <b>(3,631)</b>                  |

## 7. Government Grants

The following Government grants and contributions were credited to the CIES during the year:

|                                                           | Group           |                 | PCC             |                 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                           | 2020/21<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 | 2019/20<br>£000 |
| <b>Credited to Taxation and Non Specific Grant Income</b> |                 |                 |                 |                 |
| General police grant                                      | 44,249          | 41,028          | 44,249          | 41,028          |
| Council tax support grant                                 | 4,891           | 4,891           | 4,891           | 4,891           |
| Council tax freeze grant                                  | 1,895           | 1,895           | 1,895           | 1,895           |
| Council tax income compensation grant                     | 281             | -               | 281             | -               |
| Capital grants and contributions                          | 202             | 487             | 202             | 487             |
| Former MHCLG funding                                      | 24,560          | 22,990          | 24,560          | 22,990          |
| Precepts                                                  | 56,163          | 53,677          | 56,163          | 53,677          |
|                                                           | <b>132,241</b>  | <b>124,967</b>  | <b>132,241</b>  | <b>124,967</b>  |
| <b>Credited to Other Operating Expenditure</b>            |                 |                 |                 |                 |
| Home Office contribution to police pensions               | 17,606          | 20,522          | 17,606          | 20,522          |
|                                                           | <b>17,606</b>   | <b>20,522</b>   | <b>17,606</b>   | <b>20,522</b>   |
| <b>Credited to Services</b>                               |                 |                 |                 |                 |
| Police incentivisation                                    | 160             | 184             | -               | -               |
| Specific grant for Police Pension                         | 1,163           | 1,163           | -               | -               |
| PFI grant                                                 | 2,733           | 2,733           | 2,733           | 2,733           |
| Other specific grants                                     | 5,229           | 1,843           | 3,562           | 1,137           |
|                                                           | <b>9,284</b>    | <b>5,922</b>    | <b>6,294</b>    | <b>3,870</b>    |

Other specific grants credited to services for the Group include: £1.7m of various Covid-19 related grants, £1.5m Operation Uplift and a £1.3m Ministry of Justice Grant, the latter was wholly credited to services for the PCC.

## 8. Employees' Remuneration

The numbers of employees and senior police officers (at rank of Chief Superintendent and above at any point during the year) whose remuneration exceeded £50k in 2020/21 were as follows:

| Group   |         |                     | PCC     |         |
|---------|---------|---------------------|---------|---------|
| 2020/21 | 2019/20 | Remuneration        | 2020/21 | 2019/20 |
| 7       | 13      | £50,000 - £54,999   | -       | 1       |
| 6       | 5       | £55,000 - £59,999   | 1       | -       |
| 5       | 3       | £60,000 - £64,999   | -       | -       |
| 3       | -       | £65,000 - £69,999   | -       | -       |
| 2       | 1       | £70,000 - £74,999   | 2       | 1       |
| -       | 1       | £75,000 - £79,999   | -       | 1       |
| 1       | -       | £80,000 - £84,999   | -       | -       |
| 2       | 3       | £85,000 - £89,999   | -       | -       |
| 3       | 2       | £90,000 - £94,999   | -       | -       |
| 2       | -       | £95,000 - £99,999   | -       | -       |
| 1       | 1       | £100,000 - £104,999 | -       | -       |
| 2       | 1       | £105,000 - £109,999 | -       | -       |
| 1       | 2       | £110,000 - £114,999 | 1       | 1       |
| -       | 1       | £125,000 - £129,999 | -       | -       |
| 1       | -       | £130,000 - £134,999 | -       | -       |
| -       | 1       | £155,000 - £159,999 | -       | -       |
| 1       | -       | £160,000 - £164,999 | -       | -       |

"Remuneration" is defined, by regulation, as "all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash."

In addition to the above the Accounts and Audit Regulations 2015 require a detailed disclosure of employees' remuneration for relevant police officers, those holding statutory office and other persons with a responsibility for management of the OPCC.

The officers listed in the following table are also included in the above banding disclosure note.

|                                                     | Salaries<br>Fees and<br>Allowances<br>£000 | Employers<br>Pension<br>Contributions<br>£000 | Expenses<br>£000 | Total<br>£000 |
|-----------------------------------------------------|--------------------------------------------|-----------------------------------------------|------------------|---------------|
| <b>2020/21</b>                                      |                                            |                                               |                  |               |
| <b>Position held</b>                                |                                            |                                               |                  |               |
| Chief Constable - Stephen Jupp                      | 161                                        | -                                             | -                | 161           |
| Deputy Chief Constable                              | 134                                        | 38                                            | -                | 172           |
| Assistant Chief Constable (from 11.05.20)           | 105                                        | 31                                            | -                | 136           |
| Temporary Assistant Chief Constable (to 31.08.20)   | 101                                        | 16                                            | -                | 117           |
| Temporary Assistant Chief Constable (to 25.09.20)   | 66                                         | 16                                            | -                | 82            |
| Assistant Chief Officer                             | 110                                        | 23                                            | -                | 133           |
| Police and Crime Commissioner                       | 71                                         | 16                                            | -                | 87            |
| Chief Executive (PCC)                               | 115                                        | 25                                            | -                | 140           |
| Chief Finance Officer (PCC) - 0.8 FTE               | 71                                         | 16                                            | -                | 87            |
| <b>2019/20</b>                                      |                                            |                                               |                  |               |
| <b>Position held</b>                                |                                            |                                               |                  |               |
| Chief Constable - Gareth Wilson (Ret'd 09.04.19)    | 4                                          | 1                                             | -                | 5             |
| Chief Constable - Stephen Jupp - from 10.04.19      | 157                                        | -                                             | 5                | 162           |
| Deputy Chief Constable                              | 128                                        | 37                                            | 3                | 168           |
| Temporary Assistant Chief Constable                 | 115                                        | 27                                            | 7                | 149           |
| Temporary Assistant Chief Constable (from 25.11.19) | 101                                        | 28                                            | 3                | 132           |
| Assistant Chief Officer (from 08.04.19)             | 105                                        | 23                                            | 27               | 155           |
| Police and Crime Commissioner                       | 77                                         | 17                                            | -                | 94            |
| Chief Executive (PCC)                               | 112                                        | 26                                            | -                | 138           |
| Chief Finance Officer (PCC) - 0.8 FTE               | 71                                         | 16                                            | -                | 87            |

During 2020/21, a chief officer from Norfolk Constabulary acted as a Deputy Chief Constable (DCC) until 31.08.20 and an Assistant Chief Constable (ACC) from 01.09.20 in a joint capacity, Suffolk Constabulary contribute 43.2% towards the cost of this post.

From 01.09.20 a Norfolk Constabulary officer acted as a Temporary ACC in a joint capacity, Suffolk Constabulary contribute 21.6% towards the cost of this post.

Until 25.09.20 a Suffolk Constabulary officer acted as a Temporary ACC in a joint capacity, Norfolk Constabulary contributed 56.8% towards the cost of this post.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

### Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. 2020/21 values include the reversal of an over provision made in 2019/20. 2019/20 values include costs of £61k in relation to those made redundant in 2018/19 which had not been provided for.

| Exit Package Cost Band including Special Payments | Number of Compulsory Redundancies |         | Number of Other Agreed Departures |         | Total Number of Exit Packages |         | Total Value of Exit Packages |         |
|---------------------------------------------------|-----------------------------------|---------|-----------------------------------|---------|-------------------------------|---------|------------------------------|---------|
|                                                   | 2020/21                           | 2019/20 | 2020/21                           | 2019/20 | 2020/21                       | 2019/20 | 2020/21                      | 2019/20 |
| £000                                              |                                   |         |                                   |         |                               |         | £000                         | £000    |
| <b>Group</b>                                      |                                   |         |                                   |         |                               |         |                              |         |
| 0 - 20                                            | -                                 | 3       | -                                 | 1       | -                             | 4       | (6)                          | 61      |
| 20 - 40                                           | -                                 | 1       | -                                 | -       | -                             | 1       | -                            | 63      |
| 150 - 200                                         | -                                 | 1       | -                                 | -       | -                             | 1       | -                            | 163     |
|                                                   | -                                 | 5       | -                                 | 1       | -                             | 6       | (6)                          | 287     |

## **9. Related Party Transactions**

The PCC is required to disclose material transactions with bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC.

During 2020/21 there were no material related party transactions involving officers of the PCC or senior officers of the Constabulary, other than those included under employees remuneration set out in Note 8 of these financial statements. The PCC and other senior officers have been written to requesting details of any related party transactions and there are no disclosures.

Central Government has effective control over the general operations of the PCC, it is responsible for providing the statutory framework within which the PCC operates, provides the majority of its funding and prescribes the terms of many of the transactions that the PCC has with other parties. Income from central government is set out in Note 7 of these financial statements.

Norfolk and Suffolk Constabularies have implemented significant collaborative arrangements, these are fully disclosed in Note 10.

No other material transactions with related parties have been entered into except where disclosed elsewhere in the accounts.

## 10. Collaborative Arrangements

### Local Collaboration

Both Norfolk and Suffolk Constabularies are collaborating extensively across a range of service areas. At the point where collaborative opportunities are identified as able to deliver efficiencies, savings or improved service then the PCC is required to give their approval to collaborate. This is recognised by Norfolk and Suffolk alike.

The Collaboration Panel for Norfolk and Suffolk, as described in the Scheme of Governance and Consent provides an opportunity for the counties' respective PCCs to consider issues of mutual interest and discharge the governance responsibilities of the PCCs. The agreed shared costs of fully collaborated units that arose during the year was as follows:

|                                   | Business<br>Support<br>£000 | Justice<br>Services<br>£000 | Protective<br>Services<br>£000 | County<br>Policing<br>£000 | Total<br>£000  |
|-----------------------------------|-----------------------------|-----------------------------|--------------------------------|----------------------------|----------------|
| <b>2020/21</b>                    |                             |                             |                                |                            |                |
| Suffolk PCC                       | 18,158                      | 11,282                      | 15,586                         | 1,660                      | 46,686         |
| Norfolk PCC                       | 23,874                      | 14,834                      | 20,493                         | 2,182                      | 61,383         |
| <b>Total shared running costs</b> | <b>42,032</b>               | <b>26,116</b>               | <b>36,079</b>                  | <b>3,842</b>               | <b>108,069</b> |
| <b>2019/20</b>                    |                             |                             |                                |                            |                |
| Suffolk PCC                       | 17,272                      | 10,614                      | 15,104                         | 1,523                      | 44,513         |
| Norfolk PCC                       | 22,895                      | 14,070                      | 20,022                         | 2,018                      | 59,006         |
| <b>Total shared running costs</b> | <b>40,167</b>               | <b>24,685</b>               | <b>35,127</b>                  | <b>3,541</b>               | <b>103,520</b> |

### Regional Collaboration

Collaboration within the region has been pursued for a number of years. Since the introduction of PCCs, the six PCCs from the region have met quarterly as a group with their Chief Constables and Chief Executives. All collaborations that have been entered into have a collaboration agreement which specifies the formalities of the collaboration arrangements in relation to specific collaborations.

Since October 2015 the six police areas in the Region have been joined by Kent in the 7Force Strategic Collaboration Programme. This has been formalised in a collaboration agreement entered into between the PCCs and Chief Constables of

the seven police areas. The agreement has been regularly extended and the current extension runs until 31 March 2023.

The net expenditure incurred by each force is as follows:

|                                   | Total<br>2020/21<br>£000 | Total<br>2019/20<br>£000 |
|-----------------------------------|--------------------------|--------------------------|
| Operating costs                   | 20,231                   | 21,834                   |
| Specific Home Office grant        | (4,796)                  | (4,336)                  |
| Other income                      |                          | -                        |
| <b>Total deficit for the year</b> | <b>15,435</b>            | <b>17,498</b>            |
| Contributions from forces:        |                          |                          |
| Bedfordshire                      | (1,746)                  | (1,997)                  |
| Cambridgeshire                    | (2,224)                  | (2,567)                  |
| Essex                             | (1,735)                  | (1,953)                  |
| Hertfordshire                     | (3,159)                  | (3,607)                  |
| Kent                              | (2,095)                  | (2,249)                  |
| Norfolk                           | (2,542)                  | (2,918)                  |
| Suffolk                           | (1,934)                  | (2,207)                  |
| <b>Deficit for the year</b>       | <b>-</b>                 | <b>-</b>                 |

### 7Force Procurement

The business case to collaborate 7Force Procurement was agreed at the Eastern Region Summit on 10 July 2018.

During 2019/20, procurement services across the seven forces; Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk have been collaborated to a single 7Force Procurement function. This is the first full seven force function to go live across the Eastern Region.

As a partnership of seven forces, this will create the second largest contracting body in police procurement nationally. This provides greater economies of scale and better presence and 'buying power' for value for money contracts in the market place.



The Police and Crime Commissioner for Suffolk

The 7Force Procurement vision is to enable the delivery of an effective Police service and provide support for victims of crime in the eastern region by procuring and managing a high quality, value for money supply chain.

The 7Force Single Procurement Function was implemented during 2019/20 using a phased approach. The Senior Leadership Team went live on 1 September 2019, the Commercial Development and Governance team on 1 November 2019 and the Category Management team on 6 January 2020.

The net expenditure incurred by each force is as follows:

|                            | <b>Total<br/>2020/21<br/>£000</b> | <b>Total<br/>2019/20<br/>£000</b> |
|----------------------------|-----------------------------------|-----------------------------------|
| Operating costs            | 2,469                             | 1,033                             |
| Contributions from forces: |                                   |                                   |
| Bedfordshire               | 205                               | 85                                |
| Cambridgeshire             | 260                               | 110                               |
| Hertfordshire              | 371                               | 154                               |
| Essex                      | 537                               | 226                               |
| Kent                       | 571                               | 238                               |
| Norfolk                    | 298                               | 125                               |
| Suffolk                    | 227                               | 94                                |
|                            | <b>2,469</b>                      | <b>1,033</b>                      |

#### **National Collaboration:**

##### **National Police Air Service**

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). During 2012/13 all owned airframes (including the one owned by the former Suffolk Police Authority) transferred to the ownership of the Commissioner for West Yorkshire while leased airframes remained in the ownership of the lessor but the lease costs transferred.

The PCCs retained ownership of all freehold airbases, but some leases for airbases were novated to the Commissioner for West Yorkshire.

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Police staff engaged in provision of the service were employed by the Commissioner and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West Yorkshire and they will charge forces for the service. The Home Office provides a capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a strategic board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy and monitors performance.

During the year £0.10m (2019/20 £0.28m) was payable to West Yorkshire PCC in respect of the NPAS service provided. At 31 March 2021, West Yorkshire PCC owed Suffolk PCC £0.55m (31 March 2020 £0.75m) in respect of the Suffolk airframe. The balance is due to be paid in annual instalments up until 2024/25.

## 11. Council Tax

The Suffolk district and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2020/21 the precept, including the estimated 2019/20 collection fund surplus, was paid to the PCC during the year and amounted to £56.2m distributed as shown below. The Code requires that Council Tax income included in the CIES for the year should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PCC's share of the outturn opening and closing balances on the Collection Fund. These adjustments are however then taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS to ensure that only the statutory amount is credited to the General Fund.

The figures credited to the CIES are broken down as follows:

| 2019/20<br>£000                    | Received<br>from Billing<br>Authority<br>£000 | Outturn surplus/(deficit)<br>on Collection Fund at |                 | Total<br>2020/21<br>£000 |
|------------------------------------|-----------------------------------------------|----------------------------------------------------|-----------------|--------------------------|
|                                    |                                               | 31.3.20<br>£000                                    | 31.3.21<br>£000 |                          |
| 7,098 Babergh District Council     | 7,636                                         | 3                                                  | (160)           | 7,473                    |
| 18,542 East Suffolk Council        | 20,061                                        | 416                                                | (185)           | 19,460                   |
| 8,225 Ipswich Borough Council      | 8,766                                         | 97                                                 | (185)           | 8,483                    |
| 7,881 Mid Suffolk District Council | 8,356                                         | 46                                                 | 17              | 8,327                    |
| 11,931 West Suffolk Council        | 12,701                                        | 188                                                | (94)            | 12,419                   |
| <b>53,677</b>                      | <b>57,521</b>                                 | <b>750</b>                                         | <b>(607)</b>    | <b>56,163</b>            |

The Code also requires the PCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset within the Balance Sheet by an associated balance that reflects the difference between the net attributable share of cash received by the billing authorities from council tax debtors/creditors and the amounts paid to the PCC. The amounts owed to/from billing authorities in respect of council tax at the year-end were as follows:

| Balance at<br>31.3.20<br>£000   | Collection   |                     |                     | Balance at<br>31.3.21<br>£000 |
|---------------------------------|--------------|---------------------|---------------------|-------------------------------|
|                                 | Fund<br>£000 | Net Arrears<br>£000 | Prepayments<br>£000 |                               |
| 71 Babergh District Council     | 160          | 186                 | (48)                | 298                           |
| (623) East Suffolk Council      | 185          | 318                 | (580)               | (77)                          |
| 189 Ipswich Borough Council     | 185          | 492                 | (134)               | 544                           |
| 42 Mid Suffolk District Council | (17)         | 178                 | (52)                | 109                           |
| (128) West Suffolk Council      | 94           | 315                 | (381)               | 28                            |
| <b>(448)</b>                    | <b>607</b>   | <b>1,490</b>        | <b>(1,196)</b>      | <b>902</b>                    |

## 12. External Audit Fees

The Group fees payable in respect of external audit services were as follows:

| 2019/20<br>£000<br>Restated                                                                       | 2020/21<br>£000 |
|---------------------------------------------------------------------------------------------------|-----------------|
| The Group has incurred the following costs in relation to the audit of the Statement of Accounts: |                 |
| 43 The PCC for Suffolk                                                                            | 18              |
| 21 The Chief Constable of Suffolk                                                                 | 8               |
| <b>64</b>                                                                                         | <b>26</b>       |

The PCC fees payable in respect of external audit services are identified separately in the above table.

Neither the 2020/21 nor the 2019/20 audit fees include any amount in respect of prior year audits. The 2019/20 fee includes an estimated accrual of £28k (£19k PCC and £9k Chief Constable) for additional work related to 2019/20, which has subsequently been revised in 2020/21 to an agreed total of £18k (£12k PCC and £6k Chief Constable).

No audit fees have been payable for non-audit work.

**13. Non-Current Assets**

| Land and buildings                     | Vehicles plant and equipment | Assets under construction | Surplus assets | Total         |                                         | Land and buildings   | Vehicles plant and equipment | Assets under construction | Surplus assets | Total         |
|----------------------------------------|------------------------------|---------------------------|----------------|---------------|-----------------------------------------|----------------------|------------------------------|---------------------------|----------------|---------------|
| £000                                   | £000                         | £000                      | £000           | £000          |                                         | £000                 | £000                         | £000                      | £000           | £000          |
| Movements in 2019/20                   |                              |                           |                |               |                                         | Movements in 2020/21 |                              |                           |                |               |
| <b>Property, Plant &amp; Equipment</b> |                              |                           |                |               |                                         |                      |                              |                           |                |               |
| <b>Historic cost or revaluation</b>    |                              |                           |                |               |                                         |                      |                              |                           |                |               |
| 44,611                                 | 26,541                       | 243                       | 1,178          | 72,573        | Balance at 1 April                      | 49,071               | 25,150                       | 704                       | -              | 74,925        |
| -                                      | 476                          | (83)                      | (1,178)        | (785)         | Reclassifications                       | -                    | 70                           | (206)                     | -              | (136)         |
| 1,433                                  | 3,502                        | 544                       | -              | 5,479         | Additions                               | 21                   | 3,544                        | 471                       | -              | 4,036         |
| (464)                                  | (5,370)                      | -                         | -              | (5,834)       | Derecognition - disposals               | (185)                | (7,493)                      | -                         | -              | (7,678)       |
| 3,491                                  | -                            | -                         | -              | 3,491         | Revaluation gains/(losses)              | (2,023)              | -                            | -                         | -              | (2,023)       |
| <b>49,071</b>                          | <b>25,150</b>                | <b>704</b>                | <b>-</b>       | <b>74,925</b> | <b>Balance at 31 March</b>              | <b>46,884</b>        | <b>21,271</b>                | <b>969</b>                | <b>-</b>       | <b>69,124</b> |
| <b>Depreciation and impairments</b>    |                              |                           |                |               |                                         |                      |                              |                           |                |               |
| 1,966                                  | 17,982                       | -                         | -              | 19,948        | Balance at 1 April                      | 1,904                | 15,251                       | -                         | -              | 17,154        |
| -                                      | 128                          | -                         | -              | 128           | Reclassifications                       | -                    | -                            | -                         | -              | -             |
| (1,798)                                | -                            | -                         | -              | (1,798)       | Depreciation written out on revaluation | (1,593)              | -                            | -                         | -              | (1,593)       |
| (39)                                   | (5,306)                      | -                         | -              | (5,345)       | Derecognition - disposals               | (20)                 | (7,374)                      | -                         | -              | (7,394)       |
| 1,774                                  | 2,446                        | -                         | -              | 4,220         | Depreciation for the year               | 1,579                | 2,743                        | -                         | -              | 4,322         |
| <b>1,904</b>                           | <b>15,251</b>                | <b>-</b>                  | <b>-</b>       | <b>17,154</b> | <b>Balance at 31 March</b>              | <b>1,869</b>         | <b>10,620</b>                | <b>-</b>                  | <b>-</b>       | <b>12,489</b> |
| 42,644                                 | 8,559                        | 243                       | 1,178          | 52,624        | Opening net book value                  | 47,168               | 9,899                        | 704                       | -              | 57,771        |
| <b>47,168</b>                          | <b>9,899</b>                 | <b>704</b>                | <b>-</b>       | <b>57,771</b> | <b>Closing net book value</b>           | <b>45,015</b>        | <b>10,650</b>                | <b>969</b>                | <b>-</b>       | <b>56,635</b> |

Revaluation movements above are reflected in the CIES as follows:

|                |                                                       |            |
|----------------|-------------------------------------------------------|------------|
| 1,006          | Charged to the Net Cost of Services                   | 24         |
| (6,295)        | Charged to Other Comprehensive Income and Expenditure | 406        |
| <b>(5,290)</b> |                                                       | <b>430</b> |

Assets under construction are assets that are not yet operationally complete, the balance relates to expenditure on land and buildings (£600k), Plant and Equipment (£81k) and IT Systems (£288k).

Included in land and buildings is land at Bury St Edmunds on which a Police Investigation Centre (PIC) has been built. Although the PCC has legal title to the land, it only owns 70% of the beneficial interest in the land, the remaining 30% is owned by Norfolk PCC, who is co-occupier of the centre. Therefore only 70% of the current value of the land is included in the table above, amounting to £679k. The PCC also paid 50% of the cost of land purchased by Norfolk PCC at Great Yarmouth, the current value of this land in the balance sheet amounts to £315k.

The depreciation and amortisation policy is set out in Note 1. Assets have been depreciated on a straight-line basis over their economic useful lives.

## Intangible Assets

| <b>Software<br/>licences<br/>£000<br/>31 March<br/>2020</b> | <b>Software<br/>licences<br/>£000<br/>31 March<br/>2021</b> |
|-------------------------------------------------------------|-------------------------------------------------------------|
| <b><u>Purchased intangible assets</u></b>                   |                                                             |
| <b>Historic cost or revaluation</b>                         |                                                             |
| 7,937 Balance at 1 April                                    | 7,782                                                       |
| (393) Reclassifications                                     | 136                                                         |
| 247 Additions                                               | 117                                                         |
| (9) Derecognition - disposals                               | -                                                           |
| <b>7,782 Balance at 31 March</b>                            | <b>8,034</b>                                                |
| <b>Amortisation</b>                                         |                                                             |
| 4,651 Balance at 1 April                                    | 5,305                                                       |
| (128) Reclassifications                                     | -                                                           |
| 792 Amortisation for the year                               | 832                                                         |
| (9) Derecognition - disposals                               | -                                                           |
| <b>5,305 Balance at 31 March</b>                            | <b>6,137</b>                                                |
| 3,286 Opening net book value                                | 2,477                                                       |
| <b>2,477 Closing net book value</b>                         | <b>1,897</b>                                                |

## Valuations

### Land and buildings

The freehold and leasehold properties of the PCC's property portfolio are individually valued as part of a rolling 5 year programme. The valuations, which are carried out by the PCC's professional advisors, NPS, who are property consultants, are in accordance with their appraisal and valuation manual. Their valuer is a qualified member of the Royal Institute of Chartered Surveyors (RICS).

In order to calculate buildings depreciation the valuers have provided separate valuations for the land and building elements of each property valuation. The valuers also provide an estimate of the remaining economic useful life of the assets. They are also asked to carry out an annual desktop assessment of the remaining properties on which no formal valuation was carried out in the year, reporting if there is a material movement on asset values in the year.

Plant and machinery which are part of the building or property (for example, central heating systems) have been included in valuations. This is in accordance with appendices to Practice Statements of the RICS appraisal valuation manual. Moveable plant, machinery, fixtures and fittings, which do not form part of the building, have been excluded from the valuations of land and buildings.

Non specialised operational properties were valued on the basis of existing use value (EUV). Specialised operational properties should also be valued on an EUV basis, or where this could not be assessed because there was no market for the subject asset, they were valued on a depreciated replacement cost basis.

### Vehicles, Plant and Equipment and Software Licences

Vehicles, plant and equipment and software licences are valued at depreciated historic cost as a proxy for current value.

The breakdown of the property, plant and equipment current value by valuation basis at the year-end is as follows:

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|                                                | Other<br>land and<br>buildings<br>£000 | Vehicles<br>plant and<br>equipment<br>£000 | Assets<br>under con-<br>struction<br>£000 | Surplus<br>assets<br>£000 | Total<br>£000 |
|------------------------------------------------|----------------------------------------|--------------------------------------------|-------------------------------------------|---------------------------|---------------|
| <b>Carried at historical cost</b>              | 2,234                                  | 10,650                                     | 969                                       | -                         | 13,853        |
| <b>Valued at fair value during year ended:</b> |                                        |                                            |                                           |                           |               |
| 31 March 2021                                  | 35,929                                 | -                                          | -                                         | -                         | 35,929        |
| 31 March 2020                                  | 1,754                                  | -                                          | -                                         | -                         | 1,754         |
| 31 March 2019                                  | 4,447                                  | -                                          | -                                         | -                         | 4,447         |
| 31 March 2018                                  | -                                      | -                                          | -                                         | -                         | -             |
| 31 March 2017                                  | 648                                    | -                                          | -                                         | -                         | 648           |
| 31 March 2011                                  | 5                                      | -                                          | -                                         | -                         | 5             |
| <b>Balance at 31 March 2021</b>                | <b>45,015</b>                          | <b>10,650</b>                              | <b>969</b>                                | <b>-</b>                  | <b>56,635</b> |

## 14. Financing of Capital Expenditure

Capital financing is accounted for on an accruals basis. The sources of capital finance in 2020/21 are set out below.

| 2019/20<br>£000                                                   | 2020/21<br>£000 |
|-------------------------------------------------------------------|-----------------|
| 36,154 Opening capital financing requirement                      | 35,485          |
| <b>Capital investment</b>                                         |                 |
| 247 Intangible fixed assets                                       | 117             |
| 4,935 Operational assets                                          | 3,566           |
| 544 Non operational assets                                        | 471             |
| <b>Sources of finance</b>                                         |                 |
| (1,367) Capital receipts applied                                  | -               |
| (516) Government grants and other contributions                   | (193)           |
| (2,175) Direct revenue contributions                              | (3,699)         |
| (2,337) Revenue provision including MRP                           | (762)           |
| <b>35,485 Closing capital financing requirement</b>               | <b>34,983</b>   |
| <b>Explanation of movements in year</b>                           |                 |
| (669) Increase/(decrease) in underlying need to borrow            | (501)           |
| <b>(669) Increase/(decrease) in capital financing requirement</b> | <b>(501)</b>    |

The Minimum Revenue Provision (MRP) is a mechanism to set aside revenue funds for the redemption of debt. The Local Authorities (Capital Finance and Accounting) Regulations 2015 are issued under Section 21 of the Local Government Act 2003 and now allow authorities a variety of options in calculating their MRP. The options chosen were that MRP calculated using Option 2 be used for capital expenditure up to and including 31 March 2008 and Option 3 for all capital expenditure thereafter using the equal instalment method until 2018/19 and the annuity method from 2019/20. Option 3 results in MRP charged over the assets remaining useful life. Accounting for PFIs and Finance Leases require that on balance sheet assets are also funded through MRP, the amount charged is equivalent to the capital element of the liability repaid during the year. The total amount charged to MRP in 2020/21 was £762k (2019/20 - £2,337k).

## 15. Private Finance Initiative

On 23 February 2010 Norfolk and Suffolk Police Authorities signed a 30 year PFI contract to construct and operate six Police Investigation Centres (PICs) within the two counties. Three of the PICs are shared, two between Norfolk and Suffolk and one between Norfolk and Cambridgeshire. In addition Norfolk operates a further two sites and Suffolk a further one. The land percentage splits on the Norfolk and Suffolk shared sites and the associated land values are disclosed in Note 13.

Norfolk and Suffolk PCCs are committed to making payments under the contract for the financial years 2010/11 to 2040/41. The actual payment split between the two counties will depend on site allocation and associated service delivery. The first PIC became operational on 28 February 2011 at Aylsham, Norfolk. The remaining PICs became operational in 2011/12.

Under the contract the PCC shares in the benefits and obligations arising from the contractual assets on a pre-determined percentage based on the number of cells assigned to each force. A summary of the sites, their initial contract capital values and the respective PCC interest in each site is shown in the adjacent table:

| Sites and opening dates  | Norfolk<br>Cells | Suffolk<br>Cells | Capital<br>Contract | Historic Cost in Suffolk |                 |
|--------------------------|------------------|------------------|---------------------|--------------------------|-----------------|
|                          |                  |                  | Value<br>£000       | 31.3.21<br>£000          | 31.3.20<br>£000 |
| Aylsham - 28.2.11        | 8                | -                | 6,967               | -                        | -               |
| Wymondham - 4.4.11       | 30               | -                | 11,398              | -                        | -               |
| Kings Lynn - 25.4.11     | 24               | -                | 10,749              | -                        | -               |
| Ipswich - 6.6.11         | -                | 30               | 12,012              | 12,012                   | 12,012          |
| Bury St Edmunds - 4.7.11 | 8                | 16               | 10,621              | 7,081                    | 7,081           |
| Gt Yarmouth - 7.11.11    | 15               | 15               | 12,680              | 6,340                    | 6,340           |
|                          | <b>85</b>        | <b>61</b>        | <b>64,427</b>       | <b>25,433</b>            | <b>25,433</b>   |



The PCC makes an agreed payment each year, which can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed, however 31.5% of the charge is increased annually by inflation (RPIX). Suffolk's share of the estimated payments remaining to be made under the PFI contract at 31 March 2021 (excluding availability / performance deductions) are shown in the adjacent table:

|                                        | Revenue<br>Services<br>£000 | Capital<br>Payments<br>£000 | Contingent<br>Interest<br>£000 |             | Total<br>Rent<br>£000 | Total<br>£000 |
|----------------------------------------|-----------------------------|-----------------------------|--------------------------------|-------------|-----------------------|---------------|
| Payable in 2021/22                     | 1,446                       | 442                         | 2,004                          | 25          |                       | 3,917         |
| Payable within two to five years       | 6,051                       | 2,409                       | 7,467                          | 136         |                       | 16,063        |
| Payable within six to ten years        | 9,277                       | 3,658                       | 8,132                          | (21)        |                       | 21,045        |
| Payable within eleven to fifteen years | 10,852                      | 5,534                       | 6,068                          | (203)       |                       | 22,251        |
| Payable within sixteen to twenty years | 11,200                      | 9,405                       | 2,587                          | 11          |                       | 23,203        |
|                                        | <b>38,826</b>               | <b>21,448</b>               | <b>26,258</b>                  | <b>(53)</b> |                       | <b>86,479</b> |

|                                                                            | 2020/21<br>£000 | 2019/20<br>£000 |
|----------------------------------------------------------------------------|-----------------|-----------------|
| Balance outstanding at the beginning of the year                           | 21,851          | 23,107          |
| Restatement of opening balance arising from remodelling of PFI liabilities | -               | (863)           |
| Capital repayments during the year                                         | (403)           | (394)           |
| Balance outstanding at year end                                            | <b>21,448</b>   | <b>21,851</b>   |

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital remains to be reimbursed. During 2019/20 a review of the original PFI model was carried out and it was concluded that although materially accurate, it did not follow Code principles. The model was revised, resulting in an adjustment to the opening liability of £863k, reciprocal opening adjustments were made to MRP, PFI interest and contingent rent. The movement in the capital liability on the Suffolk PCC Balance Sheet during the year is per the adjacent table.

The net book value of the assets capitalised as part of the PFI contract is per the adjacent table:

|                                             | 2020/21<br>£000 | 2019/20<br>£000 |
|---------------------------------------------|-----------------|-----------------|
| Net book value at the beginning of the year | 21,663          | 18,412          |
| Depreciation during the year                | (856)           | (911)           |
| Revaluations during the year                | (512)           | 4,162           |
| Net book value at the end of the year       | <b>20,295</b>   | <b>21,663</b>   |

## 16. Retirement Benefits

### Participation in pension schemes

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Four defined benefit pension schemes are operated:

- a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary police staff, administered by Suffolk County Council – this is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pension liabilities with investment assets.

From April 2014 the LGPS changed to a career average defined benefit scheme, so that benefits accrued are worked out using the employee's pay each scheme year rather than the final salary. This applies to all membership which builds up from 1 April 2014, but all pensions in payment or built up before April 2014 are protected. Employee contributions are determined by reference to actual pensionable pay and are tiered between 5.5% and 12.5%.

- b) The Police Pension Scheme (PPS) for police officers who joined before April 2006. The employee contributions are 14.25%-15.05% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.
- c) The New Police Pension Scheme (NPPS) for police officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 11.00%-12.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.
- d) The Police Pension 2015 Scheme for police officers, is a Career Average Revalued Earnings (CARE) scheme, for those who either joined from April 2015 or transferred from the PPS or the NPPS. The employee contributions are 12.44%-13.78% of salary and the Normal Pension Age is 60 although there are protections for eligible officers to retire earlier. Contribution rates are dependent on salary.

All police pension schemes are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 as 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2020/21 a specific grant of £1.2m was received to part fund the cost of the recent change in contribution rates. The CIES meets the costs of injury awards and the capital value of ill-health benefits.

The PCC is also required to maintain a Police Pension Fund Account. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to partially cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

### Transactions relating to post-employment benefits

The cost of retirement benefits are recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement is reversed out of the General Fund in the MIRS.

The note below contains details of the Group's operation of the Local Government Pension Scheme (administered by Suffolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the Group has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes.

The following transactions have been made in the CIES and the General Fund via the MIRS during the year:

|                                                                                                   | Group           |                             |                        |                             | PCC             |                             |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------------------|------------------------|-----------------------------|-----------------|-----------------------------|
|                                                                                                   | LGPS            |                             | Police Pension Schemes |                             | LGPS            |                             |
|                                                                                                   | 2020/21<br>£000 | 2019/20<br>£000<br>Restated | 2020/21<br>£000        | 2019/20<br>£000<br>Restated | 2020/21<br>£000 | 2019/20<br>£000<br>Restated |
| <b>Comprehensive Income and Expenditure Statement</b>                                             |                 |                             |                        |                             |                 |                             |
| <b>Cost of services</b>                                                                           |                 |                             |                        |                             |                 |                             |
| Current service costs                                                                             | 9,954           | 11,370                      | 25,340                 | 28,100                      | 184             | 219                         |
| Past service costs                                                                                | -               | 64                          | -                      | 163                         | -               | -                           |
| <b>Financing and investment income and expenditure</b>                                            |                 |                             |                        |                             |                 |                             |
| Net interest expense                                                                              | 1,090           | 1,710                       | 29,730                 | 33,935                      | 14              | 30                          |
| <b>Total post employment benefit charges to the Deficit on the Provision of Service</b>           | <b>11,044</b>   | <b>13,144</b>               | <b>55,070</b>          | <b>62,198</b>               | <b>198</b>      | <b>249</b>                  |
| <b>Other post employment benefit charged to the CIES</b>                                          |                 |                             |                        |                             |                 |                             |
| Return on plan assets (excluding the amount included in the net interest expense)                 | (33,201)        | 17,217                      | -                      | -                           | (856)           | (1,321)                     |
| - Actuarial (gains)/losses arising from changes in demographic assumptions                        | 4,205           | (5,517)                     | (17,110)               | (10,382)                    | 70              | (125)                       |
| - Actuarial (gains)/losses arising from changes in financial assumptions                          | 75,857          | (28,465)                    | 216,080                | (128,662)                   | 1,286           | (435)                       |
| - Other                                                                                           | (2,280)         | (13,044)                    | (34,951)               | (9,133)                     | (48)            | 1,137                       |
|                                                                                                   | 44,581          | (29,809)                    | 164,019                | (148,177)                   | 452             | (744)                       |
| <b>Total post employment benefit charged to the CIES</b>                                          | <b>55,625</b>   | <b>(16,665)</b>             | <b>219,089</b>         | <b>(85,979)</b>             | <b>650</b>      | <b>(495)</b>                |
| <b>Movement in Reserves Statement (MIRS):</b>                                                     |                 |                             |                        |                             |                 |                             |
| Reversal of net charges made to the CIES for post employment benefits in accordance with the Code | <b>(55,625)</b> | <b>16,665</b>               | <b>(219,089)</b>       | <b>85,979</b>               | <b>(650)</b>    | <b>495</b>                  |
| <b>Actual amount charged against the General Fund Balance for pensions in the year:</b>           |                 |                             |                        |                             |                 |                             |
| Employers' contributions charged to the general fund                                              | 6,353           | 6,059                       | 32,733                 | 34,625                      | 118             | 117                         |
| Retirement benefits payable to pensioners                                                         | (4,675)         | (4,444)                     | (38,923)               | (40,082)                    | (169)           | (136)                       |

**Assets and liabilities in relation to retirement benefits**

|                              | Group                           |                 |                        |                    |                       |                    | PCC                             |              |
|------------------------------|---------------------------------|-----------------|------------------------|--------------------|-----------------------|--------------------|---------------------------------|--------------|
|                              | Local Government Pension Scheme |                 | Police Pension Schemes |                    | Total Pension Schemes |                    | Local Government Pension Scheme |              |
|                              | 2020/21                         | 2019/20         | 2020/21                | 2019/20            | 2020/21               | 2019/20            | 2020/21                         | 2019/20      |
|                              | £000                            | £000            | £000                   | £000               | £000                  | £000               | £000                            | £000         |
| Present value of liabilities | (317,107)                       | (226,799)       | (1,482,639)            | (1,296,283)        | (1,799,746)           | (1,523,082)        | (6,788)                         | (5,295)      |
| Fair value of plan assets    | 222,135                         | 181,099         | -                      | -                  | 222,135               | 181,099            | 5,673                           | 4,712        |
| <b>Total Net Liabilities</b> | <b>(94,972)</b>                 | <b>(45,700)</b> | <b>(1,482,639)</b>     | <b>(1,296,283)</b> | <b>(1,577,611)</b>    | <b>(1,341,983)</b> | <b>(1,115)</b>                  | <b>(583)</b> |

**Reconciliation of present value of the scheme liabilities**

|                                                                           | Group                           |                |                        |                  | PCC                             |              |
|---------------------------------------------------------------------------|---------------------------------|----------------|------------------------|------------------|---------------------------------|--------------|
|                                                                           | Local Government Pension Scheme |                | Police Pension Schemes |                  | Local Government Pension Scheme |              |
|                                                                           | 2020/21                         | 2019/20        | 2020/21                | 2019/20          | 2020/21                         | 2019/20      |
|                                                                           | £000                            | £000           | £000                   | £000             | £000                            | £000         |
| Opening Balance at 1 April                                                | 226,799                         | 258,821        | 1,296,283              | 1,416,887        | 5,295                           | 4,480        |
| Current service cost                                                      | 9,954                           | 11,370         | 25,340                 | 28,100           | 184                             | 219          |
| Interest cost                                                             | 5,294                           | 6,328          | 29,730                 | 33,935           | 122                             | 109          |
| Contributions by scheme participants                                      | 1,881                           | 1,647          | 6,190                  | 5,457            | 48                              | 45           |
| Remeasurement (gains) and losses:                                         |                                 |                |                        |                  |                                 |              |
| - Actuarial (gains)/losses arising from changes in demographic assumption | 4,205                           | (5,517)        | (17,110)               | (10,382)         | 70                              | (125)        |
| - Actuarial (gains)/losses arising from changes in financial assumptions  | 75,857                          | (28,465)       | 216,080                | (128,662)        | 1,286                           | (435)        |
| - Other                                                                   | (2,208)                         | (13,005)       | (34,951)               | (9,133)          | (48)                            | 1,138        |
| Past service costs                                                        | -                               | 64             | -                      | 163              | -                               | -            |
| Benefits paid                                                             | (4,675)                         | (4,444)        | (38,923)               | (40,082)         | (169)                           | (136)        |
| <b>Closing Balance at 31 March</b>                                        | <b>317,107</b>                  | <b>226,799</b> | <b>1,482,639</b>       | <b>1,296,283</b> | <b>6,788</b>                    | <b>5,295</b> |

**Reconciliation of fair value of scheme assets**

|                                                                                        | Group            |                |                 |                 | PCC              |                |
|----------------------------------------------------------------------------------------|------------------|----------------|-----------------|-----------------|------------------|----------------|
|                                                                                        | Funded Assets    |                | Unfunded Assets |                 | Funded Assets    |                |
|                                                                                        | Local Government |                | Police          |                 | Local Government |                |
|                                                                                        | Pension Scheme   | Pension Scheme | Pension Schemes | Pension Schemes | Pension Scheme   | Pension Scheme |
|                                                                                        | 2020/21          | 2019/20        | 2020/21         | 2019/20         | 2020/21          | 2019/20        |
|                                                                                        | £000             | £000           | £000            | £000            | £000             | £000           |
| Opening fair value of scheme assets at 1 April                                         | 181,099          | 190,397        | -               | -               | 4,712            | 3,285          |
| Interest income                                                                        | 4,204            | 4,618          | -               | -               | 108              | 79             |
| Remeasurement gain/(loss):                                                             |                  |                |                 |                 |                  |                |
| - the return on plan assets, excluding the amount included in the net interest expense | 33,201           | (17,217)       | -               | -               | 856              | 1,321          |
| Other                                                                                  | 72               | 39             | -               | -               | -                | 1              |
| Contributions from employer                                                            | 6,353            | 6,059          | 32,733          | 34,625          | 118              | 117            |
| Contributions from employees into the scheme                                           | 1,881            | 1,647          | 6,190           | 5,457           | 48               | 45             |
| Benefits paid                                                                          | (4,675)          | (4,444)        | (38,923)        | (40,082)        | (169)            | (136)          |
| <b>Closing fair value of scheme assets at 31 March</b>                                 | <b>222,135</b>   | <b>181,099</b> | <b>-</b>        | <b>-</b>        | <b>5,673</b>     | <b>4,712</b>   |

The total net pensions liabilities of £1,578m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,537m. However, the financial position of the PCC remains sound as the liabilities will be spread over many years as follows:

- The net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
- The net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

Suffolk County Council is required to have a funding strategy for elimination of deficits, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

|                                     | Group                       |            |                |            | PCC                         |            |              |            |
|-------------------------------------|-----------------------------|------------|----------------|------------|-----------------------------|------------|--------------|------------|
|                                     | Fair Value of Scheme Assets |            |                |            | Fair Value of Scheme Assets |            |              |            |
|                                     | 31 March                    |            | 31 March       |            | 31 March                    |            | 31 March     |            |
|                                     | 2021                        |            | 2020           |            | 2021                        |            | 2020         |            |
|                                     | £000                        | %          | £000           | %          | £000                        | %          | £000         | %          |
| Cash and cash equivalents           | 3,291                       | 1.48       | 2,985          | 1.65       | 84                          | 1.48       | 78           | 1.65       |
| Equity Instruments - industry type: |                             |            |                |            |                             |            |              |            |
| - Consumer                          | 5,382                       |            | 4,568          |            | 138                         |            | 119          |            |
| - Manufacturing                     | 3,080                       |            | 1,942          |            | 79                          |            | 51           |            |
| - Energy and utilities              | 722                         |            | 864            |            | 18                          |            | 23           |            |
| - Financial institutions            | 2,935                       |            | 2,108          |            | 75                          |            | 55           |            |
| - Health and care                   | 1,419                       |            | 1,396          |            | 36                          |            | 36           |            |
| - Information technology            | 1,198                       |            | 743            |            | 31                          |            | 19           |            |
| - Other                             | 2,980                       |            | 1,519          |            | 76                          |            | 40           |            |
| Sub total equity                    | 17,717                      | 7.98       | 13,139         | 7.26       | 453                         | 7.98       | 342          | 7.25       |
| Bonds - by sector                   |                             |            |                |            |                             |            |              |            |
| - Corporate                         | 48,642                      |            | 40,559         |            | 1,242                       |            | 1,055        |            |
| Sub total Bonds                     | 48,642                      | 21.90      | 40,559         | 22.40      | 1,242                       | 21.90      | 1,055        | 22.40      |
| Property - by type                  |                             |            |                |            |                             |            |              |            |
| - UK property                       | 17,340                      |            | 17,524         |            | 443                         |            | 456          |            |
| Sub total property                  | 17,340                      | 7.81       | 17,524         | 9.68       | 443                         | 7.81       | 456          | 9.68       |
| Private equity - all:               | 8,881                       | 4.00       | 7,859          | 4.34       | 227                         | 4.00       | 205          | 4.34       |
| Other investment funds:             |                             |            |                |            |                             |            |              |            |
| - Equities                          | 94,790                      |            | 60,526         |            | 2,421                       |            | 1,575        |            |
| - Bonds                             | 8,638                       |            | 14,668         |            | 221                         |            | 382          |            |
| - Hedge funds                       | 12,001                      |            | 10,787         |            | 307                         |            | 281          |            |
| - Infrastructure                    | 5,803                       |            | 9,828          |            | 148                         |            | 256          |            |
| - Other                             | 5,051                       |            | 3,149          |            | 129                         |            | 82           |            |
| Sub total other investment funds    | 126,283                     | 56.85      | 98,957         | 54.64      | 3,225                       | 56.85      | 2,575        | 54.64      |
| Derivatives:                        |                             |            |                |            |                             |            |              |            |
| - Foreign exchange                  | -19                         |            | 75             |            | (1)                         |            | 2            |            |
| Sub total derivatives               | -19                         | -0.01      | 75             | 0.04       | -1                          | -0.01      | 2            | 0.04       |
| <b>Total Assets</b>                 | <b>222,135</b>              | <b>100</b> | <b>181,098</b> | <b>100</b> | <b>5,673</b>                | <b>100</b> | <b>4,712</b> | <b>100</b> |

The Police Pension Schemes have no assets to cover their liabilities, the Group's share of the assets in the Suffolk LGPS are valued at fair value, principally market value for investments and consist of the categories in the adjacent table.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Within the Police Schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit credit method.

The police schemes have been assessed by the Government Actuaries Department (Hymans Robertson in 2019/20) and the Suffolk LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below.

|                                                             | Local Government<br>Pension Scheme |         | Police<br>Pension Schemes |         |
|-------------------------------------------------------------|------------------------------------|---------|---------------------------|---------|
|                                                             | 2020/21                            | 2019/20 | 2020/21                   | 2019/20 |
| Mortality assumptions:                                      |                                    |         |                           |         |
| Longevity at 65 for current pensioners (60 for 2019/20 PPS) |                                    |         |                           |         |
| Men                                                         | 22.1                               | 21.9    | 22.0                      | 27.2    |
| Women                                                       | 24.5                               | 24.1    | 23.7                      | 29.2    |
| Longevity at 65 for future pensioners (60 for 2019/20 PPS)  |                                    |         |                           |         |
| Men                                                         | 23.2                               | 22.7    | 23.7                      | 28.3    |
| Women                                                       | 26.4                               | 25.6    | 25.3                      | 30.4    |
| Rate of inflation (CPI)                                     | 2.80%                              | 1.80%   | 2.40%                     | 2.80%   |
| Rate of increase in salaries                                | 3.50%                              | 2.50%   | 4.15%                     | 2.80%   |
| Rate of increase in pensions                                | 2.80%                              | 1.80%   | 2.40%                     | 1.90%   |
| Rate for discounting scheme liabilities                     | 2.05%                              | 2.30%   | 2.00%                     | 2.30%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses 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 changes while all others remain constant. The assumptions of longevity, for example, assume that the life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analyses 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 following sensitivity analyses did not change from those used in the previous period.

|                                            | Group                                       |                             |                                             |                             | PCC                                         |                             |
|--------------------------------------------|---------------------------------------------|-----------------------------|---------------------------------------------|-----------------------------|---------------------------------------------|-----------------------------|
|                                            | Local Government Pension Scheme             |                             | Police Pension Schemes                      |                             | Local Government Pension Scheme             |                             |
|                                            | Approximate Increase to Employers Liability | Approximate Monetary Amount | Approximate Increase to Employers Liability | Approximate Monetary Amount | Approximate Increase to Employers Liability | Approximate Monetary Amount |
|                                            | %                                           | £000                        | %                                           | £000                        | %                                           | £000                        |
| 0.5% decrease in real discount rate        | 10.5%                                       | 38,200                      | 9.5%                                        | 141,000                     | 9.0%                                        | 613                         |
| 1 year increase in member life expectancy  | 3-5%                                        | 14,040-23,400               | 3.5%                                        | 51,000                      | 3-5%                                        | 120-200                     |
| 0.5% increase in the salary increase rate  | 1.0%                                        | 4,680                       | 1.0%                                        | 15,000                      | 1.0%                                        | 40                          |
| 0.5% increase in the pension increase rate | 9.0%                                        | 32,673                      | 9.0%                                        | 135,000                     | 8.0%                                        | 561                         |

### Unlawful discrimination

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

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

Paragraph 6.4.3.1 of the Code requires authorities to account for post-employment benefits for defined benefit schemes where there is either a legal obligation, under the formal terms of the defined benefit plan or a constructive obligation.

While the regulations underpinning the Local Government Pension Scheme (LGPS), and Police Pension Schemes have yet to be amended, the outcomes of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore, the 15 July 2019 written statement by the Chief Secretary to the Treasury that the McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation.

In the 2018/19 statement of accounts, an actuarial assessment of liabilities arising from the judgement was accounted as a past service cost in the CIES, subsequent changes to the liability assessment in 2019/20 and 2020/21 have been accounted as an actuarial gain / loss within the remeasurement of the defined benefit liability line within the CIES.

The impact of an increase in annual pension payments arising from the above judgment is determined through The Police Pension and LGPS Regulations. These require the PCC and Chief Constable to maintain pension funds into which members' and employer contributions are paid and out of which pension payments to retired members are made.



Presently remedies for settlement have not been formalised in Pension Regulations, therefore it is questionable whether until then additional liabilities can be measured with sufficient reliability. It is also unclear whether the Government or the PCC and Chief Constable will carry the full financial burden for remedy.

### **Valuations**

Scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The last LGPS valuation took place in 2019 and the police pension valuation took place in 2020. Implementation of the latter valuation is planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

### **Impact on the Group's Cashflow**

The objectives of the LGPS scheme, as set out in the funding strategy statement, are to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over the next year for the PCC for Suffolk Group is 22.2% (22.2% in 2019/20). The last triennial valuation was dated 31 March 2019.

Estimated employer's contributions for 2021/22 amount to £6.099m on the LGPS and £34.162m on the Police schemes.

The weighted average duration of the defined benefit obligation for the LGPS is Group 24.0 years and PCC 19.0 years (Group 24.0 years, PCC 19.0 years, 2019/20) and for the Police schemes is 20.0 years (18.7 years, 2019/20).

**17. Debtors and Prepayments**

|                                    | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|------------------------------------|--------------------------|--------------------------|
| <b>Short term debtors:</b>         |                          |                          |
| Trade receivables                  | 493                      | 1,476                    |
| Prepayments                        | 3,494                    | 1,664                    |
| Accrued income                     | 2,596                    | 2,580                    |
| Debtors relating to local taxation | 1,567                    | 1,995                    |
| Other receivable amounts           | 3,198                    | 3,983                    |
| <b>Balance at 31 March</b>         | <b>11,347</b>            | <b>11,698</b>            |
| <b>Long term debtors:</b>          |                          |                          |
| Other receivable amounts           | 356                      | 554                      |

**18. Cash and Cash Equivalents**

|                                    | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|------------------------------------|--------------------------|--------------------------|
| Imprest accounts                   | 50                       | 50                       |
| Bank current accounts              | 246                      | 376                      |
| Instant access deposits with banks | 13,500                   | 5,005                    |
| <b>Balance at 31 March</b>         | <b>13,796</b>            | <b>5,431</b>             |

**19. Assets Held for Sale**

|                                                  | Current    |              | Non-current |          |
|--------------------------------------------------|------------|--------------|-------------|----------|
|                                                  | 31 March   | 31 March     | 31 March    | 31 March |
|                                                  | 2021       | 2020         | 2021        | 2020     |
|                                                  | £000       | £000         | £000        | £000     |
| <b>Balance at 1 April</b>                        | 1,309      | 308          | -           | -        |
| <b>Assets newly classified as held for sale:</b> |            |              |             |          |
| Property, plant and equipment                    | -          | 1,178        | -           | -        |
| <b>Assets sold</b>                               | (579)      | (177)        | -           | -        |
| <b>Balance at 31 March</b>                       | <b>730</b> | <b>1,309</b> | <b>-</b>    | <b>-</b> |

**20. Creditors**

|                                      | Group         |               | PCC           |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 31 March      | 31 March      | 31 March      | 31 March      |
|                                      | 2021          | 2020          | 2021          | 2020          |
|                                      | £000          | £000          | £000          | £000          |
| <b>Short term creditors:</b>         |               |               |               |               |
| Trade payables                       | 3,973         | 1,722         | 3,973         | 1,722         |
| Accruals & receipts in advance       | 4,651         | 4,844         | 4,651         | 4,844         |
| Creditors relating to local taxation | 2,175         | 1,245         | 2,175         | 1,245         |
| Other payables                       | 3,407         | 3,185         | 2,119         | 2,304         |
| <b>Balance at 31 March</b>           | <b>14,206</b> | <b>10,997</b> | <b>12,918</b> | <b>10,116</b> |

**21. Reconciliation of Revenue Cashflow**

| Group<br>2019/20                                        |         | PCC<br>2019/20 |         | Group<br>2020/21 |               | PCC<br>2020/21 |              |
|---------------------------------------------------------|---------|----------------|---------|------------------|---------------|----------------|--------------|
| £000                                                    | £000    | £000           | £000    | £000             | £000          | £000           | £000         |
| <b>Adjustment for non-cash or cash equivalent items</b> |         |                |         |                  |               |                |              |
| <b>within deficit on provision of services:</b>         |         |                |         |                  |               |                |              |
| 6,017                                                   |         | 6,017          |         |                  | 5,178         |                | 5,178        |
| (503)                                                   |         | (503)          |         |                  | (388)         |                | (388)        |
| 34,658                                                  |         | 132            |         |                  | 27,027        |                | 80           |
| 40,172                                                  |         | 5,646          |         |                  | 31,817        |                | 4,869        |
|                                                         | (235)   |                | (458)   | 3,148            |               | 2,742          |              |
|                                                         | (1,795) |                | (1,795) | 559              |               | 559            |              |
|                                                         | (12)    |                | (12)    | 21               |               | 21             |              |
|                                                         | 112     |                | 112     | 132              |               | 132            |              |
| (1,929)                                                 |         | (2,152)        |         |                  | 3,860         |                | 3,453        |
| <b>38,243</b>                                           |         | <b>3,494</b>   |         |                  | <b>35,676</b> |                | <b>8,322</b> |
| <b>The cash flows for operating activities include:</b> |         |                |         |                  |               |                |              |
| 1,715                                                   |         | 1,715          |         |                  | 2,510         |                | 2,510        |
| (90)                                                    |         | (90)           |         |                  | (15)          |                | (15)         |

## 22. Reconciliation of Liabilities Arising from Financing Activities

|                                                    | 1 April<br>2020 | Financing<br>cash flows | Other<br>Non-cash Acquisition<br>changes |          | 31 March<br>2021 |
|----------------------------------------------------|-----------------|-------------------------|------------------------------------------|----------|------------------|
|                                                    | £000            | £000                    | £000                                     | £000     | £000             |
| Long term borrowings                               | 7,086           | (340)                   | (16)                                     | -        | 6,730            |
| Short term borrowings                              | 475             | -                       | 9                                        | -        | 484              |
| On balance sheet PFI liabilities                   | 21,851          | (403)                   | -                                        | -        | 21,448           |
| <b>Total liabilities from financing activities</b> | <b>29,412</b>   | <b>(743)</b>            | <b>(6)</b>                               | <b>-</b> | <b>28,662</b>    |

## 23. Contingent Liabilities

### MMI Ltd

The insurance company Municipal Mutual Insurance Limited (MMI) ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place; however, this arrangement will not meet the full liability of all claims and a current levy of 25% will be chargeable in respect of successful claims on MMI's customers. There are currently no open claims against Suffolk Constabulary. As this point in time, it is not possible to calculate the full amount payable on future MMI claims.

### Forensic Service Uncertainty

The validity of evidence provided by a forensic testing company to the police service is currently under investigation. It is reasonable to anticipate that some people may have been convicted of offences based on flawed data and that conviction will have had a significant impact on their personal circumstances. As a result, some kind of litigation is anticipated. At this point in time it is not possible to assess the number of claims or the financial exposure arising from them.

### Police ICT Company

Along with other PCCs, the PCC for Suffolk has provided a limited guarantee to support the cash flows of the Police ICT Company. The guarantee is provided to enable the Company to contract for National Police ICT programmes, without this financial backing it is unlikely that the company will be able to operate as a contracting authority at the required scale. The guarantee is currently limited to £49.1k.

### Unlawful Discrimination – Pension Fund Regulations

The Chief Constable of Suffolk currently has 68 Employment Tribunal claims lodged against him in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Similar claims have been lodged against all forces in the UK.

The claims against the Police Pension Scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management meeting was held in Oct 2019, with the resulting Order including an interim

declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way. Liabilities reflecting the judgement have therefore been provided for in these financial statements.

However, in addition to the remedy, claimants have lodged claims for compensation for injury to feelings. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful. As a result, no liability is recognised in the accounts.

### Capped Overtime Claims

The organisation has a liability in respect of historic overtime claims including Covert Human Intelligence Source (CHIS) handlers and other officers in analogous roles. Officers from Devon and Cornwall Police claimed successfully in the County Court (October 2013) that they were owed payments under Police Regulations 2003. Their claims were upheld at the Court of Appeal. The claims relate to a cap being placed on overtime claims by the Chief Constable. Overtime caps were generally applied across the police service for CHIS handlers and other similar roles. Provision has been made in the Statement of Accounts for known claims. However, as with other forces, Suffolk Constabulary may receive further claims from officers working in non-handler and undercover roles. The potential number of claims or an estimate of their value has yet to be made. Many claims cover the period when the units were under joint collaborative control with Norfolk Constabulary, therefore where applicable any settlements will be shared in the appropriate cost sharing ratio.

Overtime claims relating to ERSOU officers are currently being assessed, at this point in time it is unclear whether Suffolk Constabulary will be liable to a proportion of the claims associated with ERSOU officers employed by other forces, a regional agreement has yet to be confirmed.

In addition to the settlement costs, Suffolk Constabulary will also be liable to a share of the legal costs arising for national lead claims, presently these costs are unknown.

## 24. Provisions

### Insurance

The PCC self-insures a number of risks up to a predetermined limit with insurance only being bought externally to cover losses beyond this. This provision is in place to finance any liabilities or losses that are likely to be incurred but uncertain as to the amounts or the dates on which they will arise.

|                          | Balance<br>1 April<br>2020<br>£000 | Charge<br>in year<br>£000 | Paid<br>in year<br>£000 | Balance<br>31 March<br>2021<br>£000 |
|--------------------------|------------------------------------|---------------------------|-------------------------|-------------------------------------|
| Insurance claims         | 782                                | 534                       | (368)                   | 948                                 |
| Exit packages            | 6                                  | (6)                       | -                       | -                                   |
| Other revenue provisions | 34                                 | (2)                       | (25)                    | 6                                   |
| <b>Total</b>             | <b>822</b>                         | <b>525</b>                | <b>(393)</b>            | <b>954</b>                          |

## 25. Leases

All significant leases have been assessed to identify the appropriate lease category.

### Operating Lease as Lessee:

The PCC has a number of properties and some equipment on short term lease arrangements which have been accounted for as operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

|                                                   | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|---------------------------------------------------|--------------------------|--------------------------|
| Not later than one year                           | 324                      | 160                      |
| Later than one year but not later than five years | 735                      | 186                      |
| Later than five years                             | -                        | 4                        |
|                                                   | <b>1,059</b>             | <b>350</b>               |

The amount charged to the service lines in respect of operating leases amounts to:

|                        | 2020/21<br>£000 | 2019/20<br>£000 |
|------------------------|-----------------|-----------------|
| Minimum lease payments | 316             | 228             |
| Contingent rents       | 28              | 29              |
|                        | <b>344</b>      | <b>256</b>      |

## 26. Unusable Reserves

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

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

The Revaluation Reserve shows the net accumulated unrealised gains on non-current assets arising from increases in value, as a result of inflation or other factors. The reserve is debited to reflect: the revaluation element of the depreciation charge, revaluation losses or impairments against previous revaluation gains and when assets with accumulated revaluation gains are disposed of. Any balance remaining in the reserve, relating to an asset that has been disposed of, is removed from the reserve by way of a transfer to the Capital Adjustment Account.

The Capital Adjustment Account accumulates the resources that have been set aside to finance capital expenditure. The consumption of the historical cost by way of depreciation, impairment and disposal is removed from the account throughout the asset's useful life. The balance on this account therefore represents timing differences between financing and consumption of non-current assets.

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provision. The Group accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect benefits earned to be financed as the Group makes employer's contributions to pension funds or eventually pays for any pensions for which it is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements

will ensure that the funding will have been set aside by the time the benefits come to be paid.

Movements in unusable reserves are summarised in the Movement in Reserves Statement and are shown in detail below:



**Group:**

|                                                                                                        | Pension<br>Reserves<br>£000 | Reval-<br>-uation<br>Reserve<br>£000 | Capital<br>Adj'<br>Account<br>£000 | Collection<br>Fund Adj'<br>Account<br>£000 | Deferred<br>Capital<br>Receipts<br>£000 | Comp'<br>Absences<br>Account<br>£000 | Total<br>Unusable<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|--------------------------------------------|-----------------------------------------|--------------------------------------|---------------------------------------|
| <b>Year Ended 31 March 2021</b>                                                                        |                             |                                      |                                    |                                            |                                         |                                      |                                       |
| <b>Balance at 1 April 2020</b>                                                                         | <b>(1,341,982)</b>          | <b>15,487</b>                        | <b>10,547</b>                      | <b>750</b>                                 | <b>753</b>                              | <b>(882)</b>                         | <b>(1,315,327)</b>                    |
| Other comprehensive income and expenditure                                                             | (208,600)                   | (406)                                | -                                  | -                                          | -                                       | -                                    | (209,006)                             |
| <b>Total comprehensive income and expenditure</b>                                                      | <b>(208,600)</b>            | <b>(406)</b>                         | <b>-</b>                           | <b>-</b>                                   | <b>-</b>                                | <b>-</b>                             | <b>(209,006)</b>                      |
| Amortisation of intangible assets                                                                      | -                           | -                                    | (832)                              | -                                          | -                                       | -                                    | (832)                                 |
| Depreciation on property, plant and equipment                                                          | -                           | (414)                                | (3,909)                            | -                                          | -                                       | -                                    | (4,322)                               |
| Revaluation losses on property, plant and equipment                                                    | -                           | -                                    | (24)                               | -                                          | -                                       | -                                    | (24)                                  |
| Application of capital grants from unapplied account                                                   | -                           | -                                    | 193                                | -                                          | -                                       | -                                    | 193                                   |
| Net gain or loss on the sale of non-current assets                                                     | -                           | (363)                                | (500)                              | -                                          | -                                       | -                                    | (863)                                 |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   | -                           | -                                    | -                                  | -                                          | (198)                                   | -                                    | (198)                                 |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements | (44,633)                    | -                                    | -                                  | -                                          | -                                       | -                                    | (44,633)                              |
| Movement on the Collection Fund Adjustment Account                                                     | -                           | -                                    | -                                  | (1,357)                                    | -                                       | -                                    | (1,357)                               |
| Capital expenditure charged to the General Fund Balance                                                | -                           | -                                    | 3,699                              | -                                          | -                                       | -                                    | 3,699                                 |
| Statutory provision for the repayment of debt                                                          | -                           | -                                    | 762                                | -                                          | -                                       | -                                    | 762                                   |
| Contribution to the Police Pension Fund                                                                | 17,606                      | -                                    | -                                  | -                                          | -                                       | -                                    | 17,606                                |
| Movement on the Compensated Absences Account                                                           | -                           | -                                    | -                                  | -                                          | -                                       | (407)                                | (407)                                 |
| Use of capital receipts to fund asset purchases                                                        | -                           | -                                    | -                                  | -                                          | -                                       | -                                    | -                                     |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        | <b>(27,027)</b>             | <b>(777)</b>                         | <b>(609)</b>                       | <b>(1,357)</b>                             | <b>(198)</b>                            | <b>(407)</b>                         | <b>(30,376)</b>                       |
| <b>Increase / (decrease) in year</b>                                                                   | <b>(235,627)</b>            | <b>(1,183)</b>                       | <b>(609)</b>                       | <b>(1,357)</b>                             | <b>(198)</b>                            | <b>(407)</b>                         | <b>(239,382)</b>                      |
| <b>Balance at 31 March 2021</b>                                                                        | <b>(1,577,607)</b>          | <b>14,304</b>                        | <b>9,938</b>                       | <b>(607)</b>                               | <b>555</b>                              | <b>(1,288)</b>                       | <b>(1,554,706)</b>                    |

|                                                                                                        | Pension<br>Reserves<br>£000 | Reval-<br>-uation<br>Reserve<br>£000 | Capital<br>Adj'<br>Account<br>£000 | Collection<br>Fund Adj'<br>Account<br>£000 | Deferred<br>Capital<br>Receipts<br>£000 | Comp'<br>Absences<br>Account<br>£000 | Total<br>Unusable<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|--------------------------------------------|-----------------------------------------|--------------------------------------|---------------------------------------|
| <b>Year Ended 31 March 2020</b>                                                                        |                             |                                      |                                    |                                            |                                         |                                      |                                       |
| <b>Balance at 1 April 2019</b>                                                                         | <b>(1,485,311)</b>          | <b>9,902</b>                         | <b>10,125</b>                      | <b>640</b>                                 | <b>951</b>                              | <b>(659)</b>                         | <b>(1,464,353)</b>                    |
| Other comprehensive income and expenditure                                                             | 177,986                     | 6,295                                | -                                  | -                                          | -                                       | -                                    | <b>184,281</b>                        |
| <b>Total comprehensive income and expenditure</b>                                                      | <b>177,986</b>              | <b>6,295</b>                         | <b>-</b>                           | <b>-</b>                                   | <b>-</b>                                | <b>-</b>                             | <b>184,281</b>                        |
| Amortisation of intangible assets                                                                      | -                           | -                                    | (792)                              | -                                          | -                                       | -                                    | <b>(792)</b>                          |
| Depreciation on property, plant and equipment                                                          | -                           | (575)                                | (3,646)                            | -                                          | -                                       | -                                    | <b>(4,220)</b>                        |
| Revaluation losses on property, plant and equipment                                                    | -                           | -                                    | (1,006)                            | -                                          | -                                       | -                                    | <b>(1,006)</b>                        |
| Application of capital grants from unapplied account                                                   | -                           | -                                    | 516                                | -                                          | -                                       | -                                    | <b>516</b>                            |
| Net gain or loss on the sale of non-current assets                                                     | -                           | (135)                                | (531)                              | -                                          | -                                       | -                                    | <b>(666)</b>                          |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   | -                           | -                                    | -                                  | -                                          | (198)                                   | -                                    | <b>(198)</b>                          |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements | (55,180)                    | -                                    | -                                  | -                                          | -                                       | -                                    | <b>(55,180)</b>                       |
| Movement on the Collection Fund Adjustment Account                                                     | -                           | -                                    | -                                  | 110                                        | -                                       | -                                    | <b>110</b>                            |
| Capital expenditure charged to the General Fund Balance                                                | -                           | -                                    | 2,175                              | -                                          | -                                       | -                                    | <b>2,175</b>                          |
| Statutory provision for the repayment of debt                                                          | -                           | -                                    | 2,337                              | -                                          | -                                       | -                                    | <b>2,337</b>                          |
| Contribution to the Police Pension Fund                                                                | 20,522                      | -                                    | -                                  | -                                          | -                                       | -                                    | <b>20,522</b>                         |
| Movement on the Compensated Absences Account                                                           | -                           | -                                    | -                                  | -                                          | -                                       | (223)                                | <b>(223)</b>                          |
| Use of capital receipts to fund asset purchases                                                        | -                           | -                                    | 1,367                              | -                                          | -                                       | -                                    | <b>1,367</b>                          |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        | <b>(34,658)</b>             | <b>(710)</b>                         | <b>422</b>                         | <b>110</b>                                 | <b>(198)</b>                            | <b>(223)</b>                         | <b>(35,256)</b>                       |
| <b>Increase / (decrease) in year</b>                                                                   | <b>143,328</b>              | <b>5,585</b>                         | <b>422</b>                         | <b>110</b>                                 | <b>(198)</b>                            | <b>(223)</b>                         | <b>149,025</b>                        |
| <b>Balance at 31 March 2020</b>                                                                        | <b>(1,341,982)</b>          | <b>15,487</b>                        | <b>10,547</b>                      | <b>750</b>                                 | <b>753</b>                              | <b>(882)</b>                         | <b>(1,315,327)</b>                    |

**PCC:**

|                                                                                                        | Pension<br>Reserves<br>£000 | Reval-<br>-uation<br>Reserve<br>£000 | Capital<br>Adj'<br>Account<br>£000 | Collection<br>Fund Adj'<br>Account<br>£000 | Deferred<br>Capital<br>Receipts<br>£000 | Total<br>Unusable<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------------|
| <b>Year Ended 31 March 2021</b>                                                                        |                             |                                      |                                    |                                            |                                         |                                       |
| <b>Balance at 1 April 2020</b>                                                                         | <b>(584)</b>                | <b>15,487</b>                        | <b>10,547</b>                      | <b>750</b>                                 | <b>753</b>                              | <b>26,953</b>                         |
| Other comprehensive income and expenditure                                                             | (452)                       | (406)                                | -                                  | -                                          | -                                       | (858)                                 |
| <b>Total comprehensive income and expenditure</b>                                                      | <b>(452)</b>                | <b>(406)</b>                         | <b>-</b>                           | <b>-</b>                                   | <b>-</b>                                | <b>(858)</b>                          |
| Amortisation of intangible assets                                                                      | -                           | -                                    | (832)                              | -                                          | -                                       | (832)                                 |
| Depreciation on property, plant and equipment                                                          | -                           | (414)                                | (3,909)                            | -                                          | -                                       | (4,322)                               |
| Revaluation losses on property, plant and equipment                                                    | -                           | -                                    | (24)                               | -                                          | -                                       | (24)                                  |
| Application of capital grants from unapplied account                                                   | -                           | -                                    | 193                                | -                                          | -                                       | 193                                   |
| Net gain or loss on the sale of non-current assets                                                     | -                           | (363)                                | (500)                              | -                                          | -                                       | (863)                                 |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   | -                           | -                                    | -                                  | -                                          | (198)                                   | (198)                                 |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements | (80)                        | -                                    | -                                  | -                                          | -                                       | (80)                                  |
| Movement on the Collection Fund Adjustment Account                                                     | -                           | -                                    | -                                  | (1,357)                                    | -                                       | (1,357)                               |
| Capital expenditure charged to the General Fund Balance                                                | -                           | -                                    | 3,699                              | -                                          | -                                       | 3,699                                 |
| Statutory provision for the repayment of debt                                                          | -                           | -                                    | 762                                | -                                          | -                                       | 762                                   |
| Use of capital receipts to fund asset purchases                                                        | -                           | -                                    | -                                  | -                                          | -                                       | -                                     |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        | <b>(80)</b>                 | <b>(777)</b>                         | <b>(609)</b>                       | <b>(1,357)</b>                             | <b>(198)</b>                            | <b>(3,021)</b>                        |
| <b>Increase / (decrease) in year</b>                                                                   | <b>(532)</b>                | <b>(1,183)</b>                       | <b>(609)</b>                       | <b>(1,357)</b>                             | <b>(198)</b>                            | <b>(3,879)</b>                        |
| <b>Balance at 31 March 2021</b>                                                                        | <b>(1,115)</b>              | <b>14,304</b>                        | <b>9,938</b>                       | <b>(607)</b>                               | <b>555</b>                              | <b>23,078</b>                         |

|                                                                                                        | Pension<br>Reserves<br>£000 | Reval-<br>-uation<br>Reserve<br>£000 | Capital<br>Adj'<br>Account<br>£000 | Collection<br>Fund Adj'<br>Account<br>£000 | Deferred<br>Capital<br>Receipts<br>£000 | Total<br>Unusable<br>Reserves<br>£000 |
|--------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------|------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------------|
| <b>Year Ended 31 March 2020</b>                                                                        |                             |                                      |                                    |                                            |                                         |                                       |
| <b>Balance at 1 April 2019</b>                                                                         | <b>(1,196)</b>              | <b>9,902</b>                         | <b>10,125</b>                      | <b>640</b>                                 | <b>951</b>                              | <b>20,421</b>                         |
| Other comprehensive income and expenditure                                                             | 744                         | 6,295                                | -                                  | -                                          | -                                       | <b>7,039</b>                          |
| <b>Total comprehensive income and expenditure</b>                                                      | <b>744</b>                  | <b>6,295</b>                         | <b>-</b>                           | <b>-</b>                                   | <b>-</b>                                | <b>7,039</b>                          |
| Amortisation of intangible assets                                                                      | -                           | -                                    | (792)                              | -                                          | -                                       | <b>(792)</b>                          |
| Depreciation on property, plant and equipment                                                          | -                           | (575)                                | (3,646)                            | -                                          | -                                       | <b>(4,220)</b>                        |
| Revaluation losses on property, plant and equipment                                                    | -                           | -                                    | (1,006)                            | -                                          | -                                       | <b>(1,006)</b>                        |
| Application of capital grants from unapplied account                                                   | -                           | -                                    | 516                                | -                                          | -                                       | <b>516</b>                            |
| Net gain or loss on the sale of non-current assets                                                     | -                           | (135)                                | (531)                              | -                                          | -                                       | <b>(666)</b>                          |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash                                   | -                           | -                                    | -                                  | -                                          | (198)                                   | <b>(198)</b>                          |
| Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements | (132)                       | -                                    | -                                  | -                                          | -                                       | <b>(132)</b>                          |
| Movement on the Collection Fund Adjustment Account                                                     | -                           | -                                    | -                                  | 110                                        | -                                       | <b>110</b>                            |
| Capital expenditure charged to the General Fund Balance                                                | -                           | -                                    | 2,175                              | -                                          | -                                       | <b>2,175</b>                          |
| Statutory provision for the repayment of debt                                                          | -                           | -                                    | 2,337                              | -                                          | -                                       | <b>2,337</b>                          |
| Use of capital receipts to fund asset purchases                                                        | -                           | -                                    | 1,367                              | -                                          | -                                       | <b>1,367</b>                          |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                        | <b>(132)</b>                | <b>(710)</b>                         | <b>422</b>                         | <b>110</b>                                 | <b>(198)</b>                            | <b>(507)</b>                          |
| <b>Increase / (decrease) in year</b>                                                                   | <b>612</b>                  | <b>5,585</b>                         | <b>422</b>                         | <b>110</b>                                 | <b>(198)</b>                            | <b>6,532</b>                          |
| <b>Balance at 31 March 2020</b>                                                                        | <b>(584)</b>                | <b>15,487</b>                        | <b>10,547</b>                      | <b>750</b>                                 | <b>753</b>                              | <b>26,953</b>                         |

## 27. Earmarked Balances within the General Fund

The movements in earmarked balances in 2020/21 are analysed as follows:

|                                           |      | Balance<br>1 April<br>2020<br>£000 | Received<br>£000 | Applied<br>£000 | Reallocated<br>£000 | Balance<br>31 March<br>2021<br>£000 |
|-------------------------------------------|------|------------------------------------|------------------|-----------------|---------------------|-------------------------------------|
|                                           | Note |                                    |                  |                 |                     |                                     |
| <b>Revenue reserves:</b>                  |      |                                    |                  |                 |                     |                                     |
| Budget                                    | (a)  | 2,535                              | 2,965            | -               | -                   | 5,500                               |
| Change                                    | (b)  | 405                                | 172              | (317)           | -                   | 260                                 |
| Capital Financing & Efficiency Investment | (c)  | 2,530                              | 2,298            | (475)           | -                   | 4,353                               |
| Specified Purposes Fund                   | (d)  | 739                                | 808              | (561)           | -                   | 986                                 |
| Crime & Disorder                          | (e)  | 323                                | 129              | -               | -                   | 452                                 |
| PCC                                       | (f)  | 492                                | 93               | -               | -                   | 585                                 |
| Safety Camera                             | (g)  | 412                                | -                | (63)            | -                   | 349                                 |
| Regional Partnership                      | (h)  | -                                  | 145              | -               | -                   | 145                                 |
| <b>Total</b>                              |      | <b>7,437</b>                       | <b>6,609</b>     | <b>(1,415)</b>  | <b>-</b>            | <b>12,631</b>                       |
| <b>General Reserve</b>                    |      | <b>4,000</b>                       | <b>-</b>         | <b>-</b>        | <b>-</b>            | <b>4,000</b>                        |

**(a) Budget Reserve**

This reserve is being held as a contingency against future demand led pressures and would also act as a contingency to increases of assessed insurance liabilities in excess of insurance budgets and provisions.

**(b) Change Reserve**

This reserve is used to fund the cost of change and / or to pump prime invest-to-save activities.

**(c) Capital Financing & Efficiency Investment Reserve**

This reserve is used to fund the short-life asset element of the Capital Programme. The reserve is used when the amount required for investment exceeds the budget available for this purpose. This is an important part of the funding strategy to ensure the Constabulary is as efficient and productive as possible through continued investment in enabling technologies. The strategy is to “top-up” this reserve in the last three years of the Medium Term Financial Plan to leave a balance to fund further investment beyond the planned period.

**(d) Specified Purposes Fund**

This fund relates to funds allocated for specific purposes including partnership funding.

**(e) Crime and Disorder Reserve**

This reserve is made up from underspends against the PCC's commissioning budget which have been earmarked to fund future commissioning initiatives.

**(f) PCC Reserve**

This reserve is made up from previous underspends against the budget for the Office of the Police and Crime Commissioner.

**(g) Safety Camera Reserve**

This reserve is made up of prior years' underspends against the approved annual budget. The use is reviewed and agreed at the Driver Offender Retraining Governance Board (DORG).

**(h) Regional Partnership Reserve**

This reserve holds ring-fenced funds in relation to regional activity.

Further detail relating to the use of Earmarked Reserves can be found in the Reserves Strategy (Appendix F in the MTFP)<sup>1</sup>

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<sup>1</sup> <https://suffolk-pcc.gov.uk/wp-content/uploads/2021/01/Appendix-Suffolk-Constabulary-MTFP-2021-22-to-2024-25.pdf>

## 28. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

|                               | Current     |         |               |               | Long Term   |         |              |            | Total         |               |
|-------------------------------|-------------|---------|---------------|---------------|-------------|---------|--------------|------------|---------------|---------------|
|                               | Investments |         | Other assets  |               | Investments |         | Other assets |            |               |               |
|                               | 31.3.21     | 31.3.20 | 31.3.21       | 31.3.20       | 31.3.21     | 31.3.20 | 31.3.21      | 31.3.20    | 31.3.21       | 31.3.20       |
|                               | £000        | £000    | £000          | £000          | £000        | £000    | £000         | £000       | £000          | £000          |
| <b>Financial Assets</b>       |             |         |               |               |             |         |              |            |               |               |
| Amortised costs               | -           | -       | 17,517        | 10,065        | -           | -       | 356          | 554        | 17,874        | 10,619        |
| <b>Total Financial Assets</b> | -           | -       | <b>17,517</b> | <b>10,065</b> | -           | -       | <b>356</b>   | <b>554</b> | <b>17,874</b> | <b>10,619</b> |
| Non financial assets          | -           | -       | 8,496         | 8,534         | -           | -       | -            | -          | 8,496         | 8,534         |
| <b>Total Assets</b>           | -           | -       | <b>26,014</b> | <b>18,599</b> | -           | -       | <b>356</b>   | <b>554</b> | <b>26,370</b> | <b>19,154</b> |

|                                    | Current    |            |                   |               | Long Term    |              |                   |                  | Total            |                  |
|------------------------------------|------------|------------|-------------------|---------------|--------------|--------------|-------------------|------------------|------------------|------------------|
|                                    | Borrowings |            | Other liabilities |               | Borrowings   |              | Other liabilities |                  |                  |                  |
|                                    | 31.3.21    | 31.3.20    | 31.3.21           | 31.3.20       | 31.3.21      | 31.3.20      | 31.3.21           | 31.3.20          | 31.3.21          | 31.3.20          |
|                                    | £000       | £000       | £000              | £000          | £000         | £000         | £000              | £000             | £000             | £000             |
| <b>Financial Liabilities</b>       |            |            |                   |               |              |              |                   |                  |                  |                  |
| Amortised costs                    | 484        | 475        | 7,550             | 5,840         | 6,730        | 7,086        | 1,577,625         | 1,341,983        | 1,592,390        | 1,355,384        |
| <b>Total Financial Liabilities</b> | <b>484</b> | <b>475</b> | <b>7,550</b>      | <b>5,840</b>  | <b>6,730</b> | <b>7,086</b> | <b>1,577,625</b>  | <b>1,341,983</b> | <b>1,592,390</b> | <b>1,355,384</b> |
| Non financial liabilities          | -          | -          | 8,052             | 6,382         | -            | -            | 21,006            | 21,448           | 29,058           | 27,830           |
| <b>Total Liabilities</b>           | <b>484</b> | <b>475</b> | <b>15,602</b>     | <b>12,222</b> | <b>6,730</b> | <b>7,086</b> | <b>1,598,630</b>  | <b>1,363,431</b> | <b>1,621,447</b> | <b>1,383,214</b> |

The gains and losses recognised in the CIES are shown in the table below:

| 2019/20                                                             |                                                     | 2020/21                                                             |                                                     |
|---------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------|
| Surplus or<br>Deficit<br>on the<br>Provision<br>of Services<br>£000 | Other<br>Comp.<br>Income and<br>Expenditure<br>£000 | Surplus or<br>Deficit<br>on the<br>Provision<br>of Services<br>£000 | Other<br>Comp.<br>Income and<br>Expenditure<br>£000 |
| <b>Net (gains)/losses on:</b>                                       |                                                     |                                                                     |                                                     |
| 2                                                                   | - Financial assets measured at amortised cost       | (2)                                                                 | -                                                   |
| <b>2</b>                                                            | <b>- Total net (gains)/losses</b>                   | <b>(2)</b>                                                          | <b>-</b>                                            |
| <b>Interest revenue:</b>                                            |                                                     |                                                                     |                                                     |
| (89)                                                                | - Financial assets measured at amortised cost       | (11)                                                                | -                                                   |
| <b>(89)</b>                                                         | <b>- Total interest revenue</b>                     | <b>(11)</b>                                                         | <b>-</b>                                            |
| <b>1,711</b>                                                        | <b>- Interest expense</b>                           | <b>2,504</b>                                                        | <b>-</b>                                            |

|  | Balance<br>1 April<br>2020<br>£000 | Amounts<br>written off<br>in year<br>£000 | Movement in<br>allowance for<br>credit losses<br>£000 | Balance<br>31 March<br>2021<br>£000 |
|--|------------------------------------|-------------------------------------------|-------------------------------------------------------|-------------------------------------|
|--|------------------------------------|-------------------------------------------|-------------------------------------------------------|-------------------------------------|

#### Financial assets

Fair Value through Profit or Loss at Amortised Costs

|                                             |            |          |          |          |
|---------------------------------------------|------------|----------|----------|----------|
| measured as lifetime expected credit losses | (2)        | 2        | -        | -        |
| <b>Total</b>                                | <b>(2)</b> | <b>2</b> | <b>-</b> | <b>-</b> |

All financial liabilities and financial assets held by the PCC are classified as loans and receivables and long term debtors and creditors and are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- For PWLB loans, the cash flows are discounted using the premature repayment rates applicable at the year-end equivalent loans
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount



The fair values of financial instruments that differ from the carrying amount are summarised below:

|                              | <b>31 March 2021</b>       |                       | <b>31 March 2020</b>       |                       |
|------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
|                              | <b>Carrying<br/>Amount</b> | <b>Fair<br/>Value</b> | <b>Carrying<br/>Amount</b> | <b>Fair<br/>Value</b> |
|                              | <b>£000</b>                | <b>£000</b>           | <b>£000</b>                | <b>£000</b>           |
| <b>Financial liabilities</b> |                            |                       |                            |                       |
| PWLB loan                    | 7,215                      | 9,375                 | 7,561                      | 10,315                |
|                              | <b>7,215</b>               | <b>9,375</b>          | <b>7,561</b>               | <b>10,315</b>         |

The fair value of borrowings in 2020/21 is higher than the carrying amount because the rates payable for the PWLB loans are higher than the prevailing rate at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

#### Fair Value Hierarchy for Financial Assets and Financial Liabilities that Are Not Measured at Fair Value

| <b>Other<br/>significant<br/>observable<br/>inputs<br/>(Level 2) Recurring fair value measurements using:<br/>£000<br/>Restated</b> | <b>Other<br/>significant<br/>observable<br/>inputs<br/>(Level 2)<br/>£000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>2019/20 Year Ended 31 March</b>                                                                                                  | <b>2020/21</b>                                                                |
| <b>Financial liabilities (held at amortised cost)</b>                                                                               |                                                                               |
| 10,315 PWLB loan                                                                                                                    | 9,375                                                                         |
| 1,341,983 Long term creditors                                                                                                       | 1,577,625                                                                     |
| 21,851 PFI and finance lease liabilities                                                                                            | 21,448                                                                        |
| <b>1,374,150 Total</b>                                                                                                              | <b>1,608,447</b>                                                              |
| <b>Financial assets (held at amortised cost)</b>                                                                                    |                                                                               |
| 5,431 Cash and cash equivalents                                                                                                     | 13,796                                                                        |
| 4,276 Debtors                                                                                                                       | 4,078                                                                         |
| <b>9,707 Total</b>                                                                                                                  | <b>17,874</b>                                                                 |

The PCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments
- Refinancing and Maturity risk – the possibility that the PCC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rates and stock market movements.

The PCC's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the PCC in the Annual Investment and Treasury Management Strategy<sup>2</sup>. The PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of surplus cash.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers. This risk is minimised through the Annual Investment and Treasury Management Strategy, which requires that counterparties meet the minimum credit ratings from three major credit rating agencies. In 2020/21, the PCC has a policy not to lend any more than £10m to any individual financial institution, authority or banking group except under exceptional circumstances, when a temporary arrangement is approved. This policy is outlined on page 36.

Recent experience has shown that it is rare for its investment counterparties to be unable to meet their commitments therefore, although a risk of non-recoverability

applies to all of the PCC's deposits, there was no evidence at the 31 March 2021 that this was likely to crystallise.

Of the £493k outstanding from customers, £25k was past its due date for payment at the year-end. The past due amount can be analysed by age as follows:

|                        | <b>Amount<br/>Past Due<br/>31.3.21<br/>£000</b> | <b>Amount<br/>Past Due<br/>31.3.20<br/>£000</b> |
|------------------------|-------------------------------------------------|-------------------------------------------------|
| Less than three months | 17                                              | 50                                              |
| Three to six months    | 3                                               | 20                                              |
| Six months to one year | 1                                               | 77                                              |
| More than one year     | 3                                               | 3                                               |
|                        | <b>25</b>                                       | <b>151</b>                                      |

### Liquidity risk

The PCC has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the PCC has ready access to borrowings from the money markets and the Public Works Loan Board (PWLb). As the PCC is required to provide a balanced budget which ensures sufficient monies are raised to cover annual expenditure, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The PCC has one loan with the PWLB that was taken out for £10m in 2010/11, it is being paid off in half year instalments. The loan is due to mature in 2035/36. All trade and other payables are due to be paid in less than one year.

### Refinancing and Maturity risk

The PCC maintains its debt and investment portfolio in line with the Annual Investment and Treasury Management Strategy. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the PCC relates to managing the exposure to replacing financial instruments as they

<sup>2</sup> <https://suffolk-pcc.gov.uk/wp-content/uploads/2021/01/Annual-Investment-and-TM-Strategy-Suffolk-21-22-final.pdf>

mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The PCC approved Annual Investment and Treasury Management Strategy addresses the main risks and the treasury management function addresses the operational risks within the approved parameters.

The PCC's financial assets held on the balance sheet all mature within one year with the exception of the long-term debtor in relation to NPAS. Refer to Note 10 for more detail.

### Market risk – Interest risk

The PCC has no significant exposure to market risk from investments. Investments are normally by way of term deposits placed at a fixed rate for a fixed period, therefore there is a risk that the market rate can change, which would lead to an impact on the fair value of the investment. However, investments are mostly placed for periods not exceeding three months, therefore the exposure to market risk is regarded as negligible.

The PCC mitigates its exposure to market risk in regards to interest expense by fixing the interest rate payable for the duration of its loans. The risk is therefore shifted to the risk on the movement of fair value that would arise when prevailing rates differ from contract rate payable. However, borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowing do not impact on the CIES.

A 1% increase in interest rates would only have a material effect on the fair value of borrowings. It would reduce the value by £624k.

The PCC does not invest in equity shares nor in financial assets or liabilities denominated in foreign currencies and therefore has no exposure to price risk or exchange risk.

## 29. Going Concern

In making their assessment of material uncertainties arising from events or conditions, the officers of the PCC do not believe Covid-19 casts significant doubt on the PCC's ability to continue as a going concern. As such there is no requirement within the Code for the PCC to prepare a separate disclosure note in regard to going concern. However, the following note has been provided to help the reader of the accounts understand the going concern position of the PCC.

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Constabulary will continue in operational existence for the foreseeable future. The provisions in the CIPFA Code of Practice on Local Authority Accounting in the UK 2020/21 in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as the Office of the Police and Crime Commissioner and the Constabulary cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

PCCs and Chief Constables carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police force were in financial difficulty, the prospect is that alternative arrangements would be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not be appropriate for the financial statements to be prepared on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

Government restrictions in response to Covid-19 have created issues for police forces in terms of policing the government lockdown policy and continuing normal policing functions. To mitigate these cost pressures the Home Office provided a grant of £0.27m in 2020/21 to enhance policing of Covid-19 restrictions. Furthermore, the Home Office allocated an additional £58m in respect of Covid-19 pressure funding. The additional allocation of £0.52m for Suffolk has increased the total additional funding received from the Home Office to £0.79m, which has offset the Constabulary's cost pressures as a result of Covid-19 in 2020/21.

To support local funding pressures the government has provided funding in the form of a local income tax guarantee £0.3m and a share of the £670m local council tax

support grant providing additional funding of £0.9m. This funding will be transferred to reserves for use in 2021/22.

Due to the impact of the pandemic, and the risks associated with its financial impact in 2020/21 and on future years' funding, the Constabulary has taken actions to control spending and protect reserves. This response is providing a proportionate level of reserves to absorb any funding constraints that may arise during the remaining 3-year MTFP period.

The PCC maintains a General Reserve of £4m, Budget Support Reserve of £5.5m and a Change Reserve of £0.3m that could be used to manage the financial risks of major incidents. However, through actions taken to control spending in-year as a response to the pandemic, and due to the additional funding made available by the Home Office the Constabulary and OPCC recorded an outturn underspend of £2.1m.

A high-level scenario planning exercise has been completed and compared against our current MTFP assumptions. The budget gap for 2022/23 ranges between reasonable pragmatic case of £1.6m to a worst case of £4.1m given a range of assumptions on government funding, precept decisions, tax base reductions and collection fund deficits. The guidelines to Heads of Department in regard of the Strategic and Financial Planning process (using Outcome Based Budgeting principles) have considered the scenario plans. The Constabulary has a proven track record on delivery required savings in order to balance the budget.

Taking a worst-case funding scenario, and a worst-case assumption that no savings are identified through the Constabulary's budget setting process, general fund balances including earmarked reserves would reduce to approximately £13.45m. This remains significantly above the minimum general fund balance set by the PCC CFO of £4.3m.

Taking into account the availability of usable reserves, the capacity to finance the current gap between external borrowing and the capital financing requirement and the ability to borrow on a short-term basis to prudently fund any temporary shortfall of cash; the PCC is able to demonstrate that he has sufficiently liquid resources until 12 months from the date of the audit report is signed to meet all liabilities as they fall due.

The PCC's reserves remain sufficiently healthy to absorb funding reductions and losses from the Covid-19 pandemic and remain able to meet its financial obligations as and when they fall due. Therefore, following our review of the financial impact of

Covid-19 on current and future finances, it has been concluded that there is no material uncertainty relating to going concern.

### 30. Events after the Balance Sheet Date

Post balance sheet events have been considered for the period from the year-end to the date the accounts were authorised for issue on **2021**.

### 31. Capital Commitments

Significant commitments under capital contracts as at 31 March 2021 are analysed as follows:

| <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2021<br/>£000</b> |
|-----------------------------------|-----------------------------------|
| 408 Estates strategy              | 150                               |
| 124 CCR telephony                 | 124                               |
| 74 Other                          | 118                               |
| - Athena                          | 111                               |
| 289 Vehicles                      | 77                                |
| 1,472 Airwave handset replacement | 4                                 |
| 56 Tasers & other firearms        | -                                 |
| <b>2,423 Total committed</b>      | <b>585</b>                        |

# Police Pension Fund Accounting Statements

## Fund Account

| 2019/20                         |                                                                                         | 2020/21         |          |
|---------------------------------|-----------------------------------------------------------------------------------------|-----------------|----------|
| £000                            | £000                                                                                    | £000            | £000     |
| <b>Contributions receivable</b> |                                                                                         |                 |          |
|                                 | Employer                                                                                |                 |          |
|                                 | 12,899 Normal                                                                           | 13,988          |          |
|                                 | 247 Early retirements                                                                   | 165             |          |
| 13,145                          |                                                                                         |                 | 14,152   |
|                                 | Members                                                                                 |                 |          |
|                                 | 5,594 Normal                                                                            | 6,047           |          |
| 5,594                           |                                                                                         |                 | 6,047    |
| <b>Transfers in</b>             |                                                                                         |                 |          |
|                                 | 347 Individual transfers in from other schemes                                          | 249             |          |
| 347                             |                                                                                         |                 | 249      |
| <b>Benefits payable</b>         |                                                                                         |                 |          |
| (30,793)                        | Pensions                                                                                | (31,847)        |          |
| (7,212)                         | Commutations and lump sum retirement benefits                                           | (6,011)         |          |
| (1,087)                         | Other                                                                                   | (98)            |          |
| (39,092)                        |                                                                                         |                 | (37,955) |
|                                 | (31) Refunds on contributions                                                           | (44)            |          |
| (485)                           | Individual transfers out to other schemes                                               | (55)            |          |
| (516)                           |                                                                                         |                 | (99)     |
| <b>(20,522)</b>                 | <b>Net amount payable for the year before contribution from the Police General Fund</b> | <b>(17,606)</b> |          |
| <b>20,522</b>                   | <b>Contribution from the Police General Fund</b>                                        | <b>17,606</b>   |          |
| -                               | <b>Net balance receivable for the year</b>                                              | -               |          |

No assets are held by the pension fund and no amounts were owed to or from it as at 31 March 2021 (31 March 2020 £nil).

The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2019 at 31% of pensionable pay. A pensions top-up grant from the Home Office is received which funds contributions to a level of 21.3% and in 2020/21 a specific grant of £1.2m was received to part fund the cost of the recent change in contribution rates. The Constabulary funds the resulting balance.

## Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

### Accruals basis

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

### Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) Events have not coincided with the actuarial assumptions made for the last valuations (experience gains and losses) or
- b) The actuarial assumptions have changed

### Capital expenditure

Expenditure on the acquisition of a non-current asset; or expenditure which adds to – rather than merely maintains – the value of an existing non-current asset.

### Capital Receipt

Income derived from the sale or disposal of a non-current asset.

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### Contingent liability

A contingent liability is either:

- a) A possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the Constabulary's control; or

- b) A present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

### Current Service Costs

The increase in pension liabilities as a result of years of service earned this year.

### Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

### Government grants

Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the Group towards both revenue and capital expenditure.

### Group

The term Group refers to the Police and Crime Commissioner (PCC) for Suffolk and the Chief Constable (CC) for Suffolk.

### Impairment

A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

### Intangible non-current assets

Intangible assets are non-financial non-current assets that do not have physical substance, but are identifiable and are controlled by the PCC through custody or legal rights.

### **Net book value**

The amount at which non-current assets are included in the balance sheet, meaning their historical cost or current value less the cumulative amounts allowed for depreciation.

### **Net realisable value**

The open-market value of the asset in its existing use (or open-market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

### **Non-current assets**

Tangible and intangible assets that yield benefits to the PCC and the services it provides for more than one year.

### **Outturn**

The actual amount spent in the financial year.

### **Operational assets**

Non-current assets held and occupied, used or consumed by the PCC in the direct delivery of services for which it has a statutory or discretionary responsibility.

### **Past Service Costs**

The increase in pension liabilities as a result of a scheme amendment or curtailment whose effect relates to year of service earned in earlier years.

### **PCC**

References to PCC within these Financial Statements relate to the entity of the Police and Crime Commissioner for Suffolk unless otherwise stated.

### **Pension Strain**

Occurs when there is a clear shortfall in the assumed level of funding needed to provide a particular pension benefit, often occurring when a member draws their benefits earlier than expected i.e. due to redundancy.

### **Projected Unit Credit Method**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit credit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

### **Precept**

The proportion of the budget raised from council tax.

### **Provision**

Amount set aside to provide for a liability which is likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

### **PWLB**

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies and to collect the repayments.

### **Related parties**

Two or more parties are related parties when at any time during the financial period:

- a) One party has direct or indirect control of the other party; or
- b) The parties are subject to common control from the same source; or
- c) One party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or
- d) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.



Vested rights include where appropriate the related benefits for spouses or other dependants.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

### **Scheme Liabilities**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **Settlement**

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

### **Useful life**

The period over which the PCC will derive benefits from the use of a non-current asset.

### **Vested Rights**

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled to on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.