

**Police and Crime  
Commissioner for  
Gloucestershire**

**Statement of accounts  
2019/20**

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## STATEMENT OF ACCOUNTS 2019/20

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### **NARRATIVE REPORT BY THE PCC's CHIEF FINANCE OFFICER**

The purpose of this report is to provide a clear guide to the most significant matters reported in the accounts. It explains the purpose of the financial statements that follow and provides a summary of the PCC's and the Group's financial activities during 2019/20 and the financial position as at 31st March 2020.

These accounts have been prepared during the Covid-19 global pandemic. The financial and operational consequences of Covid-19 did not significantly impact the organisation during the 2019/20 financial year covered by these accounts. However the long term consequences will impact on future planning.

### **Police Reform and Social Responsibility Act 2011**

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner (PCC) and the Chief Constable for Gloucestershire as separate legal entities (corporation sole). The PCC's function is to hold the Chief Constable to account for the exercise of his duties, thereby securing the maintenance of an efficient and effective police force in Gloucestershire. The primary function of the Chief Constable is the exercising of operational policing duties under the Police Act 1996. The Chief Constable is accountable to the PCC.

Both the PCC and the Chief Constable are required to publish statement of accounts. For accounting purposes the PCC and the Chief Constable together are known as the Group. The accounts which follow show the results for the PCC and the Group for 2019/20

For accounting purposes the concept of "substance over form" requires that the economic substance of transactions and events must be recorded in the financial statements rather than just their legal form, in order to present a true and fair view of the affairs of the entity. These accounts are produced in line with this concept.

The Chief Constable has full operational control of officers and employs most of the staff. The PCC has retained employment only of staff in the Office of the PCC (OPCC). The PCC has retained ownership of all assets, and all contracts are let in the name of the PCC. The PCC is responsible for establishing all reserves and controls the cash flow.

### **Statement of Accounts**

The format and content of the Accounts are laid down by the Code of Practice on Local Authority Accounting in the UK 2019/20 (the 'Code') based on International Financial Reporting Standards, issued by CIPFA (the professional body of public sector accountants). The accounting policies adopted by the PCC comply with recommended accounting practices and are explained on pages 22 to 29.

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales
- Scheme of Delegation between the PCC and the Chief Constable
- Corporate Governance Framework for the Group.

These financial statements include:

- Statement of Responsibilities. This sets out the responsibilities of the PCC and the Chief Finance Officer in respect of the Statement of Accounts.
- Comprehensive Income and Expenditure Statements. These two statements show, for the PCC and Group, the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. PCCs raise local taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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- Movement in Reserves Statements. These statements show, for the PCC and for the Group, the movement in the year on the different reserves held, analysed into usable reserves and other reserves.
- Balance Sheet as at 31<sup>st</sup> March 2020. The Balance Sheet shows the value of the assets and liabilities recognised by the PCC and Group at the Balance Sheet date. The net assets of the PCC and Group (assets less liabilities) are matched by the reserves held by the PCC and Group.

Reserves are reported in two categories.

- Usable Reserves. These are reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.
- Unusable Reserves, that the PCC is not able to use to provide services. This category of reserves includes
  - Reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and
  - Reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- Cash Flow Statement. The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the accounting period. The statement shows how the PCC 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 PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC.
  - Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC'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 PCC.
- Police Pension Fund Accounts. These comprise the Fund Account, the Net Assets Statement and the related notes and are shown at the end of this Statement of Accounts.

### **Annual Governance Statement**

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The PCC and Chief Constable have prepared a joint statement and have elected to publish the statement as a separate document. The Annual Governance Statement gives an assessment of the effectiveness of internal control procedures and should report any significant governance issues that have been identified. There are no significant governance issues.

### **Financial Performance**

In February 2019 the PCC approved a revenue expenditure budget for 2019/20 of £119.9 million. This was funded by £61.6 million (51%) from central government and £58.3 million (49%) from Council Tax. The police element of the Band D Council Tax was set at £250.49, an increase of £24 (10.6%) on that set for 2018/19

The budget for 2019/20 was split as follows:

- Constabulary budget - £117.7 m
- OPCC budget - £1.0 m
- PCC's Commissioning fund - £1.2m

Financial performance against budget is monitored throughout the year and reported monthly to the Finance Panel meeting attended by both the PCC and the Chief Constable. The total net revenue

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expenditure in 2019/20 was £118.8m An under spend against the Budget of £1.15m  
The main points to note in the accounts are:

- In the Group Comprehensive Income and Expenditure Statement the total financial resources consumed by the Group (net cost of service) reduced from £167.2m in 2018/19 to £117.9 m in 2019/20.
- The net liabilities on the Balance Sheet include pension scheme liabilities of £1.38 billion. Without the pension liabilities the net assets in the Balance Sheet at 31<sup>st</sup> March 2020 are £74.5 million. There are statutory arrangements for funding the police pension scheme liabilities, so the financial position of the Group is healthy.
- All bank accounts are held by the PCC and all income and funding is received by the PCC. The Cash Flow Statement shows a decrease in cash and cash equivalents during the year of £4.253 million.

### Financial Summary 2019/20

A separate Summary of the Statement of Accounts of the Police & Crime Commissioner (PCC) and Group has been produced to provide clearer information and aid understanding. The full Statement of Accounts is available on the PCC's website at [www.gloucestershire-pcc.gov.uk](http://www.gloucestershire-pcc.gov.uk)

In the Summary Accounts modifications have been made to the figures contained in the full Statement of Accounts to aid clarification. Pension liabilities have been excluded from the Balance Sheet as these liabilities will be met from government funding and future pension contributions. On the Income and Expenditure Account capital adjustments and pension adjustments (IAS19) have been consolidated to simplify the statements.

### **Officers and Staff**

As at 31st March 2020 the PCC and the Constabulary budgeted establishment was 1965 posts. The full time equivalent (fte) numbers are provided below.

	31/3/2019	31/3/2020
Police Officers	1063	1107
Police Staff/ PCSOs	793	858
Total	1856	1965

During 2019/20 additional staff were recruited for strategic planning, change services, information disclosure, executive support and welfare and for the new training centre.  
During 2021/22 and 2022/23 the budgeted staff establishment is projected to increase further for additional posts to support the uplift in officer numbers

### **Movement in Reserves**

The reserves of the Group are held by the PCC. Total reserves at 31<sup>st</sup> March 2020 were £28.6m including:

	£M
General Reserves	5.818
Specific earmarked reserves	17.577
<b>General Fund Balance</b>	<b>23.395</b>
Other reserves	5.241
<b>Total Usable Reserves</b>	<b>28.636</b>

The other reserves are for capital funding relating to grants, receipts and revenue contributions not yet applied to cover capital expenditure.

At 31st March 2020 the general reserve was £5.818 million, which represents 4.6% of the Group's revenue budget for 2020/21 (£126.1 million). The level of the General Reserve reflects the risks the PCC and the Chief Constable are facing. The level of reserves is reviewed annually to ensure that they are set at a prudent level having regard to identified risks and the overall financial climate.

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The specific earmarked reserves at 31st March 2020 include:

- £1.685m reserve to support the Group's Estates Strategy
- £4.969m reserve to support the Group's ICT strategy
- £4.931m reserve to support the Emergency Services Network (ESN)
- £0.992m reserve for vehicle replacement
- £4.500m carry forward reserve
- £0.500m insurance reserve

The PCC has prepared a Reserves Strategy which is published on the OPCC website.

### **Significant provisions, contingencies and write-offs**

The Group has a provision for outstanding legal cases and fines included in the accounts as at 31st March 2020. The estimated value of these cases was £319k – see note 34.

### **McCloud / Sargeant judgement**

The Chief Constable, along with other Chief Constables and the Home Office, currently has claims lodged against him in respect of unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud/Sergeant case) ruled that the transitional protection offered to some members amounted to unlawful discrimination. On 27<sup>th</sup> June 2019 the Supreme Court refused the Government leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to the arrangements for employees who were transferred to the new schemes, including Police Pension Scheme members. The Pension Scheme liabilities in the Balance Sheet reflect this.

On Thursday 16th July 2020 MHCLG published a consultation on proposed remedies. ON the advice of the actuaries the accounts have not been amended to take account of this consultation. The initial view is that the existing provisions are sufficient to meet the potential liabilities. When the consultation has been finalised and the final determination made the accounts will be reviewed and any require changes enacted.

### **Capital Expenditure**

During 2019/20 capital spending was £9.782m Details of this expenditure are shown on Page 60 of the Accounts (note 26). This expenditure was financed by a combination of government grants (£0.544m), contributions from the revenue including transfers from reserves (£3.949) and borrowing (£5.000m). Capital Commitments on existing schemes totalled £1.089m at the 31 March 2020.

A Capital Strategy has been published which includes two significant capital projects that are currently under development:

- Redevelopment of the Operations Centre at Bamfurlong
- Transformation Programme – to replace a number of ICT systems. There will be additional revenue costs from the programme and it is expected that the programme will identify savings to fund these.

The estimated costs of these projects are over £22m, which will be funded from capital receipts, reserves and additional borrowing. The Capital Strategy is published on the OPCC website. The projects will be subject to the PCC approval of full business cases.

A Prudential Code for Capital Finance allows the PCC to determine the level of borrowing that is acceptable and sustainable. The PCC's Treasury management strategy is published on this web site all borrowing was with the approved limits.

### **Treasury Management**

In 2019/20 the PCC complied in full with the CIPFA Prudential Code of Practice and the CIPFA Treasury Management Code of Practice, and all treasury management activity was undertaken in accordance with agreed policies and strategies.

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The priority for investments is security and liquidity, rather than yield. Limits are set for investments and all investments are for less than 12 months.

### **Operational Performance**

The Police and Crime Plan for 2017/2021 was launched in February 2017. Every PCC must set out the policing priorities for their area, which form the basis for the Police and Crime Plan. The PCC set six priorities:

- Accessibility and accountability
- Older but not overlooked
- Safer days and nights
- Young people becoming adults
- Safe and social driving
- Safer cyber

Two additional strands have been added to the Police and Crime Plan:

- A green and pleasant county for now and in the future, ensuring that the Constabulary operates in as responsible and sustainable a way as possible.
- A compassionate approach, extended to animals and their ability to enjoy a life free of cruelty

In January 2020 the PCC reviewed the plan and whilst the priorities he identified through consultation with local people remain the same, he identified a number of areas of focus for the remainder of the Plan. The new keys areas of increased focus are:

- Every crime matters
- Burglary and rural acquisitive crime
- Growing the frontline
- Aligning the Constabulary with the principles of 'Child Friendly Gloucestershire':

The Constabulary has appointed a police lead for each priority who works together with the priority lead to ensure that delivery plans are developed for each priority. Every six months the police leads report the progress on these plans to the PCC's Governance Board.

The Police and Crime Plan states that 1% of the total policing budget will be set aside for the Commissioners Fund, to support projects and programmes that support the delivery of the Police and Crime Plan priorities. For 2019/20 £1.199m was set aside to support projects and programmes that are seeking to break the cycle of harm and offending.

The Police and Crime Plan states that the service and support provided to victims should be at the heart of our approach to policing. The PCC has commissioned a support service for victims which is being delivered by Victim Support, a professional and experienced organisation. This service is funded from a grant from the Ministry of Justice.

The PCC increased the precept in 2019/20 by £24, which allowed investment in the following areas that support the Police and Crime Plan;

- Provide additional resources to increase public confidence to contact the police and an enhanced service when the police are contacted,
- Additional officers to respond to emergency calls (supporting the priority for accessibility and accountability).
- More officers policing the roads in the county (supporting the priority for safe and social driving).
- Additional officers to proactively disrupt serious and organised crime (including County Lines drug dealing gangs) and preventing violence in town centres at weekends (supporting the priority for safer days and nights).
- Additional staff to manage the increased demand in the child and adult safeguarding teams, reducing the risks to vulnerable people (supporting the priorities for older but not overlooked and for young people becoming adults).

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- Additional staff in investigation teams to support Detectives to bring offenders to justice. There is a national shortage of detectives and the Home Secretary (in the grant announcement) stated that he expects major progress to resolve the challenge in investigative resource.
- Additional staff to support the prosecution of offenders.

During the 12 months to February 2020 recorded crime in Gloucestershire increased by 13.6%, compared to an overall increase of 1.5% in England and Wales. In most categories of recorded crime Gloucestershire's crime rate is low compared to the national rate. Although there have been increases in recorded violent crime both locally and nationally, Gloucestershire is below the national average for this. Gloucestershire has seen notable increases in recorded burglary offences but this is still below the national rate for these offences.

Force operational priorities are set, based upon the greatest threat, harm and risk. Officers and staff must ensure that priority is given to work falling into these categories:

- Child sexual exploitation, Child Abuse and IIOC
- Missing and mental Health
- Domestic Abuse
- Modern day Slavery.

All staff and officers are briefed on the priorities and provided with more detailed information through the Force Intranet.

Each year HMICFRS assess the Constabulary for the effectiveness, efficiency and legitimacy with which it keeps people safe and reduces crime (PEEL assessment). The Constabulary was inspected in October 2018 and their report was published in May 2019. The following outcomes for 2018 were reported as.

### **Effectiveness**

The Constabulary was assessed as good in respect of its effectiveness. The overall judgement for the previous year was requires improvement. The Constabulary was graded as good for preventing crime and tackling anti-social behaviour, investigating crime and protecting vulnerable people. The Constabulary has made good progress but must do more to increase its understanding of serious and organised crime and target its resources where harm is most likely. The Force was graded as requiring improvement in this area.

### **Efficiency**

The Constabulary was assessed as good in respect of how efficient it is in keeping people safe and reducing crime, the same as the previous year.

The Constabulary was judged to be good at meeting current demand and using resources and at planning for the future.

### **Legitimacy**

The Constabulary was assessed as good in respect of legitimacy with which it keeps people safe and reduces crime. The Constabulary was inspected for ethical and lawful workforce behaviour and rated good. It was not inspected for the fair treatment of the public and the fair treatment of the workforce, and retains the good scores from 2017

### **Looking Ahead**

The Budget for the Group for 2020/21 has been set at £126.1 million, funded by £65.6 million (52%) from government grant and £60.5 million (48%) from Council Tax.

The grant settlement for 2020/21 provides £700m for police forces, for the recruitment of 6,000 additional officers by the end of March 2021. For Gloucestershire this funding was split between



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core grant funding (£4.063m) and ring fenced funding (£1.288). The ring fenced funding is to be paid to forces in line with the progress in recruiting their additional officers. The Constabulary has plans to recruit the additional 46 officers in 2020/21.

The £126.1m budget for 2020/21 is split as follows:

- Constabulary budget - £123.6m
- OPCC budget – £1.2m
- PCC's Commissioning funds - £1.3m

The Chief Constable has confirmed that the Constabulary will be able to deliver the priorities within the Police and Crime Plan and the current Strategic Policing requirement with the resources provided from the Constabulary budget.

A Medium Term Financial Plan for the four years to 2023/24 was developed prior to the Covid-19 global pandemic. The plan assumes that government grants remain the same over the period and that the council tax increases by 2% per year, and that pay and prices increase by 2% per year. Based upon these assumptions savings for at least £1.4m will have to be identified to balance the budgets for the three years to 2023/24. This includes savings for £1.3m to cover the additional revenue costs for the Transformation Programme. The Constabulary will continue to review all departments on a regular basis to ensure that savings are identified and that a significant proportion of resources are committed to frontline policing. The Constabulary has a good track record for identifying savings.

The global pandemic will have financial consequences for public sector funding and for the organisation. The next Medium Term Financial Plan will attempt to take account of the operational and financial consequences of the pandemic.

### **Pension Schemes**

The Group participates in two pension schemes: the Police Pension Scheme and the Local Government Pension Scheme (LGPS). Both schemes are categorised as defined benefit schemes.

The Police Pension Scheme is an unfunded scheme. This means that there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government top-up grant. The Group received a top up grant for 2019/20 of £20.937m for 100% of the deficit.

The Group is required to include the police pension accounts in their statement of accounts, and the Fund Account and Notes are shown on pages 70 and 71.

In accordance with the requirements of International Accounting Standard No 19 – Employee Benefits (IAS19), as amended, the Group Statement of Accounts includes net pension liabilities and a pensions reserve in the Balance Sheet, entries in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement to reflect movements in the assets and liabilities relating to the pension schemes. These entries are more fully explained in note 11 to the Accounts.

The Actuarial valuations for the schemes at 31st March 2020 shows a combined liability of £1.38 billion (2019 - £1.506 billion). This liability has a substantial impact on the net worth of the Group, reducing the net worth of the Group from net assets of £74.5m to a negative overall balance of £1.3 billion. The majority of this liability relates to the police pension schemes and statutory arrangements for funding the deficit in these schemes mean that the financial position of the Group remains healthy.

I hope that the explanatory notes to these Accounts have been helpful. A summary set of accounts has been produced and published on the PCC's website. Further information on the PCC's finances

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can be obtained by:

- writing to the PCC Chief Finance Officer, Police Headquarters, 1 Waterwells Drive, Quedgeley, Gloucester. GL2 2AN, or
- e-mailing the PCC Chief Finance Officer at [peter.skelton@gloucestershire.police.uk](mailto:peter.skelton@gloucestershire.police.uk),



Peter Skelton ACA  
PCC's Chief Finance Officer  
Date 15 January 2021

## **STATEMENT OF ACCOUNTS 2019/20**

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### **RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **The PCC's Responsibilities**

The PCC is required to:

- Make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer.
- Manage his affairs to secure economic, efficient and effective use of resources and to safeguard his assets.
- Approve the Statement of Accounts.

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

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

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

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

The Chief Finance Officer has also:

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

#### **CERTIFICATION OF THE ACCOUNTS BY THE CHIEF FINANCE OFFICER**

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner for Gloucestershire as at 31st March 2020 and his income and expenditure for the year then ended.



P. Skelton ACA  
PCC Chief Finance Officer

Date 15 January 2021

#### **CERTIFICATION OF THE ACCOUNTS BY THE POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE**

I approve the Statement of Accounts.



M. Surl  
Police and Crime Commissioner

Date 15 January 2021

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Police and Crime Commissioner for Gloucestershire (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Fund Account and the Net Assets Statement] and notes to the financial statements. The notes to the financial statements include the EFA, Notes to the Core Statements, Policies and Judgements and Notes to the Group Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2020 and of the group's expenditure and income and the Police and Crime Commissioner's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Police and Crime Commissioner in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Police and Crime Commissioner and group's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Police and Crime Commissioner and group's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Police and Crime Commissioner's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Police and Crime Commissioner's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Police and Crime Commissioner's and group's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Police and Crime Commissioner's and group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Police and Crime Commissioner or group will continue in operation.

### **Emphasis of Matter – effects of Covid-19 on valuations of land and buildings, and valuations of the pension liability**

We draw attention to Note 3 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuations of the group's land and buildings, and the valuations of the pension scheme liabilities. As disclosed in this note, the outbreak of the Novel Coronavirus (COVID-19) means that the valuations are reported on the basis of, or subject to, 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuations Global Standards. Consequently, less certainty can be attached to these valuations than would normally be the case. Our opinion is not modified in respect of this matter.

### **Other information**

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the Police and Crime Commissioner and group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and the Police and Crime Commissioner obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

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In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Police and Crime Commissioner gained through our work in relation to the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Police and Crime Commissioner and the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page 9, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the group's and the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the group or the Police and Crime Commissioner will no longer be provided.

The Police and Crime Commissioner is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements - Conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

## STATEMENT OF ACCOUNTS 2019/20

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### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **Responsibilities of the Police and Crime Commissioner**

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Report on other legal and regulatory requirements - Certificate**

We certify that we have completed the audit of the financial statements of the Police and Crime Commissioner for Gloucestershire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Iain Murray***

Iain Murray, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
London

**18 January 2021**

# STATEMENT OF ACCOUNTS 2019/20

## Group Comprehensive Income and Expenditure Statement for the year ended 31st March 2020

2018/19			2019/20			
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>Gross expenditure, gross income and net expenditure of continuing operations</b>			
183,121	(15,914)	167,207	Policing Services (Note 8)	134,019	(16,075)	117,944
183,121	(15,914)	167,207	<b>Net Cost Of Service</b>	134,019	(16,075)	117,944
			<b>Other Operating Expenditure</b>			
37	0	37	Gain/loss on disposal of non current assets	0	(99)	(99)
37	0	37	<b>Total Other operating expenditure</b>	0	(99)	(99)
			<b>Financing and Investment Income and Expenditure</b>			
2,195	0	2,195	Interest payable and similar charges (Note 14)	1,981	0	1,981
38,032	0	38,032	Net Interest on the net defined benefit liability (note 11)	36,128	0	36,128
0	(275)	(275)	Investment Interest income	0	(303)	(303)
40,227	(275)	39,952	<b>Total Financing and Investment Income and Expenditure</b>	38,109	(303)	37,806
			<b>Taxation and Non-Specific Grant Income</b>			
0	(1,068)	(1,068)	Recognised capital grants and contributions	0	(488)	(488)
0	(33,910)	(33,910)	Police revenue grant	0	(35,845)	(35,845)
22,671	(22,671)	0	Police Pension Fund Top-Up Grant	20,937	(20,937)	0
0	(19,258)	(19,258)	National non-domestic rates redistribution	0	(19,638)	(19,638)
0	(6,082)	(6,082)	Council tax support grant	0	(6,082)	(6,082)
0	(51,697)	(51,697)	Precepts (Note 16)	0	(57,910)	(57,910)
22,671	(134,686)	(112,015)	<b>Total Taxation and Non-Specific Grant Income</b>	20,937	(140,900)	(119,963)
246,056	(150,875)	95,181	<b>Surplus/Deficit on Provision of Services</b>	193,065	(157,377)	35,688
0	(844)	(844)	Surplus/deficit on the revaluation of non-current assets (note 24)	0	(448)	(448)
31,687	0	31,687	Remeasurement of the net defined benefit liability (note 11)	0	(156,363)	(156,363)
31,687	(844)	30,843	<b>Other Comprehensive Income and Expenditure</b>	0	(156,811)	(156,811)
<b>277,743</b>	<b>(151,719)</b>	<b>126,024</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>193,065</b>	<b>(314,188)</b>	<b>(121,123)</b>

The statement above shows the accounting cost in the year to 31st March 2020 of providing services for the Group, in accordance with generally accepted accounting practices, in addition to the amount of funding by way of grant income.



# STATEMENT OF ACCOUNTS 2019/20

## PCC Comprehensive Income and Expenditure Statement for the year ended 31st March 2020

2018/19				2019/20			
PCC		Memorandum		PCC		Memorandum	
Gross Expenditure	Gross Income	Net Expenditure	CC Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	CC Net Expenditure
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Gross expenditure, gross income and net expenditure of continuing operations</b>				<b>Gross expenditure, gross income and net expenditure of continuing operations</b>			
3,288	(15,914)	(12,626)	179,833	3,321	(16,075)	(12,754)	130,698
3,288	(15,914)	(12,626)	179,833	3,321	(16,075)	(12,754)	130,698
179,833	0	179,833	(179,833)	130,698	0	130,698	(130,698)
183,121	(15,914)	167,207	0	134,019	(16,075)	117,944	0
<b>Net Cost of Service before funding</b>				<b>Net Cost of Service before funding</b>			
Intra-group funding				Intra-group funding			
<b>Net Cost of Service</b>				<b>Net Cost of Service</b>			
Other Operating Expenditure				Other Operating Expenditure			
37	0	37	0	0	(99)	(99)	0
37	0	37	0	0	(99)	(99)	0
<b>Total Other operating expenditure</b>				<b>Total Other operating expenditure</b>			
<b>Financing and Investment Income and Expenditure</b>				<b>Financing and Investment Income and Expenditure</b>			
2,195	0	2,195	0	1,981	0	1,981	0
0	0	0	38,032	0	0	0	36,128
38,032	0	38,032	(38,032)	36,128	0	36,128	(36,128)
0	(275)	(275)	0	0	(303)	(303)	0
40,227	(275)	39,952	0	38,109	(303)	37,806	0
<b>Total Financing and Investment Income and Expenditure</b>				<b>Total Financing and Investment Income and Expenditure</b>			
<b>Taxation and Non-Specific Grant Income</b>				<b>Taxation and Non-Specific Grant Income</b>			
0	(1,068)	(1,068)	0	0	(488)	(488)	0
0	(33,910)	(33,910)	0	0	(35,845)	(35,845)	0
22,671	(22,671)	0	0	20,937	(20,937)	0	0
0	(19,258)	(19,258)	0	0	(19,638)	(19,638)	0
0	(6,082)	(6,082)	0	0	(6,082)	(6,082)	0
0	(51,697)	(51,697)	0	0	(57,910)	(57,910)	0
31,687	0	31,687	(31,687)	0	(156,363)	(156,363)	156,363
54,358	(134,686)	(80,328)	(31,687)	20,937	(297,263)	(276,326)	156,363
<b>Total Taxation and Non-Specific Grant Income</b>				<b>Total Taxation and Non-Specific Grant Income</b>			
<b>Surplus/Deficit on Provision of Services</b>				<b>Surplus/Deficit on Provision of Services</b>			
277,743	(150,875)	126,868	(31,687)	193,065	(313,740)	(120,675)	156,363
Surplus/deficit on the revaluation of non-current assets (note 24)				Surplus/deficit on the revaluation of non-current assets (note 24)			
0	(844)	(844)	0	0	(448)	(448)	0
0	0	0	31,687	0	0	0	(156,363)
<b>Total Comprehensive Income and Expenditure</b>				<b>Total Comprehensive Income and Expenditure</b>			
277,743	(151,719)	126,024	0	193,065	(314,188)	(121,123)	0

The statement above shows the accounting cost in the year to 31st March 2020 of providing services in accordance with generally accepted accounting practices for the PCC, in addition to the amount of funding by way of grant income. Resources of the PCC consumed at the request of the Chief Constable (CC) are shown for comparative purposes. The consolidated accounting cost and funding for the PCC Group to 31st March 2020 is shown on the previous page.

## STATEMENT OF ACCOUNTS 2019/20

### Movement in Reserves Statement for the PCC Group for the year ended 31st March 2020

	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves (Note 9) £000	Unusable Reserves (Note 10) £000	Total Reserves £000
<b>Balance at 31st March 2018</b>	21,690	3,067	2,343	0	422	27,522	(1,333,013)	(1,305,491)
<b><u>Movement in reserves during 2018/19</u></b>								
Total Comprehensive Expenditure and Income	(95,181)	0	0	0	0	(95,181)	(30,843)	(126,024)
Adjustments between accounting basis & funding basis under regulations	95,401	1,583	376	0	10	97,370	(97,370)	0
Increase or (decrease) in 2018/19	220	1,583	376	0	10	2,189	(128,213)	(126,024)
<b>Balance at 31st March 2019 carried forward</b>	21,910	4,650	2,719	0	432	29,711	(1,461,226)	(1,431,515)

## STATEMENT OF ACCOUNTS 2019/20

	General Fund Balance	Capital Receipts Reserve	Revenue Contribution to capital unapplied	Capital Contributions Unapplied	Capital Grants Unapplied	Total Usable Reserves (Note 9)	Unusable Reserves (Note 10)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2019</b>	21,910	4,650	2,719	0	432	29,711	(1,461,226)	(1,431,515)
<b><u>Movement in reserves during 2019/20</u></b>								
Total Comprehensive Expenditure and Income	(35,688)	0	0	0	0	(35,688)	156,811	121,123
Adjustments between accounting basis & funding basis under regulations	37,173	(190)	(2,314)	0	(56)	34,613	(34,613)	0
Increase or (decrease) in 2019/20	1,485	(190)	(2,314)	0	(56)	(1,075)	122,198	121,123
<b>Balance at 31st March 2020 carried forward</b>	23,395	4,460	405	0	376	28,636	(1,339,028)	(1,310,392)

The General fund balance at 31<sup>st</sup> March 2020 includes £17.6m of earmarked reserves. Details of these earmarked reserves can be found in note 9.

## STATEMENT OF ACCOUNTS 2019/20

### Movement in Reserves Statement for the PCC for the year ended 31st March 2020

	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves (Note 9) £000	Unusable Reserves (Note 10) £000	Total Reserves £000
<b>Balance at 31st March 2018</b>	21,690	3,067	2,343	0	422	27,522	(1,333,013)	(1,305,491)
<b><u>Movement in reserves during 2018/19</u></b>								
Total Comprehensive Expenditure and Income	(126,868)	0	0	0	0	(126,868)	844	(126,024)
Adjustments between accounting basis & funding basis under regulations	127,088	1,583	376	0	10	129,057	(129,057)	0
Increase or (decrease) in 2018/19	220	1,583	376	0	10	2,189	(128,213)	(126,024)
<b>Balance at 31st March 2019 carried forward</b>	21,910	4,650	2,719	0	432	29,711	(1,461,226)	(1,431,515)

## STATEMENT OF ACCOUNTS 2019/20

	General Fund Balance £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves (Note 9) £000	Unusable Reserves (Note 10) £000	Total Reserves £000
<b>Balance at 31st March 2019</b>	21,910	4,650	2,719	0	432	<b>29,711</b>	<b>(1,461,226)</b>	<b>(1,431,515)</b>
<b><u>Movement in reserves during 2019/20</u></b>								
Total Comprehensive Expenditure and Income	120,675	0	0	0	0	<b>120,675</b>	<b>448</b>	<b>121,123</b>
Adjustments between accounting basis & funding basis under regulations	(119,190)	(190)	(2,314)	0	(56)	<b>(121,750)</b>	<b>121,750</b>	<b>0</b>
Increase or (decrease) in 2019/20	1,485	(190)	(2,314)	0	(56)	<b>(1,075)</b>	<b>122,198</b>	<b>121,123</b>
<b>Balance at 31st March 2020 carried forward</b>	23,395	4,460	405	0	376	<b>28,636</b>	<b>(1,339,028)</b>	<b>(1,310,392)</b>

# STATEMENT OF ACCOUNTS 2019/20

## PCC and Group Balance Sheet as at 31st March 2020

31st March 2019			31st March 2020			
CC £'000	PCC £'000	Group £'000		CC £'000	PCC £'000	Group £'000
			<b>Property, Plant &amp; Equipment (Note 24)</b>			
0	60,089	60,089	- land, buildings and plant	0	59,575	59,575
0	2,279	2,279	- vehicles	0	3,491	3,491
0	3,220	3,220	- equipment	0	3,101	3,101
0	1,234	1,234	- assets under construction	0	6,676	6,676
0	1,205	1,205	<b>Investment Property (Note 24)</b>	0	1,205	1,205
0	791	791	<b>Intangible Assets (note 25)</b>	0	849	849
1,506,197	0	0	<b>Pensions intra-group adjustment</b>	1,384,867	0	0
1,506,197	68,818	68,818	<b>Total Long Term Assets</b>	1,384,867	74,897	74,897
			<b>Current Assets</b>			
0	384	384	- Inventories	0	374	374
5,558	8,969	14,527	- Short Term Debtors (Note 29)	4,195	10,111	14,306
1,064	5,558	0	- Intra-group adjustment	1,607	4,195	0
0	29,036	29,036	- Cash and Cash Equivalents (Note 30)	0	23,981	23,981
0	0	0	- Assets held for sale less than 1yr	0	0	0
6,622	43,947	43,947	<b>Total Current Assets</b>	5,802	38,661	38,661
			<b>Current Liabilities</b>			
1,064	10,506	11,570	- Short Term Creditors (Note 31)	1,607	11,278	12,885
0	16	16	- Short Term Borrowing (Note 32)	0	200	200
5,558	1,064	0	- Intra-group adjustment	4,195	1,607	0
0	260	260	- Provisions (Note 34)	0	319	319
6,622	11,846	11,846	<b>Total Current Liabilities</b>	5,802	13,404	13,404
			<b>Long Term Liabilities</b>			
0	17,524	17,524	- Long Term Creditors (Note 23)	0	17,166	17,166
0	8,713	8,713	- Long Term Borrowing (Note 32)	0	8,513	8,513
0	1,506,197	0	- Pensions intra-group adjustment	0	1,384,867	0
1,506,197	0	1,506,197	- Other Long Term Liabilities (Note 11)	1,384,867	0	1,384,867
1,506,197	1,532,434	1,532,434	<b>Total Long Term Liabilities</b>	1,384,867	1,410,546	1,410,546
<b>0</b>	<b>(1,431,515)</b>	<b>(1,431,515)</b>	<b>Net Liabilities</b>	<b>0</b>	<b>(1,310,392)</b>	<b>(1,310,392)</b>
			<b>Usable reserves (Note 9)</b>			
0	5,996	5,996	- General Fund	0	5,818	5,818
0	15,914	15,914	- Earmarked reserves	0	17,577	17,577
0	4,650	4,650	- Capital Receipts Reserve	0	4,460	4,460
0	2,719	2,719	- Revenue contribution to capital reserve unapplied	0	405	405
0	432	432	- Capital Grants Unapplied	0	376	376
0	29,711	29,711	<b>Total Usable reserves</b>	0	28,636	28,636
			<b>Unusable Reserves (Note 10)</b>			
0	11,182	11,182	- Revaluation Reserve	0	11,313	11,313
0	(1,506,197)	(1,506,197)	- Pensions Reserve	0	(1,384,867)	(1,384,867)
0	33,606	33,606	- Capital Adjustment Account	0	35,244	35,244
0	856	856	- Collection Fund Adjustment Account	0	419	419
0	(673)	(673)	- Short-term Accumulating Compensated Absences	0	(1,137)	(1,137)
0	(1,461,226)	(1,461,226)	<b>Total Unusable Reserves</b>	0	(1,339,028)	(1,339,028)
<b>0</b>	<b>(1,431,515)</b>	<b>(1,431,515)</b>	<b>Total Reserves</b>	<b>0</b>	<b>(1,310,392)</b>	<b>(1,310,392)</b>

The Balance Sheet incorporates balances on the funds and accounts of the Chief Constable, PCC and Group as at 31st March 2020. Note that the intra-group pension adjustment has been removed on consolidation at the Group level.



Peter Skelton  
Chief Finance Officer  
Date: 15 January 2021

# STATEMENT OF ACCOUNTS 2019/20

## PCC and Group Cash Flow Statement for the year ended 31st March 2020

2018/19 £'000	£'000		2019/20 £'000	£'000
		<b><u>Operating Activities (Note 38)</u></b>		
		<b>Cash inflows</b>		
(51,972)		Council Tax receipts	(58,346)	
(19,259)		National non-domestic rates received	(19,638)	
(33,910)		Police grant	(35,845)	
(6,082)		Council Tax support grant	(6,082)	
(6,318)		Other grants	(8,707)	
(2,354)		Cash received for goods and services	(1,065)	
(276)		Interest received	(303)	
<u>(5,474)</u>		Other operating cash receipts	<u>(5,499)</u>	
	(125,645)			(135,485)
		<b>Cash outflows</b>		
71,456		Cash paid to and on behalf of employees	73,984	
24,450		Cash paid to suppliers of goods & services	25,694	
2,195		Interest paid	1,981	
<u>25,005</u>		Other operating cash payments	<u>30,323</u>	
	123,106			131,982
	<b>(2,539)</b>	<b><u>Net cash flows from operating activities</u></b>		<b>(3,503)</b>
		<b><u>Investing Activities</u></b>		
2,626		Purchase of property, plant & equipment, investment property and intangible assets (Note 39)	8,767	
(1,583)		Sale of property, plant & equipment	(99)	
<u>(1,068)</u>		Other receipts from investing activities	<u>(488)</u>	
	<b>(25)</b>	<b><u>Net cash flow from Investing Activities</u></b>		<b>8,180</b>
		<b><u>Financing Activities (Note 40)</u></b>		
0		New loans raised	0	
522		Capital element of PFI payment	362	
<u>136</u>		Repayments of amounts borrowed	<u>16</u>	
	<b>658</b>	<b><u>Net cash flow from Financing Activities</u></b>		<b>378</b>
	<b>(1,906)</b>	<b><u>Net (increase)/decrease in cash and cash equivalents (Note 41)</u></b>		<b>5,055</b>
	<b>(27,130)</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>(29,036)</b>
	<b>(29,036)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(23,981)</b>

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the PCC during the reporting period. As there is no distinction between the Group and the PCC movements there is no separate statement for the PCC.

# STATEMENT OF ACCOUNTS 2019/20

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## NOTES TO THE ACCOUNTS

### 1. Statement of accounting policies 2019/20

#### a. General principles

The Statement of Accounts summarises the Group and PCC's transactions for the 2019/20 financial year and the position at the year-end of 31st March 2020. These financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20*. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

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

The Financial Statements included here represent the accounts for the PCC and also those for the PCC Group. The Financial Statements cover the twelve months to 31st March 2020. The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31st March 2020. The identification of the PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

Whilst all expenditure is paid for by the PCC, including the wages of police staff and officers, the actual recognition in the respective PCC and Chief Constable Accounts is based on economic benefit.

#### b. Estimation Techniques

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and contents set out in IAS 8 and IPSAS 3 (*Accounting Policies, Changes in Accounting Estimates and Errors*), specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Pervasive accounting concepts
- Accruals
- Going concern
- Primacy of legislative requirements

#### c. Accruals of expenditure & Income

The Balance Sheet and the Comprehensive Income and Expenditure Statement are maintained on an accruals basis in accordance with the Code of Practice. This means that the accounts are prepared on the basis of income due and expenditure payable in the year to 31st March 2020, whether or not the cash has actually been received or paid in the year. Debtors have been included where an invoice has been raised but not paid. All manual accruals with a value of £500 or more will be processed in the accounts. For manual accruals with a value of less than £500 inclusion in the accounts will be at the discretion of the relevant finance officer.

Interest payable and receivable is accrued within the accounts up to and including 31st March 2020.

#### d. Exceptional Items



## STATEMENT OF ACCOUNTS 2019/20

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When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the PCC's financial performance.

### **e. VAT**

It is the PCC's policy to reclaim VAT based on the tax date of a creditor invoice and when it is entered into the creditor system for payment rather than the point the invoice is actually paid.

### **f. Provisions and Contingent Liabilities**

Provisions are made when an event has taken place that gives the PCC a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the PCC 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.

A contingent liability arises where an event has taken place that gives the PCC 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 PCC. 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.

### **g. Reserves**

The PCC 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 Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC.

### **h. Property, plant and equipment**

Non-current assets are assets that have physical substance and are held for use in the provision of services, or for administrative purposes on a continuing basis.

#### Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis, provided that it yields benefits to the PCC and that it provides services for more than one financial year. Assets are capitalised when they are operationally ready for service. Prior to this they are categorised as Assets under Construction (Work in Progress). The PCC has selected a de minimis threshold of £20,000 below which assets are not capitalised, apart from vehicle purchases, which are all capitalised.

The PCC for Gloucestershire has no material heritage assets that require separate classification.

#### Measurement

## STATEMENT OF ACCOUNTS 2019/20

Non-current assets are valued as recommended by CIPFA and in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Assets are classified into the groupings required by the Code. Assets are valued as follows:

### 1. Land and property

The capital outlay is shown on the basis of a desktop valuation of the PCC's freehold and leasehold property at 31st March 2020, undertaken by BNP Paribas, Chartered Surveyors. A "de minimis" limit of £20,000 was used for these purposes.

Operational property and plant are measured for their service potential at current value i.e. existing use value. Where no market is in existence or where assets are specialised a Depreciated Replacement Cost measurement is used. All surplus assets are measured at fair value. Under IFRS 13 Fair Value is a market based assessment which uses the assumptions that market participants would use when pricing the asset under current market conditions. Where applicable the valuations reflect evidence of recent market transactions involving similar properties in each locality. Depreciated Replacement Cost is recognised as an acceptable method of estimating Market Value where more reliable methods cannot be applied.

The Balance Sheet includes the impact from the assessment of impairments to buildings.

### 2. Vehicles and equipment

Vehicles, plant and equipment are included at historical cost, less accumulated depreciation.

When an asset is re-valued, any increase in value is credited to the Revaluation Reserve unless the asset has previously been re-valued downwards, in which case it is credited to the Comprehensive Income & Expenditure account up to the value of the previous loss. Land and buildings are subject to a full revaluation exercise every five years with interim annual desktop valuations to assess the impact of general market movements. The last full valuation took place at 31st March 2019. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

In between valuations an annual impairment review is undertaken of properties with less than 40 years life to identify any significant drop in value. Where impairment is identified as part of the annual review or as a result of a valuation exercise, this is accounted for by:

- An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the revaluation reserve for the same asset and thereafter in Surplus or Deficit on the provision of Services.
- An impairment loss on a non-revalued asset shall be recognised in Surplus or Deficit on the Provision of Services.

### Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The Asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale. When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line also as part of the net gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Capital receipts from the disposal of assets are accounted for on an accrual basis where the receipt is certain.

Amounts in excess of £10,000 are categorised as capital receipts. Capital receipts are required 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).

## STATEMENT OF ACCOUNTS 2019/20

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

### Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties and assets held for sale), by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. Depreciation is calculated on the following bases:

Land	No depreciation
Operational buildings	Straight-line allocation over the life of the property as estimated by the valuer.
Vehicles	Reducing balance method over the expected useful life of the asset. A life of between 3 and 5 years is allocated to vehicles and depreciation is calculated as 30% per annum following advice from the Fleet Manager.
Equipment	Straight-line allocation over the expected useful life of the asset as advised by a suitably qualified officer. A life of 5 years is allocated to all equipment, unless through consultation with the relevant officer an alternative asset life is deemed more suitable.

In addition to the reducing balance depreciation allocation of vehicles they are depreciated fully in their year of disposal where there is no capital receipt. Where a significant Property, Plant and Equipment asset (> £1m) has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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.

### **i. Intangible Assets**

Expenditure on the right to use a computer programme is treated as expenditure for capital purposes. Amortisation is calculated in the same way as equipment depreciation for tangible assets. At the end of the life of these assets they are treated as though they were disposed of with no capital receipt.

### **j. Charges to Revenue for Non-Current Assets**

Depreciation for the year is charged to the Comprehensive Income and Expenditure Account. The PCC is not required to raise funds to cover depreciation. However, he is required by law to set aside a Minimum Revenue Provision (MRP) for the repayment of external debt. The PCC has adopted the Regulatory Method for supported borrowing on capital expenditure incurred prior to 1st April 2008. Borrowing since 1st April 2008 uses the Asset Life Method. Provision for MRP is made over the estimated life of the asset for which the borrowing is undertaken, using the equal instalment method.

Depreciation is therefore replaced by a revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

### **k. Grants and contributions**

Grants and contributions, including donated assets, shall not be recognised until there is reasonable assurance that the PCC will comply with the conditions attached to them and that the grants or contributions will be received. Grants and contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has

## STATEMENT OF ACCOUNTS 2019/20

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a condition that the PCC has not satisfied.

- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the balance sheet date, the grant or contribution shall be transferred from the General Fund to the Capital Adjustment Account reported through the Movement in Reserves Statement.
- Where no expenditure has been incurred at the balance sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account through the Movement in Reserves Statement.
- Where conditions remain outstanding at the balance sheet date the grant or contribution will be recognised as part of the Capital Grants Receipt in Advance.

### I. 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 Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the PCC's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement 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
- Fair value through other comprehensive income

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

### m. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments maturing within six months of the balance sheet date are deemed to fall under the definition of cash equivalents.

The PCC's Financial Assets are classified as assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the PCC has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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

### n. 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. The current practice is to fully finance capital assets in the year of purchase, other than for Police Headquarters, Waterwells and the Firearms training centre, Blackrock which are PFI based contracts. Other than these PFI contracts all leases are classified as operating leases.

## STATEMENT OF ACCOUNTS 2019/20

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Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Liabilities under "operating" leases are not required under the Code to be shown in the Balance Sheet since significant residual value to the lessor under such arrangements implies no effective transfer of ownership of assets. Where the PCC grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. No property interests held under operating leases are classified as investment property.

### **o. Inventory**

The main inventories held by the Constabulary are uniforms, cleaning tokens, postage in franking machines, IT equipment, fleet spares and items in the stationery store. With the exception of uniforms, inventory is valued at original purchase price. In respect of uniforms, new inventory is valued at original purchase price and returned inventory that can be re-issued is valued at 50% of the original purchase price.

### **p. Overheads**

The PCC has a policy of not recharging support service overhead costs to front line service providing departments, they are reported separately. However for the purposes of the preparation of the Comprehensive Income and Expenditure Account the full cost of support service overheads are included in Police Services under the net cost of services.

### **q. Employee Benefits**

#### Pensions

As part of the terms and conditions for its officers and for other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for police staff employees, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- o The Police Pension Scheme for police officers, comprising three separate elements:
  - a. Police Pension Scheme (PPS)
  - b. New Police Pension Scheme (NPPS)
  - c. 2015 CARE scheme

These schemes (old, new and 2015) are not viewed as materially different as each scheme provides benefits of a similar nature or character - a defined benefit index linked pension, payable from a retirement date. Each scheme also provides survivor benefits, a death in service benefit, injury pension and payment of an ill-health pension. The differences between the schemes are how the benefits are accrued - the accrual rate with which a member earns benefits and the salary used to calculate the pension (pension is linked to final salary or career average salary). These differences do not make the schemes materially different in nature or character. Each scheme is also subject to the same risks.

This is an unfunded defined benefit final salary scheme, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities. Cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in

## STATEMENT OF ACCOUNTS 2019/20

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surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government.

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

External actuaries are appointed to provide the necessary information, and their assumptions and calculations are detailed in the pensions note (pages 39 to 47). 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. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the pension schemes have been based on the latest full valuation of the schemes as at 31st March 2016 for the LGPS and 31st March 2018 for the Police Pension Schemes. The long term expected rate of return on assets is derived by the actuary using their own proprietary stochastic asset model.

Actuarial gains and losses are recognised when changes in the net pension liability arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, and are debited to the Pensions Reserve.

### Short term compensated absences

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating e.g. annual leave and flexi-time, or non-accumulating e.g. sick leave and maternity leave. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. Short-term (due to be settled within 12 months after the year end of the period in which the employee renders the service) accumulating compensated absences shall be:

- recognised when employees render services that increases their entitlement to future compensated absences.
- measured as the additional amount that the PCC expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employers national insurance and pension contributions.

### **r. Private Finance Initiative (PFI)**

The PCC has a long-term contractual agreement under PFI whereby the Contractor is responsible to design, build, finance, operate and maintain the new headquarters building at Waterwells, Gloucester. The Constabulary took up occupancy of the new headquarters in December 2005 and the contract runs for thirty years until 2035.

The PCC has also entered into a long term agreement in collaboration with the PCC for Avon & Somerset and the PCC for Wiltshire, under PFI for the provision of a tri-force Firearms training facility situated at Portishead, North Somerset.

The Code requires that these contracts are accounted for in a manner that is consistent with the adaptation of IFRIC 12 – Service concession arrangements. This applies where:

- a. the PCC controls or regulates what services the operator must provide with the property, to whom it must provide them and at what price; and where
- b. the PCC controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the property at the end of the term of the arrangement.

The Police Headquarters and Firearms training facility PFI contracts meet these criteria and as such are recognised as assets on the balance sheet along with a related liability. The PFI contracts are treated as finance leases in these accounts. The PCC has reviewed all other contracts with a value

## STATEMENT OF ACCOUNTS 2019/20

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of more than £100,000 per annum and has concluded that none fall within the scope of IFRIC 12.

The PFI transactions in the accounts are detailed in Note 23.

### s. Events after the Balance Sheet date

The PCC will account for events after the reporting period in accordance with IAS 10 (Events after the Reporting Period), except where interpretations or adaptations to fit the public sector are detailed in the Code.

Two types of events after the Reporting Period can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events).

The PCC will adjust the amounts recognised in his financial statements to reflect adjusting events after the reporting period, but will not adjust his statements for non-adjusting events. However for material non-adjusting events the PCC will disclose the nature of the event and provide an estimate of its financial effect.

### 2. The creation of the Police and Crime Commissioner for Gloucestershire (PCC) and Chief Constable for Gloucestershire

Following the Police Reform and Social Responsibility Act 2011, the Gloucestershire Police Authority (GPA) was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner for Gloucestershire (PCC) and the Chief Constable for Gloucestershire.

The 2019/20 Comprehensive Income and Expenditure Statements for the PCC and the Group differ due to the treatment of IAS19 pension liabilities in the Chief Constable accounts. The net cost of service sub-total within the PCC Comprehensive Income and Expenditure Statement includes payment for PCC resources consumed at the request of the Chief Constable. The decision to account for this expenditure within the PCC net cost of service is in accordance with the SeRCOP definition of total cost of services. In contrast in the Chief Constable Comprehensive Income and Expenditure, the net cost of policing is nil for 2019/20 as the resources consumed at the request of the Chief Constable are completely offset by the intra-group adjustment.

The PCC second stage transfer, effective from 1<sup>st</sup> April 2014, resulted in the transfer of all Police officers and the majority of Police staff to the Chief Constable, with those staff employed in the Office of the PCC remaining with the PCC. All assets, liabilities and reserves remain with the PCC.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Group Balance Sheet at 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- a. Pension scheme liabilities. 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. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied. The impact of the McCloud judgement and GMP has been estimated for the pension schemes. The value of these pension scheme liabilities at 31st March 2020 was £1.385 billion. A sensitivity analysis on the assumptions made is detailed in note 11. A material uncertainty has been identified on the valuations of a number of pooled property investment funds (value of property funds at 31/3/20 was

## STATEMENT OF ACCOUNTS 2019/20

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£10.6m) held by Gloucestershire Pension Fund for 2019-20 as a result of the Covid-19 pandemic. Consequently, less certainty can be attached to the valuation of the property than would normally be the case.

- b. Council tax impairments (£0.5m at 31st March 2020). A doubling of the level of impairment would result in a further £0.5m being recognised on the Balance Sheet.
- c. Short Term Compensated Absences (£1.14m at 31st March 2020). A 50% increase in the level of short term compensated absences will result in a further £0.57m being recognised on the Balance Sheet.
- d. Property valuation. A full revaluation of property is undertaken every five years. The last full revaluation was undertaken as at 31st March 2019. In the intervening years desktop valuations are undertaken as at 31st March by professional valuers. A 10% change in the value of operational land would result in a £1.1m increase/decrease in the value of property, plant and equipment. A 10% change in the value of buildings would result in a £4.3m increase/decrease in the value of property, plant and equipment. The valuation took into account the potential future impact of COVID-19, and as such was reported on the basis of material valuation/market uncertainty as per VPS 3 and VPGA 10 of the RICS Red Book. Consequently, less certainty can be attached to the valuation of land and buildings than would normally be the case.

#### 4. Accounting Standards that have been issued but have not yet been adopted

The following standards have been issued but have not yet been adopted:

- Amendments to IAS28 Investments in Associates and joint ventures
- Annual improvements to IFRS Standards 2015-2017 cycle
- Amendments to IAS19 Employee benefits

#### 5. Critical Judgements in applying accounting policies

In applying the accounting policies set out earlier in this document, the Group 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:

- A judgement has been made of the expenditure allocated between the PCC and the Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The Chief Constable is judged to incur all expenditure in the Net Cost of Service (£134.0m) apart from that generated directly by the Office of the Police and Crime Commissioner (£3.3m). All income is judged to be received by the PCC. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP.

-The Chief Constable of Gloucestershire, along with other Chief Constables and the Home Office, currently has 91 claims lodged against him with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The impact of this McCloud/Sergeant judgement is detailed in note 11.

#### 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the PCC in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices. Income and expenditure is presented more fully in the Comprehensive Income and Expenditure Statement.



## STATEMENT OF ACCOUNTS 2019/20

2018/19			2019/20		
Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s	Net expenditure chargeable to the General Fund £000s	Adjustments between the Funding and Accounting basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s
106,435	60,772	167,207	114,423	3,521	117,944
<b>106,435</b>	<b>60,772</b>	<b>167,207</b>	<b>114,423</b>	<b>3,521</b>	<b>117,944</b>
(106,655)	34,629	(72,026)	(115,908)	33,652	(82,256)
<b>(220)</b>	<b>95,401</b>	<b>95,181</b>	<b>(1,485)</b>	<b>37,173</b>	<b>35,688</b>
21,690			21,910		
(220)			(1,485)		
21,910			23,395		

A more detailed analysis of these adjustments follows:

### Adjustments between Funding and Accounting basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital purposes (Note a) £'000	Net change for the pensions adjustments (Note b) £'000	Other differences (Note c) £'000	Total adjustments £'000
Police services	4,152	(1,095)	464	3,521
<b>Net Cost of Services</b>	<b>4,152</b>	<b>(1,095)</b>	<b>464</b>	<b>3,521</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(2,913)</b>	<b>36,128</b>	<b>437</b>	<b>33,652</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services</b>	<b>1,239</b>	<b>35,033</b>	<b>901</b>	<b>37,173</b>

## STATEMENT OF ACCOUNTS 2019/20

### Adjustments between Funding and Accounting basis 2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital purposes (Note a) £'000	Net change for the pensions adjustments (Note b) £'000	Other differences (Note c) £'000	Total adjustments £'000
Police services	3,485	57,298	(11)	60,772
<b>Net Cost of Services</b>	<b>3,485</b>	<b>57,298</b>	<b>(11)</b>	<b>60,772</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(3,677)</b>	<b>38,032</b>	<b>274</b>	<b>34,629</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services</b>	<b>(192)</b>	<b>95,330</b>	<b>263</b>	<b>95,401</b>

#### Note a – Adjustments for Capital purposes

This column adds in depreciation and revaluation gains and losses in the net cost of service line and adjusts for capital disposals, the statutory charges for capital financing and capital grants in the other income and expenditure line.

#### Note b – Net changes for the pensions adjustments

This column represents the removal of employer pension contributions as allowed by statute and the replacement with current service and past service costs on the net cost of services line. The net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement is included in the other income and expenditure line.

#### Note c – Other differences

This column represents an adjustment for compensated absences in the net cost of services line and for the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

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### 7. Expenditure and Income analysed by nature

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

#### Expenditure and Income analysed by nature

	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
<u>Expenditure</u>		
Employee benefits expenses	151,772	101,325
Other service expenses	27,109	27,975
Depreciation, amortisation, impairment	4,240	4,720
Interest payments	2,195	1,981
Net Interest on the net defined benefit liability	38,032	36,128
Police Pension fund	22,671	20,937
<b>Total Expenditure</b>	<b>246,019</b>	<b>193,066</b>
<u>Income</u>		
Fees, charges and other service income	(7,859)	(8,523)
Investment Interest income	(275)	(303)
Gain/loss on revaluation & disposal of assets	(718)	(667)
Precepts	(51,697)	(57,910)
Government grants & contributions	(90,289)	(89,975)
<b>Total Income</b>	<b>(150,838)</b>	<b>(157,378)</b>
<b><u>Deficit on the provision of services</u></b>	<b><u>95,181</u></b>	<b><u>35,688</u></b>

## STATEMENT OF ACCOUNTS 2019/20

### 8. Subjective analysis of spending

2018/19				2019/20		
CC	PCC	GROUP		CC	PCC	GROUP
£000	£000	£000		£000	£000	£000
53,022	0	53,022	Police pay and allowances	54,733	0	54,733
28,978	1,072	30,050	Staff pay and allowances	31,738	1,051	32,789
1,762	0	1,762	Other employee expenses	2,196	0	2,196
9,640	0	9,640	Police pensions	12,701	0	12,701
57,298	0	57,298	IAS19 Pension costs	(1,095)	0	(1,095)
5,928	0	5,928	Premises	6,412	1	6,413
2,254	23	2,277	Transport	2,326	18	2,344
15,651	129	15,780	Supplies and services	15,752	212	15,964
1,060	2,064	3,124	Agency and contracted services	1,215	2,039	3,254
4,240	0	4,240	Depreciation	4,720	0	4,720
<b>179,833</b>	<b>3,288</b>	<b>183,121</b>	<b>Gross Operating Expenditure</b>	<b>130,698</b>	<b>3,321</b>	<b>134,019</b>
			<b>Income</b>			
0	(7,300)	(7,300)	Specific grants ( <b>Note 12</b> )	0	(6,985)	(6,985)
0	(7,859)	(7,859)	Income from fees and charges ( <b>Note 13</b> )	0	(8,523)	(8,523)
0	(755)	(755)	Revaluation gains	0	(568)	(568)
(179,833)	179,833	0	Intra group adjustment	(130,698)	130,698	0
<b>0</b>	<b>167,207</b>	<b>167,207</b>	<b>Net Cost of Service</b>	<b>0</b>	<b>117,943</b>	<b>117,943</b>
			2,195	Interest paid ( <b>Note 14</b> )		1,981
			(844)	Gain on revaluation of assets		(448)
			37	Gain/loss on disposal of assets		(99)
			(275)	Interest and investment income		(303)
			38,032	Net interest on the net defined benefit liability and expected return on pension assets		36,128
			<b>206,352</b>	<b>Net operating expenditure</b>		<b>155,202</b>
			517	Transfers to/from earmarked and general reserves		1,429
			1,551	Revenue contributions to capital		1,281
			(801)	Transfer to/from capital adjustment account/ revaluation reserve ( <b>Note 15</b> )		(2,479)
			22,671	Contribution to Pension Fund Account in respect of deficit		20,937
			(95,330)	Contribution from IAS19 pensions reserve		(35,033)
			<b>134,960</b>	<b>Net expenditure to be met from Grants &amp; Taxation</b>		<b>141,337</b>
			(1,068)	Recognised capital grants & contributions		(488)
			(33,910)	Police Revenue Grant		(35,845)
			(22,671)	Police Pension Fund Top-Up Grant		(20,937)
			(19,258)	National non-domestic rates redistribution		(19,638)
			(6,082)	Council tax support grant		(6,082)
			(51,971)	Precepts ( <b>Note 16</b> )		(58,347)
			<b>0</b>	<b>TOTAL</b>		<b>0</b>

The subjective analysis in the table above has been split between the PCC and Chief Constable to separately identify the financial resources of the PCC consumed at the request of the Chief Constable for the years ended 31st March 2019 and 2020 from those costs exclusively incurred by the PCC.

## STATEMENT OF ACCOUNTS 2019/20

### 9. Analysis of Usable Reserves

<b>2019/20</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Revenue Contribution to capital unapplied</b>	<b>Capital Contributions Unapplied</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31st March 2019</b>	21,910	4,650	2,719	0	432	<b>29,711</b>
<b><u>Movement in reserves during 2019/20</u></b>						
<b>Total Comprehensive Expenditure and Income</b>	(35,688)	0	0	0	0	<b>(35,688)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>						
Depreciation/amortisation	4,720	0	0	0	0	<b>4,720</b>
Impairment/revaluation losses (charged to I&E)	(568)	0	0	0	0	<b>(568)</b>
Capital grant and contributions	(488)	0	0	0	(56)	<b>(544)</b>
Sale of non current assets	(99)	0	0	0	0	<b>(99)</b>
Net retirement benefits per IAS19 (FRS17)	35,033	0	0	0	0	<b>35,033</b>
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	437	0	0	0	0	<b>437</b>
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(638)	0	0	0	0	<b>(638)</b>
Revenue contribution to finance capital	(1,877)	0	(2,314)	0	0	<b>(4,191)</b>
Use of capital receipts reserve to finance capital expenditure	190	(190)	0	0	0	<b>0</b>
Compensated absences	464	0	0	0	0	<b>464</b>
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>37,173</b>	<b>(190)</b>	<b>(2,314)</b>	<b>0</b>	<b>(56)</b>	<b>34,613</b>
<b>Increase/Decrease (movement) in Year</b>	<b>1,485</b>	<b>(190)</b>	<b>(2,314)</b>	<b>0</b>	<b>(56)</b>	<b>(1,075)</b>
<b>Balance at 31st March 2020 carried forward</b>	<b>23,395</b>	<b>4,460</b>	<b>405</b>	<b>0</b>	<b>376</b>	<b>28,636</b>

## STATEMENT OF ACCOUNTS 2019/20

<b>2018/19</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Revenue Contribution to capital unapplied</b>	<b>Capital Contributions Unapplied</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31st March 2018</b>	21,690	3,067	2,343	0	422	<b>27,522</b>
<b>Movement in reserves during 2018/19</b>						
<b>Total Comprehensive Expenditure and Income</b>	(95,181)	0	0	0	0	<b>(95,181)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>						
Depreciation/amortisation	4,240	0	0	0	0	<b>4,240</b>
Impairment/revaluation losses (charged to I&E)	(755)	0	0	0	0	<b>(755)</b>
Capital grant and contributions	(1,068)	0	0	0	10	<b>(1,057)</b>
Sale of non current assets	37	1,583	0	0	0	<b>1,620</b>
Net retirement benefits per IAS19 (FRS17)	95,330	0	0	0	0	<b>95,330</b>
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	274	0	0	0	0	<b>274</b>
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(809)	0	0	0	0	<b>(809)</b>
Revenue contribution to finance capital	(1,838)	0	376	0	0	<b>(1,462)</b>
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	<b>0</b>
Compensated absences	(11)	0	0	0	0	<b>(11)</b>
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>95,401</b>	<b>1,583</b>	<b>376</b>	<b>0</b>	<b>10</b>	<b>97,370</b>
<b>Increase/Decrease (movement) in Year</b>	<b>220</b>	<b>1,583</b>	<b>376</b>	<b>0</b>	<b>10</b>	<b>2,189</b>
<b>Balance at 31st March 2019 carried forward</b>	<b>21,910</b>	<b>4,650</b>	<b>2,719</b>	<b>0</b>	<b>432</b>	<b>29,711</b>

The general fund balance is further analysed below:

	<b>Balance at 1st April 2018</b>	<b>Net movement 2018/19</b>	<b>Balance at 31st March 2019</b>	<b>Net movement 2019/20</b>	<b>Balance at 31st March 2020</b>
<b>Reserve</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General	5,561	435	5,996	(178)	5,818
Vehicle	992	0	992	0	992
Estates	1,000	(348)	652	1,033	1,685
Carry forward	2,784	374	3,158	1,342	4,500
ICT	5,853	(241)	5,612	(643)	4,969
Insurance	500	0	500	0	500
ESN	5,000	0	5,000	(69)	4,931
<b>TOTAL</b>	<b>21,690</b>	<b>220</b>	<b>21,910</b>	<b>1,485</b>	<b>23,395</b>

## STATEMENT OF ACCOUNTS 2019/20

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Details of each of the reserves are listed follow:

- a) General fund reserve.**  
The balance on the General Reserve as at 31st March 2020 is £5.8m.
- b) Vehicle reserve**  
Due to the different replacement plans for vehicles planned expenditure on vehicles varies significantly year on year. This reserve evens out these variations. A fixed annual contribution is made from the revenue account into the reserve and actual expenditure is funded from the reserve.
- c) Estates Reserve**  
This reserve was set up to fund capital estate costs.
- d) Carry Forward Reserve**  
The carry forward reserve represents amounts not spent in the revenue budget, which are transferred to the following year to meet planned expenditure.
- e) ICT Reserve**  
This reserve was set up to cover expenditure arising from the ICT strategy.
- f) Insurance Reserve**  
This reserve was established to mitigate against increased insurance premiums in future years.
- g) Emergency Services Network (ESN) Reserve**  
This reserve was created during 2016/17 to fund the costs of the new Emergency Services Network (ESN). It was increased in 2017/18 in line with the latest forecast costs.

The main elements of the carry forward balance at 31st March 2020 are listed below:

	<b>£000</b>
Asset replacement	523
Staff restructure	480
GDPR initiatives	250
Lighten the load	232
Crime command	200
Growth contingency	200
Other specific carry forwards	2,615
	<u>4,500</u>

## STATEMENT OF ACCOUNTS 2019/20

### 10. Analysis of Unusable Reserves

<b>2019/20</b>	<b>Revaluation Reserve</b>	<b>Pensions Reserve</b>	<b>Capital Adjustment Account</b>	<b>Collection Fund Adjustment Account</b>	<b>Short term Compensated Absences</b>	<b>Total Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31st March 2019</b>	11,182	(1,506,197)	33,606	856	(673)	<b>(1,461,226)</b>
<b>Movement in reserves during 2019/20</b>						
<b>Total Comprehensive Expenditure and Income</b>	448	156,363	0	0	0	<b>156,811</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>						
Depreciation/amortisation	(317)	0	(4,403)	0	0	<b>(4,720)</b>
Impairment/revaluation losses (charged to I&E)	0	0	568	0	0	<b>568</b>
Capital grant and contributions	0	0	544	0	0	<b>544</b>
Sale of non current assets	0	0	99	0	0	<b>99</b>
Net retirement benefits per IAS19 (FRS17)	0	(35,033)	0	0	0	<b>(35,033)</b>
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation Statutory Provision for the repayment of debt - (Minimum revenue provision)	0	0	0	(437)	0	<b>(437)</b>
Revenue contribution to finance capital	0	0	638	0	0	<b>638</b>
Use of capital receipts reserve to finance capital expenditure	0	0	4,191	0	0	<b>4,191</b>
Compensated absences	0	0	0	0	0	<b>0</b>
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(317)</b>	<b>(35,033)</b>	<b>1,638</b>	<b>(437)</b>	<b>(464)</b>	<b>(34,613)</b>
<b>Increase/Decrease (movement) in Year</b>	<b>131</b>	<b>121,330</b>	<b>1,638</b>	<b>(437)</b>	<b>(464)</b>	<b>122,198</b>
<b>Balance at 31st March 2020 carried forward</b>	<b>11,313</b>	<b>(1,384,867)</b>	<b>35,244</b>	<b>419</b>	<b>(1,137)</b>	<b>(1,339,028)</b>



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<u>2018/19</u>	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Short term Compensated Absences	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2018</b>	11,064	(1,379,180)	34,657	1,130	(684)	<b>(1,333,013)</b>
<b><u>Movement in reserves during 2018/19</u></b>						
<b>Total Comprehensive Expenditure and Income</b>	844	(31,687)	0	0	0	<b>(30,843)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>						
Depreciation/amortisation	(283)	0	(3,957)	0	0	<b>(4,240)</b>
Impairment/revaluation losses (charged to I&E)	0	0	755	0	0	<b>755</b>
Capital grant and contributions	0	0	1,057	0	0	<b>1,057</b>
Sale of non current assets	(443)	0	(1,177)	0	0	<b>(1,620)</b>
Net retirement benefits per IAS19 (FRS17)	0	(95,330)	0	0	0	<b>(95,330)</b>
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	0	0	0	(274)	0	<b>(274)</b>
Statutory Provision for the repayment of debt - (Minimum revenue provision)	0	0	809	0	0	<b>809</b>
Revenue contribution to finance capital	0	0	1,462	0	0	<b>1,462</b>
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	0	<b>0</b>
Compensated absences	0	0	0	0	11	<b>11</b>
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(726)</b>	<b>(95,330)</b>	<b>(1,051)</b>	<b>(274)</b>	<b>11</b>	<b>(97,370)</b>
<b>Increase/Decrease (movement) in Year</b>	<b>118</b>	<b>(127,017)</b>	<b>(1,051)</b>	<b>(274)</b>	<b>11</b>	<b>(128,213)</b>
<b>Balance at 31st March 2019 carried forward</b>	<b>11,182</b>	<b>(1,506,197)</b>	<b>33,606</b>	<b>856</b>	<b>(673)</b>	<b>(1,461,226)</b>

### 11. Pension costs

As part of the terms and conditions of employment of its officers and staff, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Group participates in two separate pension schemes:

- o The Local Government Pension Scheme (LGPS) for police staff, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The defined benefit is based on a combination of final and average salary dependent on when the participant joined the scheme. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Gloucestershire County Council. Policy is determined in accordance with the Pension Fund Regulations.

The investment managers of the fund are appointed by the committee and consist of:

BlackRock Advisors (UK) Limited  
 CBRE Global Investment Partners Limited  
 Grantham, Mayo, Van Otterloo & Co LLC  
 Hermes Real Estate Investment Management Limited  
 Standard Life Investments Limited  
 Western Asset Management Company Limited  
 Yorkshire Fund Managers Equity Partners LLP

## STATEMENT OF ACCOUNTS 2019/20

- o The Police Pension Scheme, comprising three elements: Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and the CARE scheme for police officers. These are unfunded defined benefit final salary schemes, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts receivable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government. The scheme is operated under the regulatory framework for the Police Pension Schemes and the governance of the scheme is the responsibility of the Chief Constable, who is the Scheme Manager for the Force. From April 2015 the Scheme Manager is assisted by a Pensions Board. There are no investment assets, so investment managers have not been appointed.

The principal risks to the Group of the pension schemes are

- the longevity assumptions,
- statutory changes to the schemes,
- structural changes to the schemes (i.e. large scale withdrawals from the scheme),
- changes to inflation,
- bond yields and the performance of the equity investments held by the LGPS.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

### McCloud / Sargeant judgement

The Chief Constable of Gloucestershire, along with other Chief Constables and the Home Office, currently has 91 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant ruling, but were lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, a Written Ministerial Statement on 25 March made clear that non-claimants who are in the same position as claimants will also be entitled to remedy. It is anticipated the Treasury will consult on proposals to implement a remedy in the coming months to be followed by primary legislation and scheme regulation. As the outcome for the remedy, and where the burden for that remedy lies, has not yet been made giving rise to a possible obligation on the PCC Group.

For giving full transitional protection to members would lead to an increase in the Police Pension Scheme liabilities. Last year, scheme actuaries estimated the potential increase in scheme liabilities to be £63.2m. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, scheme actuaries have reviewed these assumptions at a force level. The change in assumptions is reported in the Comprehensive Income and Expenditure Statement (CIES).

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant ruling will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Funding arrangements are under consideration by the Home Office. With regard to the LGPS a similar adjustment was made in the 2018/19 accounts to reflect an increase in the present value of the defined benefit obligation, this increase was shown as a past service cost. In 2019/20, scheme actuaries have reviewed these assumptions at a force level. The change in assumptions is reported in the Comprehensive Income and Expenditure Statement (CIES).

### Transactions relating to post-employment benefits

## STATEMENT OF ACCOUNTS 2019/20

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Group and Chief Constable Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	2018/19 £000	2019/20 £000
<b><u>Local Government Pension Scheme (LGPS)</u></b>		
<b>Comprehensive Income and Expenditure Statement</b>		
Net cost of services		
Current service cost	8,922	11,276
Past service costs (including curtailments)	144	479
Amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	(5,268)	(5,750)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	4,896	5,162
Expected return on assets in the scheme	(3,564)	(3,434)
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	0	(7,264)
Actuarial gains and losses arising on changes in financial assumptions	18,792	(25,806)
Other experience	62	(8,189)
Return on plan assets (excluding the amount included in the net interest expense)	(3,867)	13,396
<b>Net charge to the Comprehensive Income &amp; Expenditure Statement</b>	<b>20,117</b>	<b>(20,130)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS19	(20,117)	20,130

	2018/19 £000	2019/20 £000
<b><u>Police Pension Schemes (PPS, NPPS &amp; CARE)</u></b>		

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### Comprehensive Income and Expenditure Statement

Net cost of services		
Current service cost	26,300	26,700
Past service costs (including curtailments)	57,900	0
Amount charged against the General Fund Balance for pensions in the year: Retirement benefits payable to pensioners	(30,700)	(33,800)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	36,700	34,400
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	(98,600)	(10,500)
Actuarial gains and losses arising on changes in financial assumptions	100,600	(131,500)
Other experience	14,700	13,500
<b>Net charge to the Comprehensive Income &amp; Expenditure Statement</b>	<b>106,900</b>	<b>(101,200)</b>

### Movement in Reserves Statement

Reversal of net charges made for retirement benefits in accordance with IAS19	(106,900)	101,200
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An intra-group adjustment transfers these costs from the Chief Constable accounts to those of the PCC.

### Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	LGPS		Police Pension Schemes	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
As at 1st April	(177,522)	(209,210)	(1,331,700)	(1,438,600)
Current service cost	(8,922)	(11,276)	(26,300)	(26,700)
Net interest on the net defined benefit liability	(4,896)	(5,162)	(36,700)	(34,400)
Contributions by scheme participants	(1,451)	(1,553)	(5,300)	(5,500)
Transfers (in)/out	0	0	200	(200)
<u>Remeasurement of the net defined benefit liability</u>				
- Actuarial gains/losses arising from changes in demographic assumptions	0	7,264	98,600	10,500
- Actuarial gains/losses arising from changes in financial assumptions	(18,792)	25,806	(100,600)	131,500
- Other experience	(62)	8,189	(14,700)	(13,500)
Benefits paid	2,579	3,303	35,800	39,500
Past service cost (including curtailments)	(144)	(479)	(57,900)	0
As at 31st March	(209,210)	(183,118)	(1,438,600)	(1,337,400)

Lump sum commutation payments are based on the position at the time of calculation, 31<sup>st</sup> December 2019.

Reconciliation of fair value of the scheme assets:

	LGPS	
	2018/19	2019/20

## STATEMENT OF ACCOUNTS 2019/20

	£000	£000
As at 1st April	130,042	141,613
Expected rate of return	3,564	3,434
Remeasurement of the net defined benefit liability	3,867	(13,396)
Employers contributions	5,268	5,750
Contributions by scheme participants	1,451	1,553
Benefits paid	(2,579)	(3,303)
As at 31st March	<u>141,613</u>	<u>135,651</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Scheme History

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Present value of liabilities						
- LGPS	(146,080)	(137,256)	(169,974)	(177,522)	(209,210)	(183,118)
- Police Pension Schemes	(1,233,100)	(1,099,400)	(1,181,600)	(1,331,700)	(1,438,600)	(1,337,400)
- Total	<u>(1,379,180)</u>	<u>(1,236,656)</u>	<u>(1,351,574)</u>	<u>(1,509,222)</u>	<u>(1,647,810)</u>	<u>(1,520,518)</u>
Fair value of assets in LGPS	<u>96,849</u>	<u>100,023</u>	<u>121,269</u>	<u>130,042</u>	<u>141,613</u>	<u>135,651</u>
Surplus/(deficit) in the scheme						
- LGPS	(49,231)	(37,233)	(48,705)	(47,480)	(67,597)	(47,467)
- Police Pension Schemes	(1,233,100)	(1,099,400)	(1,181,600)	(1,331,700)	(1,438,600)	(1,337,400)
- Total	<u>(1,282,331)</u>	<u>(1,136,633)</u>	<u>(1,230,305)</u>	<u>(1,379,180)</u>	<u>(1,506,197)</u>	<u>(1,384,867)</u>

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19. The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The reduced liability as at 31st March 2020 is largely due to actuarial gains arising from changes in financial assumptions. The total liability of £1,385m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,310m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Group in the year to 31st March 2021 is £5.3m and the projected current service cost is £8.4m.

The projected current service costs for the Police Pension Schemes for 2020/21 are £21.4 million (from £26.8 million in 2019/20). The current service cost represents the increase in the benefits earned by the employees in the current period based on their pay and length of service.

Lump sum commutation payments are based on the position at 31<sup>st</sup> December 2019 i.e. nine months of actual data.

### 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. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

## STATEMENT OF ACCOUNTS 2019/20

Estimates for the Local Government Pension Scheme have been based on the latest full valuation of the scheme as at 31st March 2016. Estimates for the Police Pension schemes are based on the latest full valuation of the scheme as at 31st March 2018. The principal assumptions used by the Actuary have been:

	LGPS		Police Pension Schemes	
	2018/19	2019/20	2018/19	2019/20
Long term expected rate of return on assets in the scheme:				
Equity investments	2.4%	2.3%	-	-
Bonds	2.4%	2.3%	-	-
Property	2.4%	2.3%	-	-
Cash	2.4%	2.3%	-	-
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Male	22.4	21.7	22.3	22.2
Female	24.6	23.9	24.4	24.2
Longevity at 65 for future pensioners:				
Male	24.0	22.4	23.4	23.3
Female	26.4	25.3	25.6	25.4
Rate of inflation	2.5%	1.8%	3.5%	2.8%
Rate of increase in salaries	2.8%	2.1%	3.5%	2.8%
Rate of increase in pensions	2.5%	1.8%	2.5%	1.9%
Expected return on assets	2.4%	2.3%	-	-
Rate for discounting scheme liabilities	2.4%	2.3%	2.4%	2.3%
Take-up of option to convert annual pension into retirement lump sum	35% pre 1/4/08 68% post 31/3/08	35% pre 1/4/08 68% post 31/3/08	90% all schemes	90% all schemes

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below, prepared by the actuary (Hymans Robertson LLP), 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 the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### LGPS

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2020	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12	21,158

## STATEMENT OF ACCOUNTS 2019/20

1 year increase in member life expectancy	4	10,412
0.5% increase in the Salary Increase Rate	1	2,603
0.5% increase in the Pension Increase Rate	10	18,366

### Police Pension Schemes

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2020	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10	130,834
1 year increase in member life expectancy	3	39,711
0.5% increase in the Salary Increase Rate	1	14,323
0.5% increase in the Pension Increase Rate (CPI)	8	105,097

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out below:

Change in financial assumptions at year ended 31st March 2020	Approximate % increase to projected current service cost	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	22	4,813
1 year increase in member life expectancy	3	642
0.5% increase in the Salary Increase Rate	0	14
0.5% increase in the Pension Increase Rate (CPI)	10	2,143

### Local Government Pension Scheme Assets

The Police Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories:

Asset Category	Fair value of scheme assets at 31st March 2019			Fair value of scheme assets at 31st March 2020		
	Quoted prices in active markets	Quoted prices not in active	Total (£000)	Quoted prices in active markets	Quoted prices not in active markets	Total (£000)

## STATEMENT OF ACCOUNTS 2019/20

	(£000)	markets (£000)		(£000)	(£000)	
<b>Cash &amp; cash equivalents</b>	<b>2,606.4</b>	-	<b>2,606.4</b>	<b>1,566.2</b>	-	<b>1,566.2</b>
<b>Debt securities</b>						
Corporate (investment grade)	14,467.1	-	14,467.1	15,071.3	-	15,071.3
Corporate (non-investment grade)	602.8	-	602.8	324.1	-	324.1
UK Government	4,458.0	-	4,458.0	2,487.3	-	2,487.3
Other	-	-	-	374.9	-	374.9
<b>Total Debt securities</b>	<b>19,527.9</b>		<b>19,527.9</b>	<b>18,257.6</b>	-	<b>18,257.6</b>
<b>Property</b>						
UK	8,980.3	3,013.7	11,994.0	7,524.5	2,405.6	9,930.1
Overseas	-	875.0	875.0	-	699.0	699.0
<b>Total Property</b>	<b>8,980.3</b>	<b>3,888.7</b>	<b>12,869.0</b>	<b>7,524.5</b>	<b>3,104.6</b>	<b>10,629.1</b>
<b>Private equity</b>	-	<b>312.5</b>	<b>312.5</b>	-	<b>447.4</b>	<b>447.4</b>
<b>Investment funds and Unit trusts</b>						
Equities	8,540.5	79,564.9	88,105.4	-	86,155.1	86,155.1
Bonds	11,318.7	-	11,318.7	10,716.9	-	10,716.9
Other	-	6,892.4	6,892.4	-	7,835.7	7,835.7
<b>Total Investment funds and Unit trusts</b>	<b>19,859.2</b>	<b>86,457.3</b>	<b>106,316.5</b>	<b>10,716.9</b>	<b>93,990.8</b>	<b>104,707.7</b>
<b>Derivatives</b>						
Foreign exchange	(33.5)	-	(33.5)	29.1	-	29.1
Other	14.2	-	14.2	13.9	-	13.9
<b>Total Derivatives</b>	<b>(19.3)</b>	-	<b>(19.3)</b>	<b>43.0</b>	-	<b>43.0</b>
<b>TOTAL ASSETS</b>	<b>50,954.5</b>	<b>90,658.5</b>	<b>141,613.0</b>	<b>38,108.2</b>	<b>97,542.8</b>	<b>135,651.0</b>

None of the property assets included in the scheme are occupied by the Police and Crime Commissioner for Gloucestershire. The LGPS year-end asset values are at bid value as required under IAS19.

### Impact on the Group's cash Flows

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. With regards the LGPS the County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The latest triennial valuation for the LGPS was completed on 31st March 2016 and for the Police Pension schemes on 31st March 2018.

The LGPS scheme was amended from 1<sup>st</sup> April 2014 to become a career average scheme for benefits built up from that date. The Police pension scheme reforms came into place from 1<sup>st</sup> April 2015.

The weighted average durations of the defined benefit obligation for scheme members are detailed below:

	Weighted average duration as at 31st March 2019 (years)	Weighted average duration as at 31st March 2020 (years)
LGPS	21.8	n/a
Police pension schemes	18.5	18.7

## 12. Specific Grants



## STATEMENT OF ACCOUNTS 2019/20

	2018/19	2019/20
	£000	£000
Security Grant – Home Office	2,759	3,159
Private Finance Initiative (PFI) – Home Office	2,710	2,710
Other grants	1,831	1,116
	<u>7,300</u>	<u>6,985</u>

### 13. Revenue from contracts with service recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients.

	2018/19	2019/20
	£000	£000
Special Services	606	676
Seconded officers	1,219	1,468
Specialist operations	249	306
Road safety	2,061	2,663
National roads policing	370	9
Hypothecation – POCA	175	124
SW ROCU	837	676
Vehicle Recovery	456	483
Mutual Aid	480	176
Sales Income	130	63
Firearms Certificates	116	117
Rents	75	73
Crime Records Bureau	239	263
Abstraction Reports	99	84
Tri Service Recharge	270	330
Miscellaneous	477	1,012
<b>TOTAL</b>	<b>7,859</b>	<b>8,523</b>

Amounts included in the balance sheet for contracts with service recipients.

	2018/19	2019/20
	£000	£000
Receivables included in debtors (note 29)	1,623	1,512
<b>TOTAL</b>	<b>1,623</b>	<b>1,512</b>

Income received in advance of the fulfilment of our obligation totalled £553k at 31<sup>st</sup> March 2020 (£286k at 31<sup>st</sup> March 2019). These amounts are not included in the figures above.

In addition to the above income the Group received no goods and services from sponsors and donors during the year (£17,500 in 2018/19).

### 14. Interest payable and similar charges

	2018/19	2019/20
	£000	£000
PFI interest	1,791	1,608
Interest on loans	404	373
<b>TOTAL</b>	<b>2,195</b>	<b>1,981</b>

### 15. Income & Expenditure Account – Transfers to/from capital adjustment account & revaluation reserve

## STATEMENT OF ACCOUNTS 2019/20

The Group is required by statute to set aside a minimum revenue provision (MRP) for the redemption of external debt. For 2019/20 the amount is £637,691.

	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Provision for depreciation	4,240	4,720
Provision for (gain)loss on revaluation of assets	(1,562)	(1,115)
Capital grant	(1,068)	(488)
Less: Minimum Revenue Provision (MRP)	(809)	(638)
Transfer to/from Capital Adjustment Account	801	2,479

### 16. Precepts

The difference between the budget and the funding provided by the Government is met from local taxpayers via the Council Tax. The amount required from the local taxpayers is “precepted” by the PCC on the District Councils in Gloucestershire who include this in their Council Tax levies. For 2019/20 the PCC’s budget gave rise to a Council Tax (police element) at Band D of £250.49 per dwelling (compared with £226.49 per dwelling in 2018/19).

The Council Tax income included in the Comprehensive Income and Expenditure Account for the year is the accrued income for the year. Note 8 represents the amount paid from the Collection Fund and does not include any accruals.

### 17. Income & Expenditure Account – PCC administrative costs and members’ allowances

	<b>2018/19</b>	<b>2019/20</b>
	<b>£</b>	<b>£</b>
Costs directly attributable to administration of PCC (including members allowances)	1,042,293	954,984
Allowances & expenses paid to members	3,997	4,358
Number of members	3	3

The members are appointed by the PCC and Chief Constable to form an Audit Committee to advise the PCC and Chief Constable. The Audit Committee do not have any decision making powers. The allowance scheme was based on the payment of salary reflecting the role undertaken by each of the Members. The PCC had chosen to make payments based on the lowest point on each band.

### 18. Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other departures are set out below. These costs include the accrued cost of pension strain incurred through the exit of the employees.

#### 2019/20

<b>Exit package cost band (£)</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages</b>	<b>Total cost of exit packages £000</b>
20,001 – 250,000	1	1	2	239

## STATEMENT OF ACCOUNTS 2019/20

### 2018/19

Exit package cost band (£)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages £000
0 – 20,000	1	1	2	8
100,001 – 200,000	1	1	2	379

### 19. Remuneration of Senior Staff

The Group is required, under the Accounts and Audit (England) Regulations 2014, to report the numbers of staff with pay and benefits in excess of £50,000 in multiples of £5,000. This includes the remuneration of senior employees and relevant police officers which are also disclosed individually.

Remuneration Band	Number of Employees	
	2018/19	2019/20
£50,000 - £54,999	98	86
£55,000 - £59,999	38	60
£60,000 - £64,999	13	16
£65,000 - £69,999	8	10
£70,000 - £74,999	6	8
£75,000 - £79,999	4	5
£80,000 - £84,999	5	6
£85,000 - £89,999	2	2
£90,000 - £94,999	1	1
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
£120,000 - £124,999	1	1
£125,000 - £129,999	1	0
£130,000 - £134,999	0	1
£135,000 - £139,999	0	0
£140,000 - £144,999	1	1

The Group is required, under the Accounts and Audit (England) Regulations 2014, to disclose individual remuneration details for senior employees and relevant police officers. Details for 2019/20 and 2018/19 are as follows:

## STATEMENT OF ACCOUNTS 2019/20

<b>2019/20</b>								Total	Total	
Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Other Payments £	Remuneration excluding pension contributions 2019/20 £	Employers pension contributions £	Remuneration including pension contributions 2019/20 £	
<b>Chief Constable</b>	<b>145,751</b>	<b>0</b>	<b>780</b>	<b>0</b>	<b>11,533</b>	<b>0</b>	<b>158,064</b>	<b>0</b>	<b>158,064</b>	
<b>Deputy Chief Constable</b>	<b>122,728</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>217</b>	<b>0</b>	<b>122,945</b>	<b>36,710</b>	<b>159,655</b>	
<b>ACC - Operations - A until 06/01/2020</b>	<b>91,779</b>	<b>0</b>	<b>591</b>	<b>0</b>	<b>4,867</b>	<b>0</b>	<b>97,237</b>	<b>27,161</b>	<b>124,398</b>	
<b>ACC - Operations - B from 06/01/2020</b>	<b>26,696</b>	<b>0</b>	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,881</b>	<b>8,042</b>	<b>34,923</b>	
<b>ACC - NDIC secondment</b>	<b>119,438</b>	<b>0</b>	<b>9,262</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>128,700</b>	<b>35,690</b>	<b>164,390</b>	
<b>Police &amp; Crime Commissioner</b>	<b>66,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>317</b>	<b>0</b>	<b>66,617</b>	<b>11,801</b>	<b>78,418</b>	
<b>Chief Executive - A until 16/08/20</b>	<b>53,619</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>0</b>	<b>93,619</b>	<b>5,401</b>	<b>99,020</b>	
<b>Chief Executive - B from 05/08/20</b>	<b>47,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,537</b>	<b>8,461</b>	<b>55,998</b>	
<b>PCC &amp; CC Chief Finance Officer</b>	<b>76,634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,634</b>	<b>13,641</b>	<b>90,274</b>	

Notes:

1. The expense allowances includes the lump sum car allowance paid to officers who do not take up their entitlement for a provided car and the taxable value of payments made to officers for business mileage undertaken in their private vehicles.
2. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms, vehicles and a telephone line
3. The Chief Constable's Chief Finance Officer has also covered the role of PCC Chief Finance Officer. Of the total cost detailed above 30% is attributable to the PCC

## STATEMENT OF ACCOUNTS 2019/20

2018/19 Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Other Payments £	Total	Employers pension contributions £	Total
							Remuneration excluding pension contributions 2018/19 £		Remuneration including pension contributions 2018/19 £
<b>Chief Constable</b>	<b>142,578</b>	<b>0</b>	<b>780</b>	<b>0</b>	<b>9,807</b>	<b>0</b>	<b>153,165</b>	<b>14,605</b>	<b>167,770</b>
<b>Deputy Chief Constable</b>	<b>120,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,739</b>	<b>0</b>	<b>123,810</b>	<b>24,658</b>	<b>148,468</b>
<b>ACC - Operations</b>	<b>115,479</b>	<b>0</b>	<b>718</b>	<b>0</b>	<b>7,772</b>	<b>0</b>	<b>123,969</b>	<b>23,809</b>	<b>147,778</b>
<b>TACC - Support (to 1/6/18)</b>	<b>20,158</b>	<b>0</b>	<b>1,324</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,482</b>	<b>3,724</b>	<b>25,206</b>
<b>ACC - NDIC secondment</b>	<b>116,855</b>	<b>0</b>	<b>8,684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125,538</b>	<b>23,973</b>	<b>149,511</b>
<b>Police &amp; Crime Commissioner</b>	<b>66,192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>477</b>	<b>0</b>	<b>66,669</b>	<b>11,782</b>	<b>78,451</b>
<b>Chief Executive</b>	<b>81,208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,208</b>	<b>14,455</b>	<b>95,662</b>
<b>PCC &amp; CC Chief Finance Officer</b>	<b>76,076</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,076</b>	<b>13,541</b>	<b>89,617</b>

Notes:

1. The expense allowances includes the lump sum car allowance paid to officers who do not take up their entitlement for a provided car and the taxable value of payments made to officers for business mileage undertaken in their private vehicles.
2. The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms, vehicles and a telephone line
3. The Chief Constable's Chief Finance Officer has also covered the role of PCC Chief Finance Officer. Of the total cost detailed above 30% is attributable to the PCC

## STATEMENT OF ACCOUNTS 2019/20

### 20. Related Party Transactions

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

Her Majesty's Government has significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates and provides a significant proportion of the main funding (51%) in the form of grants (details of which can be found in notes 8 and 12).

Officers – during 2019/20 there were no material declared related party transactions to disclose.

### 21. Payments to External Auditors

The following fees were paid to external auditors during the year:

	2018/19 £000	2019/20 £000
External Audit services - PCC	28	31
External Audit services – Chief Constable	12	12
Total	<u>40</u>	<u>43</u>

These costs are included in the Agency and Contracted section of the subjective analysis (Note 8).

### 22. Joint arrangements

During the year the Group undertook joint arrangements with partners in eight areas. These joint arrangements are where the Group works in collaboration with other organisations to deliver activities which are agreed through a shared control (a shared Board).

Joint arrangements are classified as either joint operations or joint ventures. Joint ventures are managed through a separate vehicle. There are no separate vehicles in place for the Group's joint arrangements and they are all classified as joint operations. Details of each of these joint operations are given below.

#### a. Gloucestershire Emergency Centre

This is a control room centre shared by Police and Fire Services within Gloucestershire, situated at the Waterwells Business Park, Gloucester. The South Western Ambulance Service vacated the site in July 2017. As part of the Legal Agreement, Police are the lead body on the purchase of facility management services for the building. These costs were then recharged to the services on the basis agreed within the legal document.

	2018/19 £'000	2019/20 £'000
Group Fixed Asset valuation at 31st March	6,390	6,390
Group Premises Expenditure (net of partners contributions)	273	320
Group Income from partners	(206)	(239)

The percentage interest of each party as measured by contribution value was:

	2018/19 %	2019/20 %
Group	57	57
Gloucestershire County Council (Fire service)	43	43

## STATEMENT OF ACCOUNTS 2019/20

### b. Tri Service Fleet Workshops

This is a fleet workshop shared by Police, Fire and Ambulance Services within Gloucestershire, situated at the Waterwells Business Park, Gloucester. As part of the Legal Agreement, Police are the lead body on the purchase of facility management services for the building. These costs are then recharged to the other two services on the basis agreed within the legal document.

	2018/19 £'000	2019/20 £'000
Group Fixed Asset valuation at 31st March	2,030	2,030
Group Premises Expenditure (net of partners contributions)	60	95
Group Income from partners	(64)	(92)

The percentage interest of each party as measured by contribution value was:

	2018/19 %	2019/20 %
Group	48	51
Gloucestershire County Council (Fire service)	28	27
South Western Ambulance Service	24	22

### c. Firearms training

This joint operation was established from April 2014 to provide firearms training across three Force areas (Gloucestershire, Wiltshire and Avon & Somerset). Each Force provides firearms trainers to the operation which is provided out of the new Firearms facility based in Avon & Somerset. The 2019/20 costs of this operation were:

	£'000	%
Gloucestershire	945	33
Avon & Somerset	1,209	42
Wiltshire	737	25
<b>TOTAL</b>	<b>2,891</b>	

### d. Tri-service operations

Three forces (Gloucestershire, Wiltshire and Avon & Somerset) established a joint operation from April 2014 to provide Firearms, Roads Policing and Dog services across all three Force areas. These services were discontinued during 2019/20. These figures also include the joint Counter Terrorism Specialist Firearms Officers, which are provided across the three Forces. The 2019/20 costs of the operation were:

	£'000	%
Gloucestershire	282	23
Avon & Somerset	653	54
Wiltshire	282	23
<b>TOTAL</b>	<b>1,217</b>	

### e. Regional Organised Crime Unit (ROCU)

ROCU is a region wide serious and organised crime collaboration with officers and staff being provided by Gloucestershire, Wiltshire, Avon & Somerset, Devon & Cornwall and Dorset. The collaboration agreement includes the following shares of costs for each Force:

	%
Gloucestershire	11
Wiltshire	12
Avon & Somerset	32
Devon & Cornwall	33
Dorset	12

## STATEMENT OF ACCOUNTS 2019/20

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The costs incurred by the joint operation as a whole and the Gloucestershire costs are summarised below.

	2018/19 £'000	2019/20 £'000
Gloucestershire	1,007	1,122
Total Operation	9,298	10,356

**f. Major Crime Investigation Team (MCIT)**

Gloucestershire joined the regional Major Crime Investigation team in December 2015. This collaboration is between 3 forces, Avon & Somerset, Wiltshire and Gloucestershire. The collaboration agreement includes the following shares of costs for each Force:

	%
Gloucestershire	17
Wiltshire	19
Avon & Somerset	64

The costs incurred in 2019/20 by the joint operation as a whole and the Gloucestershire costs are summarised below.

	2018/19 £'000	2019/20 £'000
Gloucestershire	1,272	1,292
Total Operation	7,481	7,602

**g. Regional programme team**

A regional programme team has been established to facilitate collaborative working. During 2019/20 the team were involved in developing the Emergency Services Network, Regional Organised Crime Unit, Authorising Officer, Tri-force futures project and DVI. The costs incurred by Gloucestershire in 2019/20 were £159k out of a total regional cost of £1,341k.

**h. Regional Assistant Chief Constable post**

One regional Assistant Chief Constable post has been established, responsible for the Regional Organised Crime Unit serving five Forces (Avon & Somerset, Devon & Cornwall, Dorset, Wiltshire and Gloucestershire). The costs incurred by Gloucestershire in 2019/20 were £13k out of a total regional cost of £119k.

### 23. Private Finance Initiative (PFI)

The Group has entered into two long term contractual agreements under PFI, for the headquarters building at Waterwells and the Blackrock Firearms training facility.

#### Headquarters, Waterwells

The Group has entered into a long-term contractual agreement under PFI whereby the Contractor is responsible to design, build, finance, operate and maintain the headquarters building at Waterwells, Gloucester. The agreement imposes a 30 year commitment on the Group from occupation of the building in December 2005. From 1<sup>st</sup> April 2009, in accordance with IFRIC 12, the headquarters building has been treated as an asset on the balance sheet with a corresponding liability created at the same time. The Group has no control over the Contractor established to run this PFI scheme.

With regard to the rights to use specific assets if termination of this PFI Agreement occurs for whatever reason then the Group may require the Contractor to transfer its rights, title and interest in and to the assets to the Group at no cost to the Group.



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With effect from the Actual Service Commencement Date the Contractor shall provide to the Group (or procure the provision to the Group of) the Services at the Site in accordance with the Service Delivery Plan and on the terms of this PFI Agreement. The Contractor will at all times ensure that the Services are performed by appropriately qualified and trained personnel, to such high standard of performance as it is reasonable to expect and in accordance with the terms of this PFI Agreement, the Service Delivery Plan and the Service Specification. The PCC for Gloucestershire has no obligation to provide the contractor with service concession or other revenue generating assets.

As outlined in the PFI Churn Management Service Delivery Plan the contractor (currently Gloucestershire FM Services Limited) remains responsible for Churn Management from inception to implementation and the service includes the co-ordination of estate management, communication, logistics, analysis of electrical load implications and asset management.

As outlined in the Lead-Out Plan the Contractor will ensure that the building and all equipment which falls within its remit to maintain, is fit for transfer to the PCC for Gloucestershire at the end of the contract period. The facilities provider, (currently Gloucestershire FM Services Ltd), will hand over all relevant data and information on all existing services to enable a seamless transition of FM services to the subsequent incumbent. The contractor will provide a register of intellectual property rights including the Help Desk (hardware and software) and transfer of software licences for which the PCC will reimburse the contractor for the remainder of the licence period. Staff transfer will take place in accordance with employment law at that time.

The Group may terminate this Agreement voluntarily at any time on or before the Expiry Date by complying with its obligations as follows; If the Group wishes to terminate this Agreement it must give notice to the Contractor stating that the Group is terminating this Agreement and that this Agreement will terminate on the date falling 20 Business Days after the date of receipt of the notice.

If a breach (other than any breach for which performance points could have been awarded and/or deductions could have been made) of the Contractor's obligations has occurred more than once then the Group may serve a notice on the Contractor specifying that the notice is a formal warning notice, giving reasonable details of the breach; and stating that the breach is a breach which, if it recurs frequently or continues, may result in a termination of this Agreement.

The Contractor shall obtain the Group's prior written consent to any Qualifying Refinancing and both the Group and the Contractor shall at all times act in good faith with regard to any Refinancing. The Group shall be entitled to receive a 50 per cent share of any Refinancing Gain arising from a Qualifying Refinancing. The Group shall have the right to elect to receive its share of any Refinancing Gain as either a single payment in an amount less than or equal to any Distribution made on or about the date of the Refinancing, a reduction in the Unitary Charge over the remainder of the Contract Period, or a combination of the two.

The annual unitary charge for 2019/20 was £3.55 million (£2.05m service charge, £1.26m interest & £0.24m principal). The PCC will receive notional credit approvals totalling £28 million from the Home Office over the life of the arrangement. The organisation opted for payment of these credits on an annuity basis. The PCC will receive a constant level amount of £2.26 million per year over the life of the contract.

### Firearms training facility, Blackrock

The Group has contracted with the Blue Light Partnership for the provision of a new facility which has been built under a Private Finance Initiative (PFI). A serious fire occurred at the specialist training centre construction site in August 2013. The fire caused considerable damage, which resulted in a delay in the service availability of the facility until June 2015. This building will provide operational facilities over a 25 year contract life. The contract includes the provision of services (including building maintenance) and provides for asset lifecycle replacement.

The annual unitary charge for 2019/20 was £0.65 million (£0.19m service charge, £0.34m interest & £0.12m principal). The PCC will receive notional credit approvals totalling £12 million from the Home Office over the life of the arrangement. The PCC received £0.45 million PFI credits in 2019/20 for this facility.

The building and site assets, as provided under the contract, will remain the property of the Blue Light Partnership during the period of the contract. The assets are recognised on the Group balance sheet

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and are matched initially by a liability to the Blue Light Partnership. This liability will be written down over the life of the contract when payments which are identified as settling the liability, the capital element of the unitary charge, are made to the operator. The specialist training centre is shared with Avon & Somerset and Wiltshire police. Only the Gloucestershire proportion of the facility is reflected in these accounts.

The movement in the value of assets held under PFI is detailed below.

<b>2018/19 £000</b>	<b>Value of assets held under PFI (excluding land)</b>	<b>2019/20 £000</b>
18,110	Balance at 1st April	18,055
0	Additions/transfers in year	0
463	Revaluation in year	93
(518)	Depreciation in year	(532)
<u>18,055</u>	Balance at 31st March	<u>17,616</u>

The movement in the value of the liability associated with PFI is detailed below.

<b>2018/19 £000</b>	<b>Value of liabilities resulting from PFI</b>	<b>2019/20 £000</b>
18,341	Balance at 1st April	17,979
0	Additions	0
(362)	Lease repayment	(358)
<u>17,979</u>	Balance at 31st March	<u>17,621</u>

The fair value of the PFI liability at 31<sup>st</sup> March 2020 was £29.7m, compared to the carrying amount of £17.6m.

The payments due to be made under the PFI contract are analysed below assuming a 2.5% annual indexation rate.

	<b>Repayment of liability £000</b>	<b>Interest £000</b>	<b>Service charges (inc lifecycle) £000</b>	<b>Total £000</b>
Within one year	358	1,554	2,306	4,218
Within 2 to 5 years	2,542	6,163	8,725	17,430
Within 6 to 10 years	4,435	6,087	12,636	23,158
Within 11 to 15 years	7,648	4,157	13,053	24,858
Within 16 to 20 years	2,541	591	2,949	6,081
<b>TOTAL</b>	<b><u>17,524</u></b>	<b><u>18,552</u></b>	<b><u>39,669</u></b>	<b><u>75,745</u></b>

£358,000 of the liability repayment is classified as a short term creditor

## 24. Property, Plant, Equipment & Investment Property

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<b>2019/20</b>	<b>Operational assets</b>				<b>Non-operational assets</b>			<b>Total £'000</b>
	Land & Buildings £'000	Plant £'000	Vehicles £'000	Equipment £'000	Surplus Assets not held for sale £'000	Investment Properties £'000	Assets under Construction £'000	
<b>Cost</b>								
Balance as at 1st April 2019	53,845	6,244	8,421	14,260	0	1,205	1,234	<b>85,209</b>
Additions	0	0	2,900	1,030	0	0	5,442	<b>9,372</b>
Transfers	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	(953)	(51)	0	0	0	<b>(1,004)</b>
Impairment	0	0	0	0	0	0	0	<b>0</b>
Revaluations	637	(1,151)	0	0	0	0	0	<b>(514)</b>
Balance as at 31st March 2020	54,482	5,093	10,368	15,239	0	1,205	6,676	<b>93,063</b>
<b>Accumulated Depreciation and Impairment</b>								
Balance as at 1st April 2019	0	0	6,142	11,040	0	0	0	<b>17,182</b>
Depreciation in the year	1,102	429	1,688	1,149	0	0	0	<b>4,368</b>
Transfers	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	(953)	(51)	0	0	0	<b>(1,004)</b>
Revaluations	(1,102)	(429)	0	0	0	0	0	<b>(1,531)</b>
Balance as at 31st March 2020	0	0	6,877	12,138	0	0	0	<b>19,015</b>
<b>Balance sheet amount at 31st March 2020</b>								
	54,482	5,093	3,491	3,101	0	1,205	6,676	<b>74,048</b>
<b>Balance sheet amount at 31st March 2019</b>								
	53,845	6,244	2,279	3,220	0	1,205	1,234	<b>68,027</b>

There are no assets held for sale less than one year at 31<sup>st</sup> March.

Land and Buildings includes the land for the Police Headquarters at a value of £2.5m at 31<sup>st</sup> March 2020. The Police HQ building and Joint Firearms facility are supplied under PFI agreements (note 23). All other assets are owned by the Group.

The revaluation of assets at 31<sup>st</sup> March 2020 realised an increase in asset values of £1,016k. This is reflected in the Comprehensive Income and Expenditure Statement as follows:

	<b>£'000</b>
Net cost of Services	568
Surplus on revaluation of non-current assets	448
<b>TOTAL</b>	<b>1,016</b>

The fair value of the Group's two investment properties is measured annually at each reporting date by an external valuer in line with the professional standards of the Royal Institute of Chartered Surveyors. The Group's investment properties, all of which are land, have been valued at 31<sup>st</sup> March 2020 at Level 2 (other significant observable inputs) in the fair value hierarchy, with a total value of £1,205k. The fair value for this land is based on market conditions and sales prices for similar land in the Group area at the time of the valuation.

## STATEMENT OF ACCOUNTS 2019/20

<b>2018/19</b>	<b>Operational assets</b>				<b>Non-operational assets</b>			<b>Total £'000</b>
	Land & Buildings £'000	Plant £'000	Vehicles £'000	Equipment £'000	Surplus Assets not held for sale £'000	Investment Properties £'000	Assets under Construction £'000	
<b>Cost</b>								
Balance as at 1st April 2018	53,080	6,430	8,848	13,565	0	1,135	986	<b>84,044</b>
Additions	103	0	510	966	0	0	802	<b>2,381</b>
Transfers	517	0	0	37	0	0	(554)	<b>0</b>
Disposals	(50)	0	(937)	(308)	0	0	0	<b>(1,295)</b>
Impairment	0	0	0	0	0	0	0	<b>0</b>
Revaluations	195	(186)	0	0	0	70	0	<b>79</b>
Balance as at 31st March 2019	53,845	6,244	8,421	14,260	0	1,205	1,234	<b>85,209</b>
<b>Accumulated Depreciation and Impairment</b>								
Balance as at 1st April 2018	0	0	5,898	10,154	0	0	0	<b>16,052</b>
Depreciation in the year	1,106	414	1,181	1,194	0	0	0	<b>3,895</b>
Transfers	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	(937)	(308)	0	0	0	<b>(1,245)</b>
Revaluations	(1,106)	(414)	0	0	0	0	0	<b>(1,520)</b>
Balance as at 31st March 2019	0	0	6,142	11,040	0	0	0	<b>17,182</b>
<b>Balance sheet amount at 31st March 2019</b>	53,845	6,244	2,279	3,220	0	1,205	1,234	<b>68,027</b>
<b>Balance sheet amount at 31st March 2018</b>	53,080	6,430	2,950	3,411	0	1,135	986	<b>67,992</b>

The following assets were disposed of during 2019/20:

	<b>Sales Proceeds £000</b>	<b>Fair Value £000</b>	<b>Gain (Loss) £000</b>
Land & buildings	0	0	0
Vehicles	157	0	157
<b>Total</b>	<b>157</b>	<b>0</b>	<b>157</b>

Any gains or losses on the disposal of land and buildings are recognised in the Comprehensive Income and Expenditure Statement. The gain on the disposal of vehicles is not included in the Comprehensive Income and Expenditure Statement unless the sale proceeds are greater than £10k. Sale proceeds for vehicles under £10k for an individual vehicle are not classified as capital receipts. Income from the sale of vehicles is included in Income from Fees and Charges (Note 13).

The value of land & buildings, plant and investment properties excluding the effect of revaluation (with a 1<sup>st</sup> April 2015 baseline) is detailed below.

<b>Land &amp; buildings £'000</b>	<b>Plant £'000</b>	<b>Investment properties £'000</b>	<b>Total £'000</b>
49,943	4,047	1,135	55,125

## STATEMENT OF ACCOUNTS 2019/20

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### 25. Intangible Assets

Intangible Fixed Assets for the Group relate to purchased software licences. All intangible fixed assets are judged to have a finite life of five years and are amortised using a straight line allocation over the expected useful life. Amortisation is apportioned across the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	<b>Cost £000</b>	<b>Accumulated depreciation £000</b>	<b>Total £000</b>
<u>2018/19</u>			
Balance at 1st April 2018	6,218	(5,220)	998
Expenditure in year	138	0	138
Transfers	0	0	0
Disposals	(1,808)	1,808	0
Depreciation in year	0	(345)	(345)
<hr/>			
Balance at 31st March 2019	4,548	(3,757)	791
<u>2019/20</u>			
Balance at 1st April 2019	4,548	(3,757)	791
Expenditure in year	410	0	410
Transfers	0	0	0
Disposals	0	0	0
Depreciation in year	0	(352)	(352)
<hr/>			
Balance at 31st March 2020	4,958	(4,109)	849

## STATEMENT OF ACCOUNTS 2019/20

### 26. Summary of capital expenditure and method of finance

<b><u>Capital Expenditure</u></b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
<b>Replacement and Refurbishment of Assets</b>		
Vehicles	510	2,901
Equipment - IT upgrade/development of existing systems	883	776
	<u>1,393</u>	<u>3,677</u>
<b>New Development Work</b>		
Custody Project	123	0
Bamfurlong additional land	70	0
Electric charging points	0	172
E-recruit	0	93
BOTS	0	46
Telematics	0	50
Mobile phone downloads	0	54
Mobile device management	0	69
Audio visual equipment	0	129
Phoenix House alterations	33	0
Drone equipment	38	0
CCTV relocation	21	0
Other schemes	39	50
	<u>324</u>	<u>663</u>
Assets under Construction		
Berkeley Development	0	5,190
Other land & buildings	159	87
IT Systems	643	165
	<u>802</u>	<u>5,442</u>
<b>Total Capital Expenditure</b>	<u>2,519</u>	<u>9,782</u>

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2018/19		Capital Financing (including Blackrock PFI facility)	2019/20	
£'000	£'000		£'000	£'000
	24,839	<b>Opening capital financing requirement</b>		<b>24,030</b>
		<b>Capital investment</b>		
262		Land & buildings	5,137	
510		Vehicles	2,900	
1,609		Equipment	1,335	
138		Intangible assets	410	
	2,519			9,782
		<b>Sources of finance</b>		
(1,057)		Government grants	(544)	
0		Capital receipts	(289)	
(1,462)		Revenue contribution	(3,949)	
(809)		MRP	(638)	
	(3,328)			(5,420)
	(809)	Increase/(decrease) in capital financing requirement for the year		4,362
	<b>24,030</b>	<b>Closing capital financing requirement</b>		<b>28,392</b>
		<b>In year movement represented by</b>		
	0	External borrowing (unsupported by government financial assistance)		5,000
	(809)	Internal borrowing (unsupported by government financial assistance)		(638)
	0	Assets acquired under PFI contracts		0
	(809)			4,362

### 27. Commitments under capital contracts

As at 31<sup>st</sup> March 2020 capital commitments totalled £1,089k. Of this £92k related to IT projects, £343k to vehicles and £654k to building projects.

### 28. Operational Assets owned by the PCC include the following:

	31/03/2019	31/03/2020
Police Headquarters	1	1
Resource Centre	1	1
Training Centre	2	2
Tri-Service Control Room	1	1
Tri-Service Workshops	1	1
Interview Suite	1	1
Specialist Crime centre	1	1
Operational facilities	15	15
Car park	1	1
Storage facility	1	1
Radio Stations & Aerials	3	3
Vehicles	402	491

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The Police Headquarters building and Joint Firearms facility have been capitalised and are recognised as PFI assets on the asset register. Vehicles, equipment and assets under construction are valued on the basis of historic cost. Operational land and buildings and the surplus asset were valued on the basis of current value as at 31st March 2020. Investment properties were valued on the basis of current Market Value (MV) as at 31st March 2020.

### 29. Short term debtors

	2018/19 £000	2019/20 £000
<b><u>Debtors</u></b>		
Central government bodies	7,184	6,072
Local Authorities	1,323	1,420
All other bodies	2,532	2,815
<b><u>Payments in advance</u></b>		
All other bodies	3,488	3,999
<b>Total</b>	<b><u>14,527</u></b>	<b><u>14,306</u></b>

Government Debtors for 2019/20 includes £4.2 million owed by the Home Office for the Pension Top-Up Grant. This is reflected as an intra-group adjustment in the accounts between the Chief Constable and PCC.

### 30. Cash and Cash Equivalents

	2018/19 £000	2019/20 £000
Cash	168	1,004
Temporary Investments	28,868	22,977
<b>Total</b>	<b><u>29,036</u></b>	<b><u>23,981</u></b>

The sum of £22.98 million represents the investment of temporary cash balances at 31st March 2020. The fair value of these investments at 31<sup>st</sup> March 2020 was £23.01m.

### 31. Short Term Creditors

	2018/19 £000	2019/20 £000
<b><u>Creditors</u></b>		
Central government bodies	2,890	2,815
Local Authorities	3,103	2,460
Capital (all other bodies)	73	1,089
PFI liability	362	358
All other bodies	4,856	5,610
<b>Total creditors</b>	<b><u>11,284</u></b>	<b><u>12,332</u></b>
<b><u>Receipts in advance</u></b>		
Central government bodies	107	366
Local Authorities	69	63
All other bodies	110	124
<b>Total receipts in advance</b>	<b><u>286</u></b>	<b><u>553</u></b>
<b>Total</b>	<b><u>11,570</u></b>	<b><u>12,885</u></b>



## STATEMENT OF ACCOUNTS 2019/20

### 32. Analysis of external borrowing

Source of loan	Average interest rate payable	Total outstanding at 31st March	
		2019 £000	2020 £000
Public Works Loan Board		3,713	3,713
Dexia Credit Local		5,000	5,000
<b>Total loans</b>	4.49%	<b>8,713</b>	<b>8,713</b>
Interest accrued		16	0
<b>Total outstanding</b>		<b>8,729</b>	<b>8,713</b>
<b>Analysis of loans by maturity</b>			
Short term – less than one year		16	200
Between 1 and 2 years		200	715
Between 2 and 5 years		1,011	521
Between 5 and 10 years		634	1,051
Between 10 and 15 years		1,868	1,226
Between 15 and 20 years		0	0
Between 20 and 25 years		0	0
More than 25 years		5,000	5,000
<b>Total</b>		<b>8,729</b>	<b>8,713</b>

As at 31st March 2020 there were no defaults or breaches against any of the loans in the above schedule. In the event of a default against the Dexia loan the registered holder may call for immediate repayment of the amount of Principal together with all interest accrued and together with any broken funding costs and associated financing costs thereby incurred.

In the event of a default against Public Works Loan Board (PWLB) loans advanced after 31st March 2004, interest will be charged on late payments at the Bank of England 'repo' rate for the day from the relevant payment date to the date on which the Board's account is credited. The same term applies to delayed premature payments. For loans advanced on or after 1st March 1985 but before 1st April 2004, interest will be charged on late payments of fixed rate loans on the whole of the late payment (i.e. both principal and interest) from the relevant payment date at the appropriate fixed rate in force on that date for loans repayable at maturity after one year, to the date on which the Board's account is credited.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value of the Dexia loan has been calculated with reference to information published by Sector as at 31st March 2010. The interest rate applied is 3.96% based on a 60 year loan with the first option at 10 years and semi annual calls thereafter. The fair value of the PWLB loans have been calculated by reference to the 'premature repayment' set of rates in force on 31st March 2020 and 31st March 2019. Carrying amounts for instruments maturing in the next twelve months is assumed to approximate fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of external borrowings is as follows:

External Borrowings	31 March 2019		31 March 2020	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Dexia Credit Local	5,000	8,784	5,000	8,750
Public Works Loan Board	3,729	4,660	3,713	4,520

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Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. IFRS 13 reporting has required fair values to be disclosed, defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the balance sheet date.

The Group's valuations of assets and liabilities are deemed to be Level 2 in terms of hierarchy with all inputs being observable but not quoted prices. These represent present value of the cash flows that will take place over the remaining term of the instruments. Valuations also have the following specific features:

- Cash flows arising from Public Works Loan Board loans have been discounted in line with IFRS13, so that the fair value equals the amount at which the authority could repay its loans on balance sheet date.
- The fair value of the long-term Dexia "Lender's Option Borrower's Option" (LOBO) loans has been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate interest rate swap rate.
- The fair value of trade receivables and payables is taken to be the invoiced amount.
- Due to their short term nature the fair value of investments is taken to be that held on the balance sheet.

**The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, accrued interest is included in the fair value calculation.**

### 33. Financial instruments

#### Financial Assets

	Non-current				Current			
	Investments		Debtors		Investments		Debtors	
	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19
Fair value through profit or loss	0	0	0	0	4,941	5,630	0	0
Amortised cost	0	0	0	0	19,040	23,406	2,505	1,651
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,981</b>	<b>29,036</b>	<b>2,505</b>	<b>1,651</b>
Non-financial assets	0	0	0	0	0	0	11,801	12,877
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,981</b>	<b>29,036</b>	<b>14,306</b>	<b>14,528</b>

#### Financial liabilities

	Non-current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19
Amortised cost	8,513	8,713	17,166	17,524	200	16	3,700	3,186
<b>Total financial liabilities</b>	<b>8,513</b>	<b>8,713</b>	<b>17,166</b>	<b>17,524</b>	<b>200</b>	<b>16</b>	<b>3,700</b>	<b>3,186</b>
Non-financial liabilities	0	0	0	0	0	0	9,185	8,384
<b>Total</b>	<b>8,513</b>	<b>8,713</b>	<b>17,166</b>	<b>17,524</b>	<b>200</b>	<b>16</b>	<b>12,885</b>	<b>11,570</b>

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

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

The Group'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 staff in the Finance department, under policies approved by the Group in the Annual Treasury Management report. The Group provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. Deposits are not made with foreign banks and financial institutions unless they are rated independently and meet the minimum credit rating criteria as set out in the Annual Investment Strategy, approved by the PCC. The Group has a policy of not lending more than £6m of its surplus balances to any one building society, £8m to any one bank and £5m to any wholly owned subsidiary of a clearing bank. The credit criteria in respect of financial assets held by the Group are as detailed below:

Financial asset category	Criteria	Maximum investment
Deposits with UK banks	Minimum total assets - £1,000m	£35m
Deposits with UK building societies	Minimum total assets - £1,000m	£30m
Deposits with wholly owned subsidiaries of clearing banks	Minimum total assets - £1,000m	£16m

The PCC's current approved lending list includes all UK banks and building societies with assets in excess of £1 billion and many of these do not have a credit rating. In addition, the list includes wholly owned subsidiaries of UK clearing banks.

The following analysis summarises the PCC's potential maximum exposure to credit risk, based on historical experience of default and write-offs.

	Amount at 31st March 2020 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2020 %	Estimated maximum exposure to default and uncollectability £000	Estimated maximum exposure at 31st March 2019 £'000
Deposits with banks and financial institutions	23,981	0	0	0	0
Other Customers	2,505	0.02	0.00	0.5	3.1

## STATEMENT OF ACCOUNTS 2019/20

No credit limits were exceeded during the reporting period and the PCC does not expect any losses from non-performance by any counterparties in relation to deposits.

The PCC does not generally allow credit for customers, such that £0.07m of the £1.1m balance on the Accounts Receivable ledger at 31st March 2020 was past its due date for payment (i.e. 30 day payment terms). The past due amount can be analysed by age as follows:

	<b>31st March 2019 £000</b>	<b>31st March 2020 £'000</b>
Less than three months	148	34
More than three months	24	33
<b>Total</b>	<b>172</b>	<b>67</b>

### Liquidity risk

The Group has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Group has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Group may replenish its borrowings at a time of unfavourable interest rates. The strategy is to ensure there are adequate though not excessive cash resources, borrowing arrangements and overdraft facilities to enable the Group at all times to have the level of funds available to it, which are necessary for the achievement of its business objectives. The Group's financial liabilities are as follows:

	<b>31st March 2019 £000</b>	<b>31st March 2020 £000</b>
PFI Finance Lease (long term liability)	17,524	17,166
Short Term Creditors	3,186	3,700
Borrowing	8,729	8,713
<b>Total</b>	<b>29,439</b>	<b>29,579</b>
Other non-financial instrument creditors	8,384	9,185
<b>Total</b>	<b>37,823</b>	<b>38,764</b>

The maturity analysis of these financial liabilities is as follows:

	<b>31st March 2019 £'000</b>	<b>31st March 2020 £'000</b>
Less than one year	3,202	3,900
Between one and two years	557	1,291
Between two and five years	2,857	2,487
Between five and ten years	4,707	5,486
More than ten years	18,116	16,415
<b>Total</b>	<b>29,439</b>	<b>29,579</b>

All creditors and receipts in advance are due for settlement in less than one year.

## STATEMENT OF ACCOUNTS 2019/20

### Market risk

#### **Interest rate risk**

The Group is exposed to some risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates, the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates, the fair value of the liabilities borrowings will fall
- investments at variable rates, the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates, the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and effect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

The Group has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans and limits are set on the maturity structure of its borrowings. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Group's cost of borrowing and provide compensation for a proportion of any higher costs.

The Treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. Because the Group, as at 31 March 2020, had no variable rate borrowings or investments the impact of any interest rate changes on the Comprehensive Income and Expenditure Statement would be zero. A sensitivity analysis on this portfolio of investments and borrowings would therefore show no impact on the Comprehensive Income and Expenditure Statement.

#### **Price risk**

The Group does not invest in equity shares nor does it have shareholdings in joint ventures or local industry. There is, therefore, no exposure to price risk.

#### **Foreign exchange risk**

The Group has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates. Income received in a foreign currency is banked immediately and converted using the exchange rate applicable at the time of banking.

### **34. Provisions**

Provision has been made for legal cases at the Balance Sheet date.

	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Balance as at 1st April	1,014	260
Additional provisions made in year	40	59
Amount used during the period	<u>(794)</u>	<u>0</u>
Balance as at 31 <sup>st</sup> March	<u>260</u>	<u>319</u>

## STATEMENT OF ACCOUNTS 2019/20

### 35. Contingent liabilities

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

### 36. Trust and other funds

The Group is responsible for various trusts and other funds, summarised below. These balances, which are appropriately invested, are not included in the Balance Sheet.

	Balance at 01/04/2019	2019/20 Income	2019/20 Expenditure	Balance at 31/03/2020
	£	£	£	£
Property Act	77,304	20,841	29,503	68,642
Court Orders	486,950	445,130	313,978	618,102
	<u>564,254</u>	<u>465,971</u>	<u>343,481</u>	<u>686,744</u>

(i) **Property Act**

The fund holds the proceeds from the sale of unclaimed property, believed to have been stolen. The proceeds, after defraying the costs of handling the property, are available for distribution each year to local charities as directed by the Group.

(ii) **Court Orders**

Money seized in connection with possible criminal activity is held pending a decision, by the courts, on the lawful owner, or distribution if no legal owner is identified.

### 37. Post Balance Sheet Events

The PCC is required to disclose any post Balance Sheet events that have a significant impact on the accounts for the year. For 2019/20 the PCC has the following post Balance Sheet event for disclosure. As a result of the recent HMT consultation to remedy the issues identified by the McCloud case, it has become apparent that previous estimates of the McCloud impact in the IAS19 Pensions accounting disclosure have been overstated. The original assessment assumed that a remedy would apply to all members who were in Schemes on or before 31 March 2015. The recent consultation narrows the impacted membership from what was assumed originally and therefore the estimated impact on the liabilities is reduced from the original allowance. The estimated impact of this McCloud adjustment would be a reduction in the pension liability for police officer pension schemes of less than 1% (1% equates to £13.4m) and a reduction in liability for staff (LGPS) schemes of £0.3m in the Balance Sheet. The financial statements have not been adjusted for this change in assumptions. If the financial statements were to be updated there would be a past service gain in the Net Cost of Services of the same value.

## STATEMENT OF ACCOUNTS 2019/20

### 38. Cash Flow Statement – Reconciliation of Comprehensive Income and Expenditure Statement deficit to net cash flow from operating activities

	2018/19 £000	2019/20 £000
<b>Surplus/(Deficit) for the year</b>	<b>(126,024)</b>	<b>121,123</b>
Adjustment for non-cash transactions:		
Actuarial (gains)/losses on pension assets/liabilities	31,687	(156,363)
Net charges made for retirement benefits in accordance with IAS19	95,330	35,033
Depreciation	4,240	4,720
Loss (gain) on revaluation of fixed assets	(1,599)	(1,016)
Gain/loss on disposal of fixed assets	37	(99)
	<u>129,695</u>	<u>(117,725)</u>
Capital grant to investing activities	(1,068)	(488)
(Increase)/decrease in stock	(35)	10
(Increase)/decrease in debtors	(494)	222
Increase/(decrease) in creditors/provisions	465	361
	<u>(64)</u>	<u>593</u>
<b>Net Cash Flow from operating activities</b>	<b>2,539</b>	<b>3,503</b>

### 39. Cash Flow Statement - Purchase of non-current assets

	2018/19 £000	2019/20 £000
Capital expenditure - per Balance Sheet on accruals basis	2,519	9,783
Add: Capital creditors brought forward	180	73
Less: Capital creditors carried forward	(73)	(1,089)
Capital expenditure - on cash basis (per Cash Flow Statement)	<u>2,626</u>	<u>8,767</u>

### 40. Cash Flow Statement – Net Cash Flow from Financing Activities

	As at 31/03/2019 £000	As at 31/03/2020 £000	Movement in year £000
Short term borrowing - repayable within one year	0	184	(184)
Long term borrowing - repayable after more than one year	8,713	8,513	200
Capital element of finance lease payment	17,887	17,525	362
	<u>26,600</u>	<u>26,222</u>	<u>378</u>

### 41. Cash Flow Statement - Movement in cash and cash equivalents

	As at 31/03/2019 £000	As at 31/03/2020 £000	Movement in year £000
<b>Movement in cash</b>			
Bank overdraft	(2)	(45)	(43)
Bank accounts	137	1,000	863
Imprest accounts	33	49	16
Increase in cash	<u>168</u>	<u>1,004</u>	<u>836</u>
<b>Movement in temporary investments</b>	<u>28,868</u>	<u>22,977</u>	<u>(5,891)</u>
<b>Movement in cash and cash equivalents</b>	<u>29,036</u>	<u>23,981</u>	<u>(5,055)</u>

## STATEMENT OF ACCOUNTS 2019/20

### Gloucestershire Police Pension Fund Account For the year ended 31st March 2020

2018/19 £'000		2019/20 £'000
	<b>Contributions receivable</b>	
	From employer	
8,437	- basic contributions at 31% (21.3% 18/19) of pensionable pay	12,691
1,149	- additional contributions at 2.9% of pensionable pay	0
851	- other (maternity/paternity/sickness, capital charge ill health & the 30+ scheme)	637
10,437		13,328
5,369	From members	5,513
	<b>Transfers in</b>	
245	Individual transfers in from other schemes	395
52	Transfer from Avon & Somerset Constabulary	51
297		446
<b>16,103</b>		<b>19,287</b>
	<b>Benefits payable</b>	
30,459	Pensions	32,087
7,905	Commutations and lump sum retirement benefits	7,919
175	Lump sum death benefits	119
38,539		40,125
	<b>Payments to and on account of leavers</b>	
235	Individual transfers out to other schemes	99
<b>38,774</b>		<b>40,224</b>
(22,671)	<b>Sub-total for the year before transfer from the PCC of amount equal to the deficit</b>	(20,937)
22,671	<b>Additional funding payable by PCC to meet deficit for the year</b>	20,937
<b>0</b>	<b>Net amount payable for the year</b>	<b>0</b>

### Gloucestershire Police Pension Fund Net Assets Statement as at 31st March 2020

2018/19 £'000		2019/20 £'000
	<b>Current Assets</b>	
5,558	Funding to meet deficit receivable from PCC	4,195
2,620	Other current assets – Pensions prepaid	2,715
8,178		6,910
	<b>Current Liabilities</b>	
8,178	Other current liabilities	6,910
<b>0</b>	<b>Net Assets</b>	<b>0</b>



## **Notes to the Gloucestershire Police Pension Fund Accounts**

### **1. General Description of Fund's Operations**

The Police Officer Pension Fund is administered by the Chief Constable in accordance with the Police Pensions Act 1976, as amended by the Police Reform and Social Responsibility Act 2011. This is administered from a separate local police pensions account, rather than direct from the Comprehensive Income and Expenditure Statement. The pensions account is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Police Pension Fund Account.

It should be noted that the Police Pension Fund has no investment assets, and pensions are paid from employer and employee contributions, plus additional funding from the Group. Employer contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. For the year ended 31<sup>st</sup> March 2020 the percentage Employer contribution was 31%, compared to a combined total contribution of 24.2% in 2018/19. Under IAS19 the Police Pension Scheme is classed as a defined benefit scheme. Therefore the risk of shortfall remains with the Group. Accordingly the Group has obtained an actuarial valuation for the scheme.

The Chief Constable of Gloucestershire, along with other Chief Constables and the Home Office, currently has 91 claims lodged against him with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The impact of the McCloud/Sergeant judgement is detailed in note 11.

### **2. Accounting Policies**

- a. The Accounts have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit (England) Regulations 2014 which states that the Group is obliged to include the police pensions account in its statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
- b. The Accounts have been prepared on an accruals basis.
- c. The Accounts do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement, details of which can be found in note 11 of the main statement of accounts.
- d. There are no significant estimation techniques employed in the production of the pension fund accounts.

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**PCC Annual Governance Statement**

The Accounts and Audit Regulations 2015 require that the Annual Governance Statement accompanies the Statement of Accounts. The PCC and the Chief Constable have prepared a joint statement and have elected to publish the Joint Annual Governance Statement as a separate document to the Statement of Accounts.

The Joint Annual Governance Statement is a statutory document which explains the governance processes and procedures in place to enable the PCC and the Chief Constable to carry out their functions effectively. The Statement is available on the website for the OPCC.

### GLOSSARY OF ACCOUNTING TERMINOLOGY

#### ACCOUNTING PERIOD

The period of time covered by the accounts, usually a full year, which for this Group runs from 1st April to 31st March.

#### ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising
- selecting measurement bases for, and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements.

#### ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid. For example, expenditure accruals relate to the value of goods/services/works received or carried out, but not necessarily paid for, in the period.

#### 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 valuation (experience gains and losses), or
- (b) The actuarial assumptions have changed.

#### ACTUARIAL VALUATION

An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.

#### AGENCY SERVICES

Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.

#### AMORTISATION

The writing down in value of intangible fixed assets (e.g. software licences), which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for fixed assets.

#### ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement comprises mainly a policy statement; recognition of core principles of good governance; the corporate governance arrangements; and an annual governance review. The Annual Governance Statement is a self-contained statement which is submitted to the Audit Committee for review.

#### ASSETS HELD FOR SALE

Under IFRS 5 a split is made of surplus assets, between those where there is a clear intention for disposal within the following 12 months (Assets Held for Sale) and those assets with longer term disposal plans. Assets for immediate sale are classified as current assets rather than non-current assets.

#### AUDITOR'S OPINION

The opinion required by statute from the PCC's external auditors, indicating whether the statement of accounts presents fairly the financial position of the PCC and Group.

#### BALANCE SHEET

This statement sets out the financial position of the Group at year-end 31 March. It shows a summary of non-current assets held, the current assets employed, the balances and reserves of the Group and the Group's financial liabilities.

## **STATEMENT OF ACCOUNTS 2019/20**

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### **BUDGET**

The PCC's plan for providing resources to meet his service obligations. The PCC has recently set an annual budget within a four year financial strategy covering the period 2020/21 to 2023/24.

### **CAPITAL ADJUSTMENT ACCOUNT**

In general this reflects the amount already used to finance fixed assets. Further information on this, including the actual figures for the financial year, is given in the full Statement of Accounts.

### **CAPITAL EXPENDITURE**

The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the PCC.

### **CAPITAL GRANTS**

Grants received by the PCC that can only be used to pay for capital projects.

### **CAPITAL RECEIPTS**

Proceeds from the sale of fixed assets, such as land or buildings.

### **CARRYING AMOUNT**

This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.

### **CASH & CASH EQUIVALENTS**

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **CASH FLOW STATEMENT**

This statement summarises the Group's inflows and outflows of cash and cash equivalents arising from transactions with third parties during the year, for revenue and capital purposes.

### **CHIEF CONSTABLE FOR GLOUCESTERSHIRE**

The Chief Constable is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public sector.

### **COLLECTION FUND**

District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.

### **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

This 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. PCCs raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves statement.

### **CONTINGENT LIABILITY**

A contingent liability is either:

(a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control,

or

(b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **COUNCIL TAX**

## **STATEMENT OF ACCOUNTS 2019/20**

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A tax based on the value of property, which is administered by District and Unitary authorities.

### **CREDITORS**

Amounts owed by the Group for goods received, or services rendered to it within the accounting period, but for which payment has not been made at the end of that period.

### **CURRENT ASSETS**

Current assets are items that can be readily converted into cash.

### **CURRENT LIABILITIES**

Current liabilities are amounts which will become payable or could be called in within the next accounting period.

### **CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

### **CURTAILMENT (PENSIONS)**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (a) termination of employees' services earlier than expected, and
- (b) termination or amendment to the terms, of a defined benefit scheme, so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

### **DEBTORS**

Amounts of income due to the PCC within the accounting period but not received at the balance sheet, or period end, date.

### **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).

### **DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

### **EARMARKED GENERAL FUND RESERVES**

Money set aside for a clearly defined purpose, and which is available to meet future expenditure in that area.

### **ESTIMATION TECHNIQUES**

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

## STATEMENT OF ACCOUNTS 2019/20

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### EXISTING USE VALUE

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

### EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

### EXPERIENCE GAINS & LOSSES (Pensions disclosure)

This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.

### FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

### FINANCE LEASE

Finance Leases are where the terms of the lease, or a right to use an asset in return for payment, transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Finance lease(s), as defined by IAS 17, are accounted for as deferred liabilities (within Long Term Liabilities on the Balance Sheet); and the finance charges (i.e. interest element) and principal element, respectively, are charged to the CIES (Financing and Investment Income and Expenditure) and to write down the long-term liability. IAS 17 requires the recognition of any leases embedded within contracts.

### FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

### GENERAL FUND

The main revenue fund of the PCC. Day-to-day spending on services is met from the fund.

### GROUP

The term Group refers to the Police and Crime Commissioner for Gloucestershire and the Chief Constable for Gloucestershire.

### INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) replaced the annual Statement of Recommended Practice (SoRP) based on GAAP, for all local authorities in the UK from the financial year commencing 1st April 2010.

### IMPAIRMENT

A reduction in the value of a non-current asset below its value brought forward in the balance sheet. Examples of factors which may cause such a reduction in value include, general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

### INTANGIBLE ASSETS

An intangible item may meet the definition of an asset when access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Purchased intangible assets (e.g. software licences) should be capitalised as assets. Intangible assets should be amortised on a systematic basis over their economic lives.

### INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## STATEMENT OF ACCOUNTS 2019/20

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### **INVENTORIES (STOCKS)**

The amount of unused or unconsumed goods held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

### **INVESTMENT PROPERTY**

Property held solely to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of operations.

### **LONG TERM ASSETS**

Non-current assets that yield benefits to the Group and the services it provides for a period of more than one year.

### **MINIMUM REVENUE PROVISION (MRP)**

The minimum amount which must be charged to the Group's revenue account each year so as to set aside for the repayment of external loans.

### **MOVEMENT IN RESERVES STATEMENT (MIRS)**

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (including the General Fund Balance), and other (unusable) reserves.

### **NATIONAL NON-DOMESTIC RATE (NNDR) or 'BUSINESS RATES'**

National non-domestic rate poundages for commercial premises are set annually by the Government and collected by the district councils. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 5 years. The proceeds of the business rates are paid into a national pool and redistributed by the Government between local authorities, mainly in proportion to their adult populations.

### **NET ASSETS**

Assets less liabilities, which are matched by the reserves held by the Group.

### **NON CURRENT ASSETS**

Assets that yield benefits to the Group and the services it provides for a period of more than one year.

### **NON DISTRIBUTED COSTS**

For the Group these are principally past service costs relating to pensions benefits earned in prior periods.

### **NON OPERATIONAL ASSETS**

Non current assets that are not used to deliver direct services. For example, assets that are still being built or are no longer used and about to be sold.

### **OPERATING LEASE**

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership. Expenditure financed by operating leasing does not count in capital expenditure. Rentals paid under operating leasing agreements are accrued and accounted for through the revenue account in the period to which they relate.

### **OPERATIONAL ASSETS**

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

### **PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **PENSIONS RESERVE**

Unlike other 'Reserves' this is a negative reserve (debit balance). It is equal in amount to, and offsets,

## **STATEMENT OF ACCOUNTS 2019/20**

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the net pensions liability.

### **POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE (PCC)**

The PCC is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **POST BALANCE SHEET EVENTS**

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

### **PRECEPT**

The levy made by precepting authorities, such as PCCs, on billing Authorities requiring the latter to collect income from Council Taxpayers on their behalf.

### **PRINCIPAL**

The amount of a loan that was actually borrowed, before interest is added.

### **PRIVATE FINANCE INITIATIVE (PFI)**

The private finance initiative is a way of creating public/private partnerships by funding public infrastructure projects with private capital.

### **PROVISION**

An amount set aside in the accounts for anticipated future liabilities or specific losses that are reasonably certain to be incurred, but which cannot be quantified accurately at the balance sheet date (are uncertain in amount and date). Provisions have been recognised in the accounts when there is a legal or constructive obligation to transfer economic benefits that can be estimated with a degree of certainty as a result of a past event. Any provision is intended to represent the best estimate at the Balance Sheet date of expenditure required to settle the present obligation; and, later, should only be applied to the precise purpose for which the provision was recognised. Provisions are shown in a note in the full Statement of Accounts.

### **PRUDENTIAL CODE FOR CAPITAL FINANCE**

This code was introduced from 1st April 2004. The basic principle of the code is that PCCs are free to borrow so long as their capital spending plans are affordable, prudent and sustainable. The prudential code sets out indicators that the PCC must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

### **PUBLIC WORKS LOAN BOARD (PWLB)**

A Government agency that provides longer-term loans to PCCs.

### **RELATED PARTY TRANSACTIONS**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Two or more parties are related parties when at any time during the financial period:

- (i) One party has direct or indirect control of the other party, or
- (ii) The parties are subject to common control from the same source, or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- (iv) 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.

### **REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

### **RESERVE**

Amounts, where cash-backed, set aside in one financial year's accounts to provide for payment for



## **STATEMENT OF ACCOUNTS 2019/20**

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goods or services, whether revenue or capital, which may be incurred in future period(s). Any amounts set aside for purposes falling outside the definition of Provisions have been accounted for as reserves.

### **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.

### **REVALUATION RESERVE**

This account, from 1st April 2007, replaced the (former) Fixed Asset Restatement Account. The revaluation reserve deals with the impact of increases or decreases in the values of fixed assets.

### **REVENUE CONTRIBUTIONS**

A method of financing capital expenditure through the revenue account.

### **SCHEME LIABILITIES (PENSION SCHEME)**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **SECONDED OFFICERS**

These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are not included in the Comprehensive Income and Expenditure Statement.

### **SHORT-TERM ACCUMULATING COMPENSATED ABSENCES**

Absences earned but not taken by the end of the financial year e.g. annual leave entitlement.

### **SHORT-TERM BORROWINGS**

Loans that a borrower needs to pay back within 12 months.

### **TERMINATION BENEFITS**

Termination benefits (e.g. redundancy payments), whether they are resulting from a decision by the Group to terminate an employee's employment before normal retirement date or an employee's decision to accept voluntary redundancy, are charged to the relevant service line in the CIES.

### **THIRD PARTY PAYMENTS**

Payments made to outside contractors and other bodies who provide specialist or support services for the Group.

### **TREASURY MANAGEMENT**

This relates to borrowing and cash activities, including Investment, of the PCC, and the effective management of any associated risks. Local authorities' treasury management activities are prescribed by statute. A local authority may borrow or invest for any purpose relevant to its functions, under any enactment for the purpose of the prudent management of its financial affairs.

### **UNUSABLE RESERVES**

Reserves that the PCC is not able to use to provide services, as they reflect unrealised gains and losses.

### **USABLE RESERVES**

Reserves that the PCC may use to provide services, subject to maintaining a prudent level and to any statutory limitations. They are cash backed.