The Police and Crime Commissioner for Wiltshire

Group Statement of Accounts

Police & Crime Commissioner for Wiltshire and Swindon

2020/2021

Contents of the 2020/21 Police and Crime Commissioner for Wiltshire's Group Statement of Accounts

Narrative Report

The Police and Crime Commissioner for Wiltshire is required to publish an Annual Group Statement of Accounts. The Statement is presented in a format which complies with International Financial Reporting Standards (IFRS), the Code of Practice on Local Authority Accounting 2020/21 and the Accounts and Audit Regulations 2015.

The Statement of Accounts which follow disclose the 2020/21 financial results for the Police and Crime Commissioner for Wiltshire (PCC) and for the Group accounts as a whole (PCC and Chief Constable). Comparative figures for 2019/20 are also shown. The Chief Constable for Wiltshire Statement of Accounts is available separately.

The Statement of Accounts also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2018, Financial Regulations for the Police and Crime Commissioner for Wiltshire's Group and the scheme of delegation between the Police and Crime Commissioner and the Chief Constable.

The Office of the Police and Crime Commissioner for Wiltshire and the Chief Constable for Wiltshire Police.

The Police Reform and Social Responsibility Act 2011 sets out requirements for the Office of the Police and Crime Commissioner for Wiltshire (OPCC) and the Chief Constable for Wiltshire (CC) as two separate legal entities (corporations sole).

The Chief Constable is responsible for maintaining the Queen's peace and holds office under the Crown but is appointed by and accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing through suitable management of available resources.

For accounting purposes the concept '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 and present the entity's financial position as set out in its financial regulations, scheme of delegations and other local arrangements.

The Chief Constable for Wiltshire has full operational control of Officers and staff with the exception of the OPCC staff and the related costs are disclosed in the Chief Constable's accounts and the Group Comprehensive Income and Expenditure Statement. This includes the Pensions costs.

The Police and Crime Commissioner has strategic control of all assets and liabilities and is responsible for establishing reserves and controlling all Cashflow. Due to this all balances or transactions recognised in the Group's Balance Sheet, Movement in Reserves Statement or Cashflow Statement are the responsibility of the Police and Crime Commissioner of Wiltshire. All income is recognised in the Comprehensive Income and Expenditure Statement of the Police and Crime Commissioner.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. To recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities there is a long term pension creditor in his Balance Sheet of equivalent value to the pension liability. To represent the Chief Constable's use of the PCC's assets, the CC receives charges equivalent to the running costs and capital financing incurred by the PCC. This charge is recognised in the Comprehensive Income and Expenditure Statements.

Strategic Objectives & Performance

The Commissioner's Police and Crime Plan 2017-2021 set out the four key policing priorities for the next four years:

Priority 1 – Prevent Crime and keep people safe
Priority 2 – Protect the most vulnerable people in society
Priority 3 – Put victims, witnesses and communities at the heart of everything we do
Priority 4 – Secure a quality service that is trusted and efficient

The Chief Constable is allocated a revenue budget and is responsible for operational planning to deliver these priorities.

The revenue budget consists of 80% staffing which, alongside reductions in funding and change in demand, leads to new challenges in the way policing needs to be delivered. Wiltshire Police has invested in new technology and remains focused on partnerships and collaborations that will bring costs down and improve effectiveness. Further details of joint operations are available in the notes to the accounts.

In response to the Commissioner's key policing priorities, the Chief Constable has set out a Control Strategy for the force.

2020/21 Control Strategy priorities:

- Modern Slavery & Human Exploitation
- Exploitative Drugs Networks
- Organised Criminality & Organised Crime Groups
- Violence & Abuse
- Child Exploitation
- Digital Capabilities

There are clear themes running throughout the priority areas – 'Cyber Capabilities' and 'Vulnerability and Exploitation'. Digital technology is used to carry out offending in all the above areas and at the heart of all of the above are vulnerable victims, witnesses or offenders that are often being exploited.
The Control Strategy is a means of providing additional focus on some of the areas that have the greatest threat, harm and risk to the local communities or present the biggest gaps in terms of intelligence or understanding.

Quarterly and Annual reports are produced for the PCC to report performance for the four key policing priorities and these are also scrutinised by the Police and Crime Panel.

In 2018/19 HMICFRS carried out its Police Effectiveness, Efficiency and Legitimacy (PEEL) report which assessed Wiltshire Police as the following:

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

Due to the COVID 19 pandemic HMICFRS have temporarily suspended their inspection programmes and intend to resume the activities in 2021/22.

Events that Impact the 2020/21 Accounts

COVID 19 Pandemic

Towards the end of 2019/20 the COVID 19 outbreak occurred and was declared a pandemic resulting in the Government introducing a national lockdown. The following narrative sets out how the organisation has managed the situation, continued to deliver effective operational policing and the impact it is having on the PCC's finances.

Initial Response

Early consideration was put into Contingency Planning, in particular for changes that would be required and the timing of these including social distancing and dispersal of the work force. There was a strong emphasis on following the national plan and being led by central government with the advice of SAGE and NPCC.

The decision to disperse the workforce took place in phases, with initial focus on protecting vulnerable staff, followed by areas like the Contact Centre being split into teams for resilience, the dispersal and distancing of staff at operational stations and the dispersal of enabling services to home working. High rates of absence was considered a risk and the organisation closely monitored the absence rate in preparation to respond to areas most impacted.

The provision of Personal Protective Equipment (PPE) was a critical matter and has been closely monitored by Command groups. The organisations response was prompt. Within the first month of the COVID 19 response, the procurement of suitable PPE became challenging due to national shortages of stocks. A national procurement chain has now been established which superseded the requirement for local procurement.

Communications played a vital role in ensuring that the large quantity of evolving guidance, best practice, direction and legal changes are effectively cascaded to appropriate audiences using various communications channels with daily updates published via email.

Governance Structure

A Command Structure was established at the beginning of March 2020 which included Gold, Silver, and Bronze groups with representatives from all the relevant business areas.

Gold Command set out a Strategy which detailed the key aims. Gold retained responsibility for strategic decisions with oversight of all key tactical decisions. Silver Command is responsible for all tactical decisions and reporting key decisions to Gold for strategic oversight. Silver groups were linked regionally between the police forces for a consistent approach and shared practices.

Key Bronze Cells were identified with nominated Cell Leads, for example the People Cell was established to bring together key functions relating to the management and wellbeing of staff. A logistics cell was formed to respond to the requirements for PPE and logistical challenges. Each of the bronze cells have operational control of their respective areas with the ability to make operational decisions but coordinated via the Silver group meetings to ensure parity across the command structure and oversight by Silver.

A recovery cell was established at the beginning of the response phase, tasked with the oversight and forming of the recovery process along with capturing key learning. As the COVID 19 pandemic has progressed, the focus has become more about returning.

Impact on Service Provision

At the outset of the Pandemic there was a national expectation that we would experience severe absence rates, however, the early response of PPE, working from home and other measures have limited the levels of sickness. This has reduced the need for significant levels of overtime.

Demand on most front line areas decreased during the onset of the most restrictive Government regulations as crime reduced. There remains a concern surrounding the vulnerable in the community. Reporting and services available in this area have been promoted on social media. Domestic Abuse and Cyber Crime is a place where demand has increased.

The PCC has understood that some charities which provide essential services to vulnerable people may be at risk due to reductions in income. To mitigate this he has secured £0.482m of government grant in 2020/21 to distribute to a number of partnership/charities based on specific criteria.

Demand in certain enabling services has increased as there is a greater requirement for information, planning and procurement.

Remote working from home is a key strategy from the Government. The agile approach invested in some years ago has enabled this to occur for all non-frontline staff. This change in working arrangements brings about other complications, particularly alongside the schools closing. Wellbeing of staff is a priority for the organisation and a focus has been on how to support staff while working remotely. A number of measures have been implemented such as extended dependents leave allowances and a new duty system that logs whether staff have dependants and are isolating or working from home so that the more vulnerable staff can be identified.

Recruitment and training has had to adapt rapidly with remote interviews and online training made available. This has been a particular challenge while the organisation strives to achieve an uplift in officer numbers in line with the Government expectation.

Reserves, financial performance and financial position

During 2020/21 the spend directly related to COVID 19 was £0.843m (£0.045m 2019/20). Spend is now significantly reducing as PPE stocks and initial investments are in place.

Throughout the pandemic the PCC has strived to pay suppliers as early as possible in a bid to support businesses and charities during this period of economic uncertainty. The earlier payment of invoices along with additional unplanned spend on the response to COVID 19 does have an impact on cash flow, this is monitored frequently and no concerns exist. The revenue budget usually relies on £0.200m of investment income. During 2020/21 the organisation experienced a shortfall in this due to cash flow and low interest rates and the actual investment income achieved was £0.059m.

The closure of the building sector has led to some delays in capital build projects with a 3 month delay the standard. This will result in some capital slippage but this will be positive for cash flow.

During 2020/21 the Government allowed costs to be recovered using the Uplift grant of £1.3m allocated to Wiltshire Police. For 2021/22 reserves have been put in place which are expected to be able to mitigate any shortfall without a significant impact on the PCC's financial sustainability. The Government also provided £1.592m in specific grants relating to COVID 19 impacts, this included funds for the PCC to support commissioning, PPE and lockdown issues.

There are concerns around future funding of the service with uncertainty on levels of both local and central income. The Government are frequently providing more guidance on support available, with all PCCs across the country in the same position this will be managed during 2021/22.

Recovery Plan

The initial command structure in relation to COVID 19 was primarily focussed on the response to the pandemic, both on our local communities and on the workforce. As the COVID 19 emergency has developed the focus has changed towards delivering in a post COVID 19 world.

Towards the end of April 2021 the Silver group was stood down as new issues were significantly reducing, the group remains on standby. In its place the organisation implemented an Organisational Restart Cell (ORC) and its aim is to lead the workforce to its 'new normal'. The Cell is looking at each area of work to ensure that the way the organisation operates in future is fit for purpose in a post pandemic world.

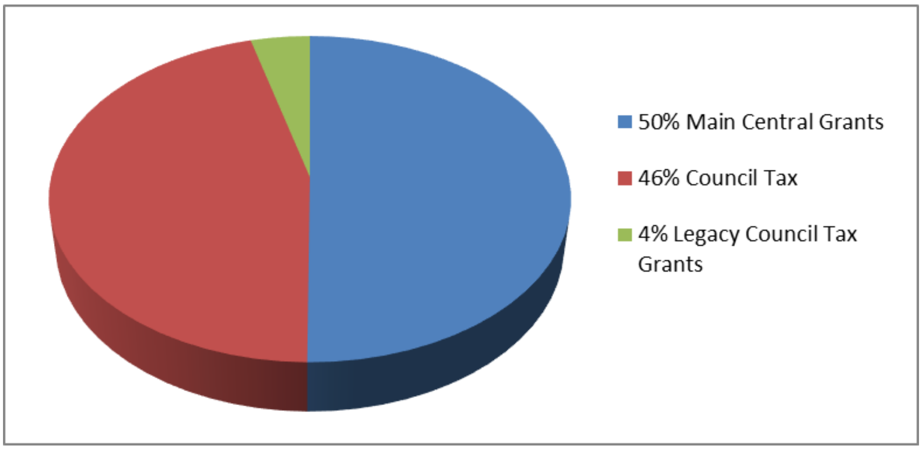
Managing Risk, Lessons Learned and Innovation

A specific COVID 19 risk register is used to document the overarching main risks emanating from the emergency. A strategic decision log documents key strategic decisions taken at both Gold group and through the Organisational Restart Cell. This includes those with significant financial implications on the force.

Learning and Innovation have been identified as key areas in establishing the new normal and developing our response to a potential further wave or other pandemic emergency. Learning and innovation has been shared locally, regionally and nationally throughout the COVID 19 response.

Funding

All funding is received into bank accounts maintained by the Police and Crime Commissioner for Wiltshire. General financing of £125.524 million was received through Government Grants and Council Tax income for 2020/21:



Debt Position

In prior years the Police and Crime Commissioner's Group accounts were debt free, which meant that it had no long term external borrowing. The Capital Strategy for 2020/21 set out a need for borrowing to finance future Capital plans. £0.8m was borrowed during 2020/21 and relates to significant Estates investments. For the next three years planned borrowing is £3.5m (21/22), £1.9m (22/23) and £6.9m (23/24) totalling a cumulative £12.3m. The intention is to borrow from the Public Works Loan Board (PWLB) at a fixed interest rate.

Future Finances

Medium-term strategic plans were reported to the Commissioners' Monitoring Board in January 2021. These identified a shortfall of £0.3m for 2021/22 with no likely shortfall for 2022/23.

Summary of the 2020/21 Financial Year – Capital Expenditure

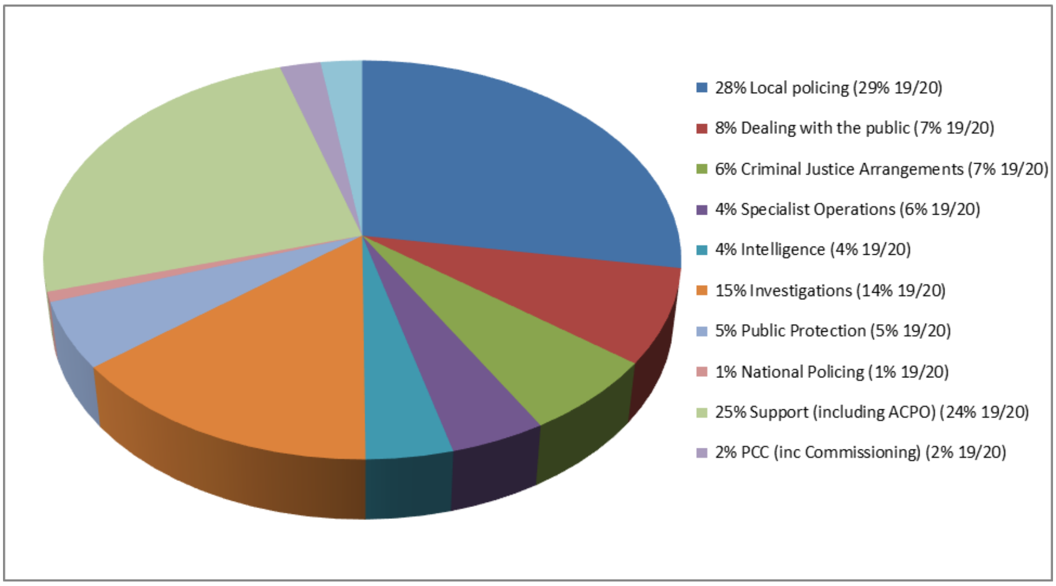
Capital expenditure in 2020/21 was £5.907 million compared to an approved budget of £9.076 million. Slippage of £3.073m is being carried forward to 2021/22, £0.736m of this slippage relates to the Estates strategy and £2.134m relates to IT projects, many of the delays are due to the impact of COVID 19. In 2020/21 the Police and Crime Commissioner's approved capital programme is funded from the capital development reserve, capital grant, capital receipts, borrowing and Revenue Contributions to Capital Outlay.

Future Capital Expenditure

In 2021/22 the slippage of £3.073 million will be spent along with other capital resources leading to a total original capital budget of £9.102 million as of 1 April 2021. The largest spends within the capital plan relate to the Estates strategy projects.

Financial Position

The Police and Crime Commissioner's total net revenue spend for 2020/21 was £122.297 million. The chart below shows in which areas of policing the expenditure was provided:



The net assets of the Police and Crime Commissioner at 31 March 2021 were a negative £1,532.791 million (negative £1,229,378 million 2019/20), this requires some explanation.

All pensions have to be accounted for in line with International Accounting Standard (IAS) 19 and in doing this the PCC's liabilities do considerably exceed the assets, this is not considered to be an issue for as long as the Police and Crime Commissioner's Group remains a going concern or any successor remains liable for the future pension costs. It is also worthwhile noting that with all Police Pension Schemes being unfunded (i.e. no assets are held to fund future costs) that this position will be reflected in all Police Group accounts.

The liability has increased significantly in 2020/21. The actuaries, Hymans Robertson LLP, have valued both the Police Officers Pension Scheme and the Local Authority Pension Funds for Police Staff. The outcome is a significant increase in Pension Scheme liabilities of £303.108 million, This is due to the assumptions utilised by the actuary surrounding price inflation, salary inflation, discount rates and membership.

If the Pensions IAS 19 had not been implemented the net assets of the Police and Crime Commissioner would stand at £48.155 million as at 31 March 2021 (£48.460 million 2019/20):

Financial Position as at 31 March 2021	**£000**
Buildings, Vehicles and Equipment Assets owned	59,400
Cash at Bank, Investments and money due from customers	23,946
Total Assets	**83,346**
Amounts due to be paid out in the next year	-14,551
Long Term Borrowings	-1,860
Amount due to be paid out for PFIs over the next 20 years	-18,780
Total Liabilities	**-35,191**
Total Net Assets	**48,155**

The General Reserve balance at 31 March 2021 is £3.327 million; this may be used to finance any unforeseen significant costs in future years.

Summary of the Police and Crime Commissioner's Group Revenue Expenditure 2020/21

Actual 2019/20 £m		Actual 2020/21 £m
63.794	General Government Grants	68.176
54.293	Income received from the Collection Fund	57.348
20.021	Home Office Top-up Grant	19.113
138.108	Income from Government Grant and Local Taxpayers	144.637
-140.569	Net Cost of Services	-136.695
	Adjustment for Notional Sums included above	
21.050	- Pensions (IAS 19)	12.990
-0.419	- Capital Financing	-0.909
0.230	- Employee Benefits Accrual (IAS 19)	0.859
-0.645	- Minimum Revenue Provision	-0.708
3.361	Net Contributions to Reserves	0.035
-20.021	Payment to Police Pension Fund to meet Deficit	-19.113
1.095		1.096
-0.815	Less Net Interest payable and similar charges	-0.911
0.280	Surplus/(Deficit) Transferred to/from the General Reserve	0.185

The table above summarises the Income and Expenditure and identifies any change in the general reserve. The recognised format of this statement does not allow an underspend or overspend to be clearly identified. The provisional revenue outturn being reported to the May 2021 Commissioners Monitoring Board identifies a net under spend of £3.228 million in the accounts. The table below identifies the underspend and how it relates to the surplus transferred to the general reserve.

2019/20 £m	Description	2020/21 £m
140.569	Net Cost of Services	136.695
-21.050	Notional Sums Adjustment – Pensions (IAS 19)	-12.990
0.419	Notional Sums Adjustment – Capital Financing	0.909
-0.230	Notional Sums Adjustment – Employee Benefits (IAS 19)	-0.859
0.645	Notional Sums Adjustment – MRP	0.708
0.815	Add Net Interest payable in 2020/21	0.911
-3.361	Less Contributions from earmarked reserves	-0.035
-1.123	Less actual underspend	-3.227
0.280	Less General Reserve transfer	0.185
116.964	Revised Cost of Service	122.296
118.087	Approved Budget	125.524
1.123	Underspend	3.228
-0.843	Less Transfers from Other Funds	-3.043
0.280	Surplus/(Deficit) Transferred to/from the General Reserve	0.185

The main features of the accounts are:

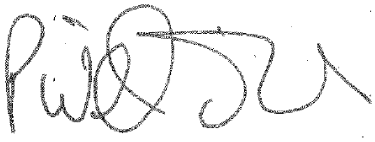
- **The Annual Governance Statement** – gives an assessment of internal control procedures.
- **The Statement of Accounting Policies –** explains the basis of the figures in the accounts.
- **The Comprehensive Income and Expenditure Statement** – summarises the income and expenditure on Police services and brings together all the recognised gains and losses of the Police and Crime Commissioner's Group accounts in the year.
- **The Movement in Reserves Statement –** shows the movement in the year on the different reserves held by the Police and Crime Commissioner, analysed into 'usable' (can be applied to fund expenditure) and 'unusable' reserves.
- **The Balance Sheet** – sets out the financial position of the Police and Crime Commissioner and the Group at 31 March 2021.
- **The Cash Flow Statement** – consolidates the total movement of the Police and Crime Commissioner's funds.
- **The Police Pensions Fund Account** – summarises Pensions movements for the year

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

I confirm that these accounts have my approval



P Wilkinson, Police and Crime Commissioner for Wiltshire
Date 23rd September 2021

The Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Police and Crime Commissioner for Wiltshire's Group in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (" the Code of Practice ").

In preparing the statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Chief Finance Officer has also:

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

I certify that I believe the Statement of Accounts presents a true and fair view of the financial position of the Police and Crime Commissioner for Wiltshire and the Group as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021. Events that have occurred after the balance sheet date have been considered to the date of approval.

C Barker, Chief Finance Officer
Date: 23rd September 2021

For further information concerning any items contained in this Statement, please write to Chief Finance Officer, Police HQ, London Rd, Devizes, Wiltshire, SN10 2DN, or telephone (01380) 734023.

Joint Annual Governance Statement 2020-21

Police and Crime Commissioner for Wiltshire and Swindon and the Chief Constable of Wiltshire Police

The position as at 31 March 2021.

1. SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner (PCC) is responsible for the totality of policing in Wiltshire and Swindon. It is his duty to secure efficient and effective policing for Wiltshire and Swindon. The PCC is responsible for ensuring that a police service is delivered in accordance with the law and proper standards. The PCC is also responsible for ensuring that public money is safeguarded and properly accounted for and used to provide services economically, efficiently and effectively. The PCC is also responsible for ensuring that a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk.

The PCC is elected locally and is required to hold the Chief Constable (CC) to account. The CC provides overall direction of police personnel and operational matters. The CC is responsible for delivering policing in line with the Police and Crime Plan. There is also a requirement on the CC to ensure that policing in Wiltshire occurs within the law and proper standards, ensuring appropriate safeguards are in place. The Financial Management Code of Practise for the Police Service states that the CC is responsible to the PCC for delivery of efficient and effective policing, management of resources and expenditure by the police force.

Whilst the CC is a separate corporate sole the corporate governance framework in place covers both organisations, this therefore is a joint statement with both parties responsible for maintaining good systems of control and risk management.

The PCC and CC have approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA 2016 Framework: Delivering Good Governance for Policing Bodies. This statement explains how the PCC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Office of the PCC (OPCC) and Wiltshire Police operate. It includes the activities through which the PCC engages with and reports to the community. It enables the OPCC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. Governance should focus on the principles of good governance which are (as per CIPFA guidance);

a) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
b) Ensuring openness and comprehensive stakeholder engagement
c) Defining outcomes in terms of sustainable economic, social and environmental benefits
d) Determining the interventions necessary to optimise the achievement of the intended outcomes
e) Developing the entity's capacity including the capability of its leadership and the individuals within it
f) Managing risks and performance through robust internal control and strong public financial management
g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

It is stated in the guidance that good governance means *doing what is right and doing it properly*. Whilst this is a simplification of governance it is correct that an overemphasis on processes and criteria for success fails to recognise that good governance is a reflection of the culture of the organisation. The principles of good governance need communicating and embedding. Having a positive and active commitment to the principles of good governance is important.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is an ongoing process designed to identify and prioritise the risks to the achievement of the PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The governance framework has been developed over recent years, this statement shows the governance in place for the year ended 2020-21.

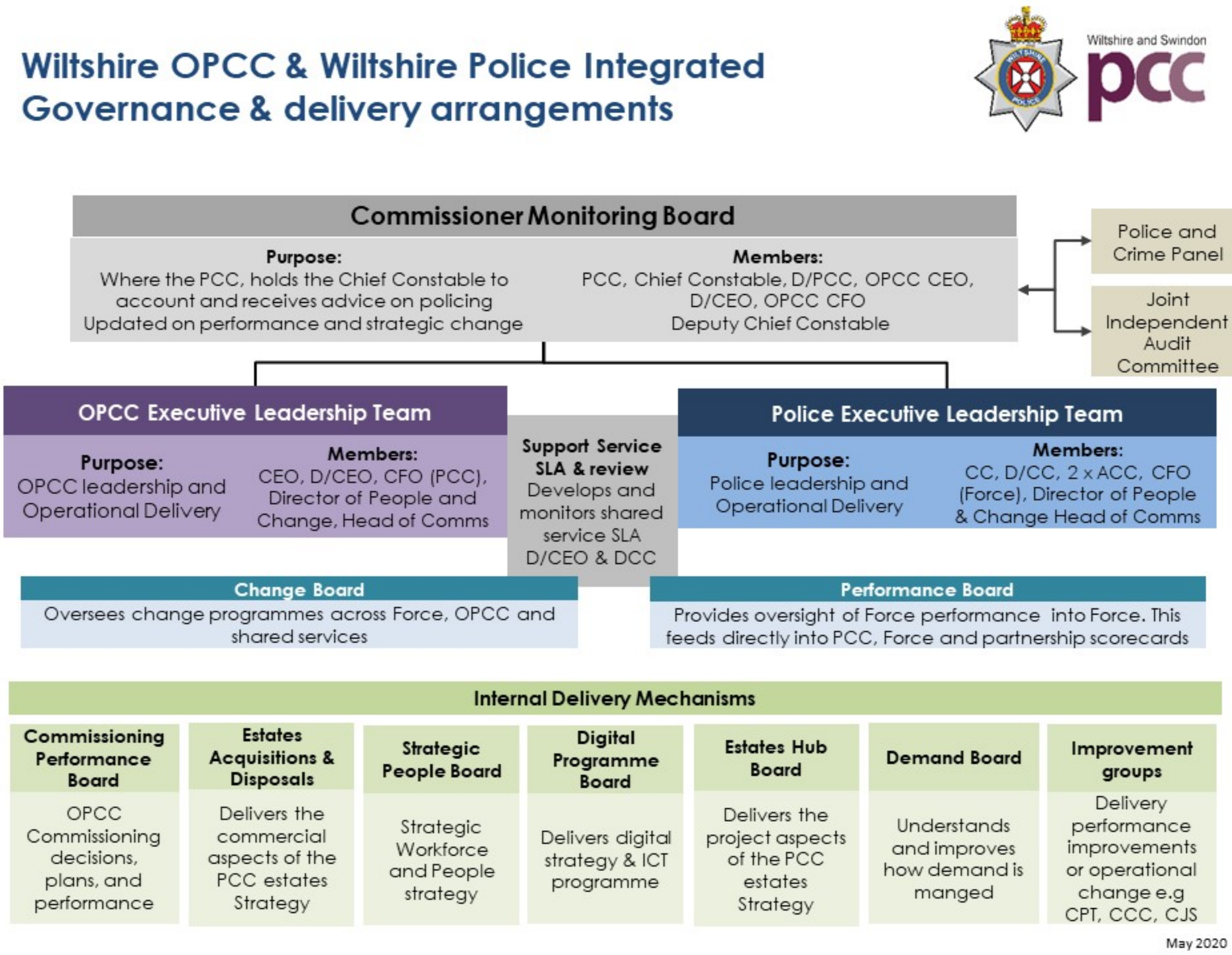
3. THE GOVERNANCE FRAMEWORK

The Chief Constable (CC) is responsible to the PCC for the delivery of efficient and effective operational policing. The PCC holds him to account for the exercise of those functions and those of the persons under his direction and control. The PCC must be satisfied that the Force has appropriate management mechanisms in place, and that these operate in practice.

The Police and Crime Panel (a group of 11 councillors and 2 independent members) is required to review and scrutinise the work of the PCC. Their role includes scrutinising the performance of the PCC in delivering the Police and Crime Plan. The panel receive an annual report from the PCC reporting progress against the Police and Crime Plan.

In addition to this further independent assurance is provide by HMICFRS (undertaking regular reviews and inspecting forces effectiveness, efficiency and legitimacy), External Audit and a commissioned Internal Audit.

The overarching structure of governance is shown in the illustration below (the performance and change board are now one meeting).



The principal areas that comprise the governance framework are:

- The Commissioner's Monitoring Board
- Executive Leaderships Teams
- The Joint Independent Audit Committee (JIAC)
- The Police and Crime Panel
- The Scheme of Governance (incorporating Financial and Contract regulations)
- Performance Reporting
- Risk Management
- Professional Standards

4. REVIEW OF EFFECTIVENESS

The PCC conducts annually a review of the effectiveness of the governance framework. Assurance that the principles of good governance are in place is obtained by a review of each principle.

a) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

The PCC complies with the PCC code of conduct and has agreed to abide by the seven principles of Standards in Public Life, more commonly known as the Nolan Principles.

The CC has agreed to support and implement the National Code of Ethics which are the principles and standards of professional behaviour for policing in England and Wales. These principles are set by the College of Policing.

The Professional Standards Department is an essential part of the Governance Framework facilitating whistle blowing via anonymous reporting and investigating complaints. The comprehensive Professional Standards intranet site provides information to our staff on all areas of standards, including standards of professional behaviour, complaints, etc. The Standards Campaign is part of the framework highlighting expectations and the code of ethics. Video messages are in place promoting the values and behaviours framework and that the focus on issues will normally be on learning rather than blame. The PCC has appointed an Independent Adjudicator to ensure both the PCC and CC are following both the spirit and letter of the national complaints and integrity frameworks. An Ethics and Culture Board also exists which provides another control point.

The Values and Behaviours of our staff are seen as critical in delivering an ethical and people focused organisation. The 4 values published under the National Code of Ethics (Impartiality, Integrity, Public Service and Transparency) have been adopted by the leadership and are promoted on a daily basis. In line with this both a register of interests and a gifts and hospitality register is held An Anti-Corruption Unit (ACU) is also housed within the Professional Standard Department. A large proportion of the ACU's work involves protecting not only Wiltshire Police as an organisation, but also individual members of staff. It is vital that staff do not leave themselves open to corruption and blackmail.

The PCC has made the decision to adopt model 2 of the new complaints reform, this means that complaint recording and service recovery is carried out by the OPCC in addition to appeals/reviews. This provides more independence and integrity into the system.

The organisation employs both legal, human resources and financial professionals to ensure the rule of law is complied with. They ensure the organisation meets its legal responsibilities

b) Ensuring openness and comprehensive stakeholder engagement

Both the OPCC and the Force have active engagement with the communities they serve. As well as engaging by social media the PCC encourages the community to interact with him at other events, for instance town markets. The OPCC website also requests people to inform him of their views on open government consultations to ensure he is representing the community.

The PCC has a desire to be open and transparent meeting with stakeholders and engaging with communities to understand their needs and issues. In January 2021 the PCC held a public consultation which involved the launch of a short video, live social media Q&A sessions, an online survey, a Twitter poll, media releases and emails to MPs and councillors. This consultation received 2,522 responses. 73% of the respondents agreed that an increase of at least £1 per month was appropriate, this good engagement helped inform the 2021-22 Precept decision.

Independent Advisory Groups (IAGs) are in place to obtain stakeholder engagement and provide an independent perspective on issues to constructively advise and challenge Wiltshire Police on its policies, procedures and practises. There is ongoing work to realign IAG geographical areas with the updated Community Policing Teams; giving each IAG group and Chair clarity with their respective CPT Neighbourhood Inspector.

The Public Service Board (PSB) has also been established; bringing together all IAG Chairs, the PCC and Wiltshire Police Executive Leadership to provide an overview of the delivery of policing services. The PSB meets on a quarterly basis. During the Covid-19 period, the PSB and IAGs have moved to online forums where technology has enabled us to share and discuss content.

Particular service delivery areas are presented at the PSB, alongside key topics which may be of heightened interest or concern to members of the public at a local or national level at that time. Most recently in the spring of 2021 following the murder of Sarah Everard, the PSB were briefed on and discussed both Public and Sexual Harassment in our Communities and Policing Public Order. Additional services and topics recently discussed include Stop Search and Use of Force, County Lines, Public Confidence, Reported Crime and Police Response Times. At the conclusion of each PSB, the IAG Chairs look to report back to their respective area and obtain further feedback.

The development of the Wiltshire Diverse Communities (WDC) as its own Independent Advisory Group has brought together Ethnic Minority voices across the county. Within Wiltshire Police, the meeting is attended by the Deputy Chief Constable Paul Mills and members of the Equality, Diversity and Inclusion department. In recent meetings, informed conversations have been held on the use of police powers; with the WDC acting as a critical friend on any disparity of powers towards ethnic minorities.

The WDC also recently heard updates on Wiltshire Police recruitment and its aim to increase the level of representation in policing. Following this, in March 2021 'The Big Debate' was held under the theme 'Developing your police service to be truly diverse and inclusive of its communities'. Giving an overview of policing in the county and Wiltshire Police's approach to equality, diversity and inclusion following on from the Lammy Review on disproportionality in the Criminal Justice System, The Big Debate assisted Wiltshire Police to drive forward on its goals on representation and provided both direction and context for the challenges ahead.

The PCC is clear that protecting our communities is not just about the policing and criminal justice response after a crime is committed but addressing the underlying causes to prevent it from happening. As PCC he brings partners together to both improve policing but also to target the wider issues that increase demand on policing. The PCC and other employed officers and staff play a leading role in a wide range of public bodies and partnerships that address issues such as safeguarding, vulnerability, mental health, substance misuse and housing. This is in addition to work with other police forces and emergency service partners. Some of these include Wiltshire Criminal Justice Board, Community Safety Partnerships and Health and Wellbeing Boards.

Internal stakeholder focus occurs by annual staff surveys. The latest survey in February 2021 obtained a response rate of 55%, and achieved a good engagement index score of 72%**.** This matched the 2018 score. Considering the impact of the pandemic, which has resulted in a significant number of people working from home, to maintain this score is a good achievement and shows positively the proactive communication plan implemented. The survey also identified that 70% (5% above the public sector average) of staff feel they are encouraged to speak out about wrongdoing with 65% confident that issues raised would be dealt with,

On a monthly basis the Chief Constable hosts an on-line chat opportunity for his staff, at this he takes questions from officers and staff and sets out to give honest straight forward responses. These engagements help identify issues which exist and possible solutions.

c) Defining outcomes in terms of sustainable economic, social and environmental benefits

The PCCs objectives are set out in the Police and Crime Plan. An exceptions based overview of performance is presented to the Police and Crime Panel showing quarterly progress against the plans priorities four times a year. This documentation can be viewed on the Police and Crime Panel website. An annual report is also produced that reflects on the achievements and progress made against the plan in the previous fiscal year. The benefits expected with the plan are monitored via an annual scorecard which is available on the website, which shows good performance.

The CC has considered the priorities in the Police and Crime Plan, and, with staff produced a clear purpose: Proud to serve and protect our communities. This clear statement helps people making decisions on both a day to day basis and strategically.

The new 2020-2024 Performance Strategy was officially launched in 2020 building on the previous framework this has been endorsed by the OPCC and the Force. Understanding and managing performance is integral to the day to day business of Wiltshire Police. It ensures our ability to respond and adapt to the changing nature of crime and policing, whilst ensuring we remain outcome focused to deliver the best possible service to the communities of Wiltshire. The principles of our structured approach to performance have been guided by the good practices highlighted within the national performance framework. Wiltshire were just one of three forces invited to provide comment highlighting our status as a leader when it comes to its performance management and culture.

The 2020-2024 Performance Strategy clearly defines our approach to performance; inclusive of the direction in our culture, the expectation at every level of the organisation and the tools, techniques, governance and assurance that underpin performance management across the OPCC and Wiltshire Police. Since 2014 we have made significant strides to change the outlook on performance and what it means to us. Primarily a performance culture free from targets and any associated perverse behaviour. Instead using outcomes as a tool that enhances the safety of our communities. This refreshed performance strategy solidifies a strong performance culture and approach to performance management that embraces healthy conversation, continuous improvement and the recognition of good performance from chief officers to frontline leaders, operational and support staff. The future will see Wiltshire Police continue to be internally driven and motivated to perform and improve on an individual and organisational level due to the empowerment of performance management and a learning organisation.

In 2018, the organisation purchased Qlik Sense a business intelligence tool. Following its purchase the tool has been developed to enable all staff across the organisation to self-serve important information that will support them making informed decisions at a strategic and operational level. This tool was officially launched in 2020 with supportive training material and on-going drop-in training sessions and will continue to be embedded throughout 2021 alongside the key principles of the new performance strategy. This will enable our business intelligence analysts to focus on proving key insight and recommendations to senior leaders through our performance governance structure and localised board meetings, aligned to the Wiltshire 2025 programme approach. Governance of the Forces performance framework, containing over 800 measures, occurs at the monthly Strategic Performance Board that is chaired by the Deputy Chief Constable. Performance exceptions are analysed using a defined statistical method and progress is discussed at this board.

In October 2020 the Home Office introduced the National Crime and Policing measures. Whereby success against these measures will be judged at a national level with the aim to significantly reduce crime, demonstrate value for money and restore the public's confidence in the criminal justice system. Following the introduction of this new scorecard the force has embedded a local version of the scorecard to analyse through the performance governance structure already highlighted, with the intention of understanding of its own system wide impact on these national policing measures and to ensure that we stay accountable for our own performance and our influence on the national picture.

The Force Management Statement is produced each year. This looks at current and future demand, this with the risk register helps the PCC and the CC decide on future investment areas. This information is a crucial feed to the Medium Term Financial Strategy (MTFS). The MTFS will look at the budget requirement and then compare it against the estimated funding. The difference is the initial savings target. This is updated as more information is received. The MTFS includes the reserves and capital financing strategy and assists in ensuring that the organisation is sustainable in the long term.

A Commissioning Strategy has been produced by the OPCC. In order to deliver the Police and Crime Plan objectives the PCC acknowledges that there is a requirement to commission various service providers to help with the wider delivery. The strategy sets out a commissioning framework and the principles the PCC will use in managing the commissioned services.

The environmental impact of the OPCC and force has been considered. Work has occurred to encourage agile working which discourages needless journeys and is more efficient. This paid dividends during the pandemic with many staff being able to work from home minimising any impact on the business. The PCC's Estates Strategy (to 2021) has now been largely delivered with improved facilities being brought on line and the estate reduced. Early marketing of estates not required under the current strategy has taken place. Disposal of these sites will be reviewed by the new PCC elected in 2021 with decisions dependent on their new Estates Strategy. The PCC has also invested in a pilot with electronic vehicles to understand if they can become a significant part of the fleet. 12 EV points have been introduced in 3 locations with a further 12 more planned in 2021-22 across 5 sites. The baselining of the carbon footprint has started with consultants producing draft documents which will enable us to produce an environmental strategy once the new PCC is in place. This strategy will also include targets and show a plan to reduce to Net zero emissions by 2050.

d) Determining the interventions necessary to optimise the achievement of the intended outcomes

The Commissioners Monitoring Board (CMB) is key in ensuring strong governance. The Board receives reports on performance, risk, the capital and revenue financial position and it approves all significant spending decisions. This ensures the PCC is aware of current risks and issues. When appropriate reported are requested. CMB is attended by the PCC, the Deputy PCC, the PCC's Chief Executive, the PCC's Deputy Chief Executive, the CC, the Deputy Chief Constable and the joint Chief Finance Officer. Other officers are invited to attend as necessary. The PCC also receives a weekly operational update from the CC. In addition to this the PCC meets with the Chief Finance Officer bi-weekly to review progress.

The Strategic Change Board and the Strategic Performance Board are attended by Chief Officers and the PCC Chief Executive or Deputy Chief Executive. Exception reports are provided surrounding performance, project delivery and risk management. This enables executives to see lower level risks or issues which may arise in the near future. During the pandemic these meeting have continued in a virtual manner.

This governance ensures that the Police and Crime plan is delivered. Where necessary additional focus is requested or intervention proposed if outcomes are not being achieved. The Force cascades the requirements of the Police and Crime Plan down to its 'Plan on a Page'. This allocates responsibility to Chief Officers and allows them further to break down the high level objectives into smaller deliverables.

When investments are required to assist the delivery of outcomes they are considered against the MTFS. The options available are reviewed and risk and benefits considered before decisions are made by the PCC, this will ensure best value is delivered.

Risk Management is a key tool in identifying the issues which may lead to an intended outcome not been delivered. The OPCC Risk register is reviewed quarterly and reported to the Police and Crime Panel and the Joint Independent Audit Committee. Each department and major project is expected to have an up to date Risk Register. Significant Risks are managed upwards towards the Corporate Risk Register which is reviewed monthly at the Strategic Performance Board.

e) Developing the entity's capacity including the capability of its leadership and the individuals within it

A joint People Culture and Inclusion Strategy covers both the OPCC and Force. This strategy aims to create a working environment where we attract, recruit and develop our people. The strategy also considers the diverse mix of our communities and seeks to reflect this diversity within our own organisation.

This strategy outlines how we will respond to challenges. It sets out six key strands of work which will enable us to continually develop our approach:

- Embedding a wellness culture
- Strong and consistent leadership at all levels
- Creating a diverse workforce that aims to represent our communities
- Meaningful and effective engagement
- Upholding ethical and professional standards
- Workforce and succession planning

A Joint Leadership strategy is also in place. Adopting the College of Policing's national Professional Profiles and adapting it to Wiltshire Police's structure, a 'Leadership Roadmap' has been produced. This will ensure that leadership opportunities are accessible to all employees, irrespective of rank.

Oversight and governance of the People Strategy is through the Strategic People Board. This meets bi-monthly and is chaired by the Director of People and Change. The board is attended by officers from the OPCC and key strand leads.

f) Managing risks and performance through robust internal control and strong public financial management

A Risk Management Strategy and Policy is in place. This identifies the risks in obtaining our goals and a requirement to manage them well. The published Practitioner's Guide helps managers across the force understand the process and what they are required to follow. The guide recommends a 5 step approach to reduce vulnerability to risk. This is summarised as:

- Identify – the most significant risks that could affect the service
- Assess – agree ownership and response to the risk

- Respond – taking action (if assessment deems that appropriate)
- Monitor and Review – observe and update risk score post action
- Report – using risk registers and reporting structures

As part of the Governance framework, a section on risk is included in each paper presented to CMB.

The biggest Corporate Risks are reviewed monthly by the Strategic Performance Board, attended by Chief Officers and the PCC Chief Executive or Deputy Chief Executive. Understanding the risk and possible mitigation is discussed. The Force hold risks on a corporate system with updates requested monthly from owners, this ensures regular focus. The OPCC risk review occurs on a quarterly basis by the Chief Executive, the Deputy Chief Executive and the Chief Financial Officer.

The PCC holds the Chief Constable to account at the bi-weekly Commissioners Monitoring Board. The minutes for the Commissioners Monitoring Board are published on the PCCs website for transparency. This board will receive reports on performance, finance, treasury management, partnerships, strategic change, etc.

The Internal Auditors publish their view on Internal Control. The latest report confirms the prevailing level of assurance from the audits undertaken as Reasonable and therefore this is likely to be reflected in the overall annual opinion. In addition, the Internal Auditors have not identified any significant corporate risks during the year.

The bedrock of strong financial management is the Internal Budget Book, this identifies the authority to spend and the responsibilities of a Budget Holder. As well as setting out the framework of Budgetary Control, the Budget Book also advises staff on procurement, identifying the process to be followed for different types of goods and services within The Scheme of Governance (incorporating Financial and Contract regulations) setting the framework for lawful expenditure, delegation and achieving value for money financial thresholds. This is in line with the national Financial Management Code of Practice.

The Budget Book is the framework set by the Chief Finance Officer to ensure all purchases are in line with the Police and Crime Plan and that Value for Money is achieved. The PCC and Chief Constable share a Chief Finance Officer; this enables clear messages to be given on control procedures and ensures strategic leadership surrounding future financial planning. To date no conflict has arisen as a result of a single officer reporting to two principals. However the possibility of this had been considered and a resolution process provided for in the Scheme of Governance. It is important to note that the PCC's financial management arrangements conform to all good governance requirements, including the CIPFA Statement on the role of the Chief Finance Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework.

g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In line with the promoted values the PCC and the CC are committed to being transparent. Both organisations websites provide information on performance, pay and scrutiny.

The Joint Independent Audit Committee (JIAC) sits as a standalone committee. Its statement of purpose is to provide independent assurance on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices. This committee has 5 independent members and is attended by the PCC, Chief Constable, the Deputy Chief Executive, External Audit, Internal Audit and the Chief Financial Officer.

The Committee receives reports from both External Audit and Internal Audit. One of its key purposes it to ensure that management implement recommendations agreed with auditors holding management accountable. The committee also reviews both the PCC and the Chief Constables risk register, regularly calling for additional reports and presentations as the emerging governance and risk issues dictate. The JIAC also produces an annual statement for external publication.

The External Auditors are Grant Thornton. They were appointed after a national run procurement process. This process provides segregation between the auditors and the organisation they are auditing which is good practice. In recent years they have provided an unqualified audit opinion and assurance that the organisations had proper arrangements in place to secure economy, effectiveness and efficiency in the use of the resources.

The PCC had a contract with the South West Audit Partnership (SWAP) to provide an internal audit service in 2020-21. 100 days of audit were planned with 9 audits. 6 of these are complete, 1 is delayed for further discussion, 1 is in progress and 1 deferred for review post an independent review. From the 6 audits complete 3 are non-opinion reports. For the remaining 3 audits 1 received an opinion of Reasonable assurance and 2 an opinion of Substantial Assurance. The evaluation system is as follows;

- Substantial Assurance – Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

- Reasonable Assurance – Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

- Partial Assurance – Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

- No Assurance – Fundamental breakdown or absence of core internal controls.

A summary report is provided annually for JIAC by the Internal Auditors. The report suggests an effective control environment with ‘reasonable assurance’ the outcome for 2020-21.

All 5 forces in the South West now contract with SWAP for internal audit. This has been used to provide further assurance by aligning audits and agreeing for comparisons between forces to be reported on.

Both PCC and force websites refer to the annual inspection undertaken of the force by HMICFRS. The PEEL (police effectiveness, efficiency and legitimacy) inspection is designed to give the public information about how local police forces are performing in several important areas, in a way that is comparable both across England and Wales, and year on year. Due to the pandemic there has been no new PEEL inspection in 2020. The outcome of Wiltshire’s fifth PEEL inspection was published in May 2019 as below;

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

During the year HMICFRS published ‘Policing in the Pandemic’ – the police response to the coronavirus pandemic during 2020. The report did not provide an opinion on force performance however it did comment on a number of good practices carried out by Wiltshire Police.

The PCC publishes an annual report, this provides his view on how policing and criminal justice services have performed. This provides information on how the Chief Constable has performed and progress towards meeting the priorities set out in his Police and Crime plan.

5. SELF ASSESSMENT

In considering the evidence included in section 5 against the seven principles of good governance the overall opinion is of **substantial** assurance (Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed)

6. SIGNIFICANT GOVERNANCE ISSUES

There were no significant governance issues reported last year and no significant issues have been identified during this review.

Signed

P Wilkinson
Police and Crime Commissioner

K Pritchard
Chief Constable

K Kilgallen
Chief Executive of the OPCC

C Barker
Chief Financial Officer

Independent auditor's report to the Police and Crime Commissioner for Wiltshire

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Police and Crime Commissioner for Wiltshire (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner for Wiltshire's Group, Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner, Movement in Reserves Statement for the Police and Crime Commissioner for Wiltshire Group, Movement in Reserves Statement for the Police and Crime Commissioner for Wiltshire, Balance Sheet for the Police and Crime Commissioner for Wiltshire and the Group and Cash Flow Statement for the Police and Crime Commissioner for Wiltshire and the Group and notes to the accompany the 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. 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 2020/21.

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 2021 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 2020/21; 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, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 Police and Crime Commissioner and the group 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Police and Crime Commissioner and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Police and Crime Commissioner and the group to cease to continue as a going concern.

In our evaluation of the Chief Finance 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 2020/21 that the Police and Crime Commissioner and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Police and Crime Commissioner and the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Police and Crime Commissioner and group and the Police and Crime Commissioner and group's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer for the financial statements' section of this report.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, 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 Police and Crime Commissioner and the group 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 in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Joint 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 Joint 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

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, the other information published together with the financial statements in the Statement of Accounts, 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 Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, 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 Finance Officer. The Chief Finance 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 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance 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 Finance Officer is responsible for assessing the Police and Crime Commissioner's and the group'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 Police and Crime Commissioner and the group 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. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the group and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011.We also identified the following additional regulatory frameworks in respect of the police pension fund; Public Service Pensions Act 2013, the Police Pension Fund Regulations 2007, the Police Pensions Regulations 2015 and the Police Pensions Regulations 2006.
- We enquired of senior officers and the Police and Crime Commissioner, concerning the Police and Crime Commissioner and group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Police and Crime Commissioner, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Police and Crime Commissioner and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:
  - Journal entries posted by senior officers; and
  - The significant accounting estimates in the financial statements, including those related to the valuation of property, plant and equipment, the net pensions liability and significant year-end accruals.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual journals;

  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of property, plant and equipment, the net pension liability and significant year-end accruals;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of property, plant and equipment, the net pension liability and significant year-end accruals.
- Assessment of the appropriateness of the collective competence and capabilities of the Police and Crime Commissioner and group's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the police sector
  - understanding of the legal and regulatory requirements specific to the Police and Crime Commissioner and group including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA, LASAAC and SOLACE
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Police and Crime Commissioner and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Police and Crime Commissioner and group's control environment, including the policies and procedures implemented by the Police and Crime Commissioner and group to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Police and Crime Commissioner's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Wiltshire for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources and have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner for Wiltshire for the year ended 31 March 2021. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2021.

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.

Alex Walling

Alex Walling, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

23 September 2021

Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner for Wiltshire's Group 2020/21

This table includes both the Police and Crime Commissioner's and the Chief Constable's analysis.

2019/20 Net Expenditure £'000	See also Notes 5, 6 and 7	Gross Expenditure £'000	Income £'000	2020/21 Net Expenditure £'000
138,941	Police Services	147,635	- 12,954	134,681
1,628	Police and Crime Commissioner	3,552	- 1,538	2,014
140,569	**Net Cost of Police Services**	**151,187**	**-14,492**	**136,695**
	Other Operating Income & Expenditure:			
-71	Loss/(Gain) on disposal of Non-Current Assets			
-20,021	Home Office Top-up Grant Note 22			-19,113
	Financing & Investment Income & Expenditure:			
1,765	Interest Payable and Similar items Note 11			1,703
-951	Interest and investment income			-792
33,458	Net Pensions Interest Note 22			29,360
	Taxation & Non-Specific Grant Income & Expenditure:			
-37,765	Police Grant			-40,730
-26,029	Other General Government Grant			-27,447
-54,249	Precepts on Collection Funds			-56,048
-415	Other Tax and Non Specific Grant Income			-109
36,291	**(Surplus)/Deficit on the Provision of Services**			**23,519**
-599	(Surplus)/Deficit on Revaluation of Assets Note 10			24
-152,241	Pension Re-measurement of the net defined benefit liability/(asset) Note 22			279,870
-152,840	**Other Comprehensive Income and Expenditure**			**279,894**
-116,549	**Total Comprehensive Income and Expenditure**			**303,413**

Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner for Wiltshire 2020/21

This table only includes the Police and Crime Commissioner's analysis. The PCC has a net income in his direct accounts for the Net Cost of Services; the Chief Constable's costs of policing are then funded by an intra group transfer of funds.

2019/20 Net Expenditure £'000	See also Notes 5, 6 and 7	Gross Expenditure £'000	Income £'000	2020/21 Net Expenditure £'000
-12,043	Police Services		-12,954	-12,954
1,628	Police and Crime Commissioner	3,552	-1,538	2,014
-10,415	**Net Cost of Police Services before intra group funding**	**3,552**	**-14,492**	**-10,940**
150,984	Intra Group Funding for Chief Constable's Net Service Cost			147,635
140,569	**Net Cost of Police Services**			**136,695**
	Other Operating Income & Expenditure:			
-71	Loss/(Gain) on disposal of Non-Current Assets			
-20,021	Home Office Top-up Grant Note 22			-19,113
	Financing & Investment Income & Expenditure:			
1,765	Interest Payable and Similar items Note 11			1,703
-951	Interest and investment income			-792
33,458	Intra Group Funding (Net Pensions Interest) Note 22			29,360
	Taxation & Non-Specific Grant Income & Expenditure:			
-37,765	Police Grant			-40,730
-26,029	Other General Government Grant			-27,447
-54,249	Precepts on Collection Funds			-56,048
-415	Other Tax and Non Specific Grant Income			-109
-152,241	Intra Group Funding (Pensions re-measurement of the net defined benefit liability/(asset)) Note 22			279,870
-115,950	**(Surplus)/Deficit on the Provision of Services**			**303,389**
-599	(Surplus)/Deficit on Revaluation of Assets Note 10			24
-599	**Other Comprehensive Income and Expenditure**			**24**
-116,549	**Total Comprehensive Income and Expenditure**			**303,413**

Movement in Reserves Statement for the Police and Crime Commissioner for Wiltshire Group

	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves Note 15**	Unusable Reserves Note 16	**Total Reserves**
	£'000	£'000	£000	**£'000**	£'000	**£'000**
Balance as at 31 March 2019	**15,326**		478	**15,804**	**-1,361,729**	**-1,345,925**
Movement in reserves during 2019/20						
Total Comprehensive Income and Expenditure	-36,291			-36,291	152,840	116,549
Adjustments between accounting basis and funding basis under statute – Note 7	33,211		-7	33,204	-33,204	
Increase/(Decrease) in 2019/20	**-3,080**		-7	**-3,087**	119,636	**116,549**
Balance as at 31 March 2020 Carried Forward	**12,246**		471	**12,717**	-1,242,093	**-1,229,376**
Balance as at 31 March 2020 Brought Forward	**12,246**		471	**12,717**	-1,242,093	**-1,229,376**
Movement in reserves during 2020/21						
Total Comprehensive Income and Expenditure	-23,519			-23,519	-279,894	-303,413
Adjustments between accounting basis and funding basis under statute – Note 7	23,670		-16	23,654	-23,654	
Increase/(Decrease) in 2020/21	**151**		-16	**135**	-303,548	**-303,413**
Balance as at 31 March 2021 Carried Forward	**12,397**		455	**12,852**	-1,545,641	**-1,532,789**

Movement in Reserves Statement for the Police and Crime Commissioner for Wiltshire

	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves Note 15**	Unusable Reserves Note 16	**Total Reserves**
	£'000	£'000	£000	**£'000**	£'000	**£'000**
Balance as at 31 March 2019	**15,326**		478	**15,804**	**-1,361,729**	**-1,345,925**
Movement in reserves during 2019/20						
Total Comprehensive Income and Expenditure	115,950			115,950	599	116,549
Adjustments between accounting basis and funding basis under statute – Note 7	-119,030		-7	-119,037	119,037	
Increase/(Decrease) in 2019/20	**-3,080**		-7	**-3,087**	119,636	**116,549**
Balance as at 31 March 2020 Carried Forward	**12,246**		471	**12,717**	-1,242,093	**-1,229,376**
Balance as at 31 March 2020 Brought Forward	**12,246**		471	**12,717**	-1,242,093	**-1,229,376**
Movement in reserves during 2020/21						
Total Comprehensive Income and Expenditure	-303,389			-303,389	-24	-303,413
Adjustments between accounting basis and funding basis under statute – Note 7	303,540		-16	303,524	-303,524	
Increase/(Decrease) in 2020/21	**151**		-16	**135**	-303,548	**-303,413**
Balance as at 31 March 2021 Carried Forward	**12,397**		455	**12,852**	-1,545,641	**-1,532,789**

Balance Sheet for the Police and Crime Commissioner for Wiltshire and the Group as at 31 March 2021

PCC £'000 31-Mar-20	PCC £'000 31-Mar-21			PCC's Group £'000 31-Mar-20	PCC's Group £'000 31-Mar-21
56,739	54,504	Property, Plant & Equipment	Note 10	56,739	54,504
1,170	1,170	Investment Property	Note 10	1,170	1,170
1		Long Term Debtors		1	
57,910	**55,674**	**Total Long Term Assets**		**57,910**	**55,674**
589	710	Inventories		589	710
12,256	12,490	Short Term Debtors	Note 12	12,256	12,490
11,780	10,746	Cash & Cash Equivalents	Note 8	11,780	10,746
	3,726	Assets Held For Sale (under 1 yr)	Note 10		3,726
24,625	**27,672**	**Total Current Assets**		**24,625**	**27,672**
-696	-741	Finance Lease Liability	Note 11	-696	-741
-25	-45	Short Term Borrowings	Note 11	-25	-45
-11,830	-12,750	Short Term Creditors	Note 13	-11,830	-12,750
-910	-1,015	Provisions (under 1 yr)	Note 14	-910	-1,015
-13,461	**-14,551**	**Total Current Liabilities**		**-13,461**	**-14,551**
-19,507	-18,780	Finance Lease Liability	Note 11	-19,507	-18,780
-1,107	-1,860	Long Term Borrowing	Note 11	-1,107	-1,860
		Liability Related to Defined Benefit Pensions Scheme.	Note 22	-1,277,837	-1,580,945
-1,277,837	-1,580,945	Pension Intra Group Creditor	Note 22		
-1,298,451	**-1,601,585**	**Total Long Term Liabilities**		**-1,298,451**	**-1,601,585**
-1,229,378	**-1,532,790**	**Total Net Assets**		**-1,229,378**	**-1,532,790**
12,716	**12,850**	**Usable Reserves**	Note 15	**12,716**	**12,850**
-1,242,094	**-1,545,641**	**Unusable Reserves**	Note 16	**-1,242,094**	**-1,545,641**
-1,229,378	**-1,532,790**	**Total Reserves**		**-1,229,378**	**-1,532,790**

C Barker, Chief Finance Officer. 23rd September 2021

Cash Flow Statement for the Police and Crime Commissioner for Wiltshire and the Group 2020/21

2019/20 £000	See also note 8	2020/21 £000
	Operating Activities	
54,293	Taxation	57,348
37,765	Police Main Grant	40,730
26,029	Other General Government Grant	27,447
13,908	Cash Received for Goods and Services	14,130
218	Interest Received	59
132,213	Cash Inflows Generated from Operating Activities	139,714
-101,477	Cash Paid to and on behalf of Employees	-105,929
-26,489	Cash Paid for Goods and Services	-28,141
-1,765	Interest Paid	-1,703
-129,731	Cash Outflows from Operating Activities	-135,773
2,482	**Net Cash Flows from Operating Activities**	**3,941**
	Investing Activities	
-6,349	Purchase of Non-Current Assets	-5,907
1,326	Proceeds from Sale of Non-Current Assets	733
415	Other Receipts from Investing Activities	109
-4,608	**Net Cash Flows from Investing Activities**	**-5,065**
	Financing Activities	
1,132	Cash Receipt of Long Term Borrowings	798
	Repayment of Long Term Borrowings	-25
-645	Payments for the Reduction of Outstanding PFI Finance Liability	-683
487	**Net Cash Flows from Financing Activities**	**90**
-1,639	Net increase or decrease in cash & cash equivalents	-1,034
13,418	Cash & cash equivalents at the beginning of the reporting period	11,780
11,780	**Cash & cash equivalents at the end of the reporting period**	**10,746**

Notes to accompany the Statements

1 Statement of Accounting Policies

1.1 General Principles

The general principles adopted in compiling the accounts of the Police and Crime Commissioner for Wiltshire and the Group are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting 2020/21, the Service Reporting Code of Practice 2020/21 and the Accounts and Audit Regulations 2015 and are based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) as adopted by the EU
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable. All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

These Accounting Policies also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2018, Financial Regulations for the Police and Crime Commissioner for Wiltshire's Group and the scheme of delegation between the Police and Crime Commissioner and the Chief Constable.

1.2 Accruals of Income and Expenditure

The Police and Crime Commissioner's Group accounts are prepared on an accruals basis. Income and expenditure is inclusive of future obligations to pay cash for benefits already received by the Group and cash to be received in the future for benefits already provided by the Group.
Where actual amounts due are not known at the end of April, estimated amounts have been included in the accounts.

1.3 Accounting Principles

The 2020/21 accounts comply with accounting principles surrounding relevance, reliability, comparability and understandability. The accounts are also prepared on the basis that the organisation is a going concern.

1.4 Provisions

The organisation has a policy to create a provision relating to a liability or loss that is likely to be incurred but there is uncertainty as to the size and timing of the liability. Its purpose is specific and will be charged to the revenue account where the expenditure would be incurred. Adjustments are made in the accounts for any bad or doubtful debts.

1.5 Employee Benefits

Benefits payable during employment

The Police and Crime Commissioner for Wiltshire's Group statements are required to account for employee benefits in the period that they are earned by employees.

The Group operates a flexi leave system and has a policy that allows employees to carry over a maximum of 5 days annual leave and 11 hours flexi leave. The flexi leave is run as a manual records system and collecting data is not cost effective; no flexi leave accrual is posted due to the immaterial value. Time off in Lieu (TOIL) and annual leave are recorded on an electronic system and an accrual is included in the accounts for the value at 31 March. The movement in the Net Cost of Services is reversed out in the Movement in Reserves Statement so as to avoid any impact on Council Tax.

Termination benefits

Redundancy payments allowed by the organisation are based upon actual weekly salary, calculated in the manner prescribed by legislation. The legislation also dictates that a maximum of 20 years service may be counted. Only completed years of service at the time of the redundancy will count. Within those parameters, the payments are calculated on the following basis:

For each year of service aged 18 to 21 - half a week's pay
For each year of service aged 22 to 40 - one week's pay
For each year of service aged 41 to 65 - one and a half week's pay

Post employment benefits

Pensions (Police Officers)

There are three police officer schemes: the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and the Police Pension Scheme 2015 (2015 Scheme). These are defined benefit unfunded schemes, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due.

For the purpose of the note to the accounts the officer schemes are reported as a single disclosure. The scheme changes have been taken into account in the Balance Sheet and Comprehensive Income and Expenditure Statement and in the note to the accounts.

Funding rules are in place which results in Police Forces paying 31% of Police pay as a pension fund contribution. Any variation, e.g. variation from pensions actually paid, over or under, is financed by an increased or reduced specific pensions grant. To this purpose a Pensions Fund Account has been created.

Pensions (Support Staff)

The pension scheme available for police staff is administered by Wiltshire Council on behalf of Local Authority employees in Wiltshire. The assets of the fund are held separately from those of the Council. The accounts of the Pension Fund are detailed in the Wiltshire Council Statement of Accounts.

The pension costs that are charged to the Police and Crime Commissioner's Group accounts in respect of its employees are the service cost identified by the actuarial valuation for the period. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Employer's pension contributions of 18.4% of pay were paid into the fund by the Group for the year 2020/21; this contribution rate will decrease to 17.4% for 2021/22.

Changes to the Local Government Pension Scheme allow for members to take larger lump sum payments in return for a reduced annual pension. It is expected that this will reduce the liability of the Police and Crime Commissioner. However the actuary currently considers it impossible to estimate the number of members who may take this option and its effect on the finances of the Commissioner's Group. Based on the prudence accounting concept zero take up has been assumed, therefore, no reduction in liability is included in the balance sheet of the Police and Crime Commissioner's Group.

In accordance with CIPFA guidelines the Group's liability under IAS 19 for both Police Officer and Support Staff pensions are included within the CIES and the Balance Sheet.

1.6 Leases

Where a lease transfers substantially all the risks and rewards of ownership of an asset to the lessee it is classified as a finance lease. Leases that do not meet this definition are operating leases.
Operating lease rentals are charged direct to the Comprehensive Income and Expenditure Statement as a cost to the services benefitting from their use.

1.7 VAT

Value-Added Tax is separately accounted for in accordance with the Statement of Standard Accounting Practice (SSAP) 5 and is not included as income or expenditure except where it is not recoverable. The Police and Crime Commissioner is registered for Group VAT and oversees all VAT matters on behalf of the Police and Crime Commissioner and the Chief Constable.

1.8 Post Balance Sheet Events

Where a material post balance sheet event occurs there is a policy to identify that in the Police and Crime Commissioner's Group statement of accounts.

1.9 Prior Period Adjustments – Changes in Accounting Policies and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current period and do not give rise to a prior period adjustment.
Changes in accounting policies are made when required by proper accounting practices and the changes provide more reliable or relevant information about the PCC's financial position or performance. Where a change is made it is applied retrospectively by adjusting balances for the prior period as if the new policy had always been applied.

1.10 Cash & Cash Equivalents

The Police and Crime Commissioner's Cash & Cash Equivalents are the net balance of the Investments (£13.347m) and Bank Accounts (-£2.602m). All investments held by the Police and Crime Commissioner are short-term (under a year) and are reported at market value. These do not result from financial relationships with any companies or organisations.

1.11 Contingent Assets & Liabilities

There is a policy to review annually for contingent assets & liabilities, they are not accrued but simply disclosed as a note to the accounts.

The organisation will disclose a contingent liability where an event has taken place that gives rise to a possible obligation depending on whether an uncertain future event occurs, or where a provision would otherwise be made but it is not probable that a use of resources will be required or the amount of the obligation cannot be measured reliably.

The organisation will disclose a contingent asset where an event has taken place that gives rise to a possible asset depending on whether an uncertain future event occurs.

1.12 Government Grants

Under IFRS, government grants are accounted for through the Comprehensive Income and Expenditure Statement when the conditions of the grant are met. Where grants are received but the conditions are not yet met they are carried in the Balance Sheet as a creditor (Government Grants Received in Advance), where the conditions are met but the grant has not yet been used it is posted to the Capital Grants Unapplied reserve.

1.13 Inventories and Long Term Contracts

All Stocks are checked at year-end and valued at the lower of actual cost or current replacement cost in accordance with the requirements of the Code of Practice and IPSAS 12. An average or standard cost is applied to calculate the cost.

Long term contracts are accounted for on the basis of value of work completed in year. Work in progress (WIP) on any uncompleted jobs, where the actual or estimated valuation of the job exceeds £5,000, is taken into the accounts at cost.

1.14 Investment Properties

There are four properties in the Police and Crime Commissioner's portfolio which are classified as investment properties under IFRS. These properties are not depreciated but are revalued at fair value on a yearly basis, where the highest and best use is considered from a market participants perspective. Gains or losses resulting from revaluations or disposal of these items are posted to Interest and Investment Income in the Comprehensive Income and Expenditure Statement and reversed out of the General Fund Balance in the Movement in Reserves Statement so as not to impact on Council Tax.

1.15 Reserves

The Police and Crime Commissioner has statutory power to maintain reserves, including the General Fund which is used to support revenue expenditure. Usable reserves are established for specific 'earmarked' purposes. Unusable reserves are also disclosed – these arise out of the interaction of legislation and proper accounting practice, they are not resource backed and cannot be used for any other purpose. All reserves are disclosed in the notes to accompany the statements.

1.16 General Fund

This is the main Fund of the Police and Crime Commissioner into which the precept, Government grants and other income, is paid and from which the cost of providing services is met. The balance on the Fund is the surplus of the Group's revenue income over its revenue expenditure.

1.17 Financial Instruments

The PCC's treasury risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the PCC in the Annual Treasury Management Strategy. Through the strategy 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 are provided. Further details are disclosed in the notes.

1.18 Collection Fund

Wiltshire Council and Swindon Borough Council act as agents, collecting council tax on behalf of the major preceptors including the Police and Crime Commissioner for Wiltshire. The Councils are required by statute to maintain a 'collection fund' for the collection and distribution of amounts due and include any prepayments or payments outstanding in respect of council tax. The Police and Crime Commissioner is required to include his share of the Net surplus/deficit on the collection funds in the year end accounts to reflect that the amount of council tax collected could be less or more than predicted.

1.19 Joint Arrangements

Joint Arrangements are classified as either Joint Operations or Joint Ventures. Joint Operations are where activities are agreed through a shared control (usually through a shared board) and the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Joint Ventures are where the parties have rights to the net assets of the arrangement. The Group does not participate in any joint ventures.

The Police and Crime Commissioner has entered into numerous collaborative arrangements with other police forces and local authorities. A materiality limit of £500k has been set by the Group and details of the joint operations where Wiltshire contributions exceed this level are disclosed in the notes to the accounts.

1.20 Property, Plant and Equipment

i. Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in line with the relevant statute. Projects and equipment purchases over £50,000 are considered for Capital purposes.

ii. Measurement

The Police and Crime Commissioner's assets are included in the Balance Sheet at their current value in line with the code of practice and are valued as follows:

The Police and Crime Commissioner for Wiltshire's freehold and leasehold properties were independently valued on 31 March 2021 by BNP Paribas Real Estate Chartered Surveyors. The valuations were in accordance with the requirements of the International Valuation Standards and the RICS Valuation Standards. The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

i) Property, plant and equipment; that the Property would be sold as part of the continuing business.
ii) For Investment Property: that the property would be sold subject to the existing leases without alteration or modification of the terms.

The valuer's opinion of Fair Value was primarily derived using:
i) Comparable recent market transactions on arms length terms
ii) Depreciated Replacement Cost for Devizes HQ and Custody suites, because the specialised nature of these elements means that there are no market transactions of this type of asset, except as part of the business or entity.

The PCC's vehicles and equipment are initially accounted for at cost and are depreciated over a period of 3 to 7 years dependant on the useful economic life of the asset.

iii. Impairment

The Police and Crime Commissioner's non-current assets are considered for impairment at the end of each year by Property Consultants. Any loss due to the clear consumption of economic benefits will be charged to the service revenue account and any accumulated revaluation gain held for the asset, up to the value of the loss, is then transferred from the Revaluation Reserve to the Capital Adjustment Account. Any loss not attributable to this will be written off against the gains held in the Revaluation Reserve for that asset, and the excess then charged to the service revenue account.

iv. Depreciation

Depreciation charges make up part of the asset rental charge to the service revenue accounts. Depreciation charges are based on the estimated useful life of the asset and are calculated in such a way as to give an equal charge to Revenue in each of the years the asset is used. Depreciation is charged on those assets which have a finite useful life. All assets are assessed for an appropriate property life by property professionals. Assets are depreciated on a straight-line basis.
Where an asset 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 and the cost is transferred from the Revaluation Reserve to the Capital Adjustment account.

v. Disposals

Cash received from the sale of non-current assets in excess of £10,000 is classified as capital receipts and must be used for future capital investment purposes. When a property is sold the value of the asset is written out of the accounts. Gains or Losses on disposal are disclosed in the Comprehensive Income and Expenditure Staement, and are reversed back out in the Movement in Reserves Statement so as not to impact on Council Tax.
When the sale of an asset becomes probable, it is reclassified as an Asset Held for Sale for inclusion in the Balance Sheet. Depreciation is not charged on Assets Held for Sale.

vi. Deminimis Level for the purpose of Capital Accounting

Any assets of £10,000 or below are considered to be Deminimis. They are capitalised, funded from a revenue contribution, and immediately impaired as they do not add significant service potential. The effect of this treatment is immaterial to the accounts.

1.21 Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment (PPE) needed to provide the services passes to the PFI contractor. Where ownership of the PFI assets pass to the Authority at the end of the contract, these assets are accounted for on the Authority's Balance Sheet as PPE. For more info please see Note 11.

1.22 Revenue from Contracts with Customers

IFRS 15 requires local authorities to recognise revenue in such a way that it represents the transfer of promised goods or services to the service recipient in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services. It is more likely to impact authorities when income is recognised over time. The Police and Crime Commissioner's Group has no material items that would require additional disclosures under IFRS 15.

2 Accounting Standards Issued That Have Not Yet Been Adopted

For 2020/21 the following accounting standard changes have been issued but not yet adopted. The impact of these changes to the PCC is not likely to be material though they may increase the disclosure requirements for future years. Details of the disclosures required will be provided in the 2021/22 Code of Practice in Local Authority Accounting (COPLAA).

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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 about the future or that are otherwise uncertain. Estimates are made based on 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.

For 2020/21 the Balance Sheet contains items for which there is a significant risk of material adjustment in the forthcoming financial year;

<u>The Pensions Liability</u>
Estimation of the net liability to pay pensions is reliant on a number of complex judgements relating to the discount rate used, the rate of increase in salary, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the organisation with expert advice about the assumptions to be applied. Further information can be found in the pensions note.

4 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 2020/21 the PCC has no significant post Balance Sheet events for disclosure.

5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows the Police and Crime Commissioner's net expenditure funded from government grants and council tax in comparison with the net expenditure reported in the Comprehensive Income and Expenditure Statement for resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21 Group Expenditure and Funding Analysis	**Net Expenditure Chargeable to the General Fund Balances**	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 £'000	**2020/21 £'000**	**2020/21 £'000**
Police Services	140,829	-884	-6,123	859	-6,148	134,681
Office of the Police and Crime Commissioner	2,014					2,014
Net Cost of Services	**142,843**	**-884**	**-6,123**	**859**	**-6,148**	**136,695**
Other Income and Expenditure	-142,994	-842	29,360	1,300	29,818	-113,176
Surplus or Deficit	**151**	**-1,726**	**23,237**	**2,159**	**23,670**	**23,519**
Opening General Fund Balance	12,246					
Surplus/(Deficit) on General Fund Balance in Year	151					
Closing General Fund Balance at 31 March	**12,397**					

2019/20 Group Expenditure and Funding Analysis	**Net Expenditure Chargeable to the General Fund Balances**	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	**Total Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	**2019/20 £'000**	**2019/20 £'000**
Police Services	138,013	-331	1,029	230	928	138,941
Office of the Police and Crime Commissioner	1,628					1,628
Net Cost of Services	**139,641**	**-331**	**1,029**	**230**	**928**	**140,569**
Other Income and Expenditure	-136,561	-1,219	33,458	44	32,283	-104,278
Surplus or Deficit	**3,080**	**-1,550**	**34,487**	**274**	**33,211**	**36,291**
Opening General Fund Balance	15,326					
Surplus/(Deficit) on General Fund Balance in Year	-3,080					
Closing General Fund Balance at 31 March	**12,246**					

2020/21 Police and Crime Commissioner's Expenditure and Funding Analysis	Net Expenditure Chargeable to the General Fund Balances	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2020/21 £'000	2020/21 £'000	2020/21 £'000	2020/21 £'000	**2020/21 £'000**	**2020/21 £'000**
Police Services	-12,954					-12,954
Office of the Police and Crime Commissioner	2,014					2,014
Net Cost of Services before intra group funding	**-10,940**					**-10,940**
Intra Group Funding	134,670	-884	12,990	859	12,965	147,635
Net Cost of Police Services	**123,730**	**-884**	**12,990**	**859**	**12,965**	**136,695**
Other Income and Expenditure	-123,881	-842	290,117	1,300	290,575	166,694
Surplus or Deficit	**-151**	**-1,726**	**303,107**	**2,159**	**303,540**	**303,389**
Opening General Fund Balance	12,246					
Less/Plus Surplus or (Deficit) on General Fund in Year	151					
Closing General Fund Balance at 31 March	**12,397**					

2019/20 Police and Crime commissioner's Expenditure and Funding Analysis	Net Expenditure Chargeable to the General Fund Balances	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000	**2019/20 £'000**	**2019/20 £'000**
Police Services	-12,043					-12,043
Office of the Police and Crime Commissioner	1,628					1,628
Net Cost of Services before intra group funding	**-10,415**					**-10,415**
Intra Group Funding	130,035	-331	21,050	230	20,949	150,984
Net Cost of Police Services	**119,620**	**-331**	**21,050**	**230**	**20,949**	**140,569**
Other Income and Expenditure	-116,540	-1,219	-138,804	44	-139,979	-256,519
Surplus or Deficit	**3,080**	**-1,550**	**-117,754**	**274**	**-119,030**	**-115,950**
Opening General Fund Balance	15,326					
Less/Plus Surplus or (Deficit) on General Fund in Year	-3,080					
Closing General Fund Balance at 31 March	**12,246**					

In order to comply with accounting and audit requirements, disclosure of the Intra Group Funding transaction for re-measurement of pension liabilities is required in the Surplus/Deficit on the Provision of Services. This is reversed out in the Movement in Reserves Statement to ensure there is no impact on Council Tax Funding. This adjustment is not due to an error or change in policy but due to a change in classification.

Adjustments for Capital Purposes

This column adds in asset accounting transactions including depreciation, impairment, revaluation and profit or loss on disposal of assets.

It also includes statutory charges for capital financing (Minimum Revenue Provision) and capital grants where conditions have been satisfied in year.

Net Change for the Pensions Adjustments

This column shows the net change for removal of employer pension contributions and addition of the IAS 19 Employee Benefits pension related income and expenditure:

For the net cost of services this represents the removal of the employer pension contributions made and replacement with current service costs and past service costs.

The net interest on the defined benefit liability is charged to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Other Differences

This column shows the amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements. The difference reflects the Police and Crime Commissioner's share of the risks and rewards held for debtors and creditors on the Collection Fund Balance at Wiltshire Council.

It also shows the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements. The difference reflects the employee leave entitlements outstanding as at the 31st March.

Adjustments to the Net Cost of Services

The adjustments between funding and accounting that relate to Pensions and Capital are shown as charges to the Chief Constable and are then part of the intra group transfer to the Police and Crime Commissioner's accounts. The reason for this is the local arrangement in place for the relationship between the Chief Constable and Police and Crime Commissioner which, for accounting purposes, follows the concept 'substance over form'. These arrangements are laid out in the opening Narrative to the accounts.

6 Expenditure and Income Analysed by Nature

2019/20		2019/20		2020/21		2020/21
CIES £'000	**Adjustments between the Funding and Accounting Basis**	**General Fund £'000**	**Group Expenditure/Income**	**CIES £'000**	**Adjustments between the Funding and Accounting Basis**	**General Fund £'000**
			Expenditure			
46,882		46,882	Police Officer Salaries	48,830		48,830
24,500	-13,575	10,925	Police Officer Pensions	20,100	-8,630	11,470
49,462	-7,966	41,496	Police Staff and PCSO Salaries	48,539	-4,881	43,658
1,500	-230	1,270	Other Employee expenses	1,873	-859	1,014
4,674	552	5,226	Premises Costs	4,592	599	5,191
2,656		2,656	Transport Costs	2,672		2,672
11,222		11,222	Supplies & Services Costs	12,184		12,184
8,068	93	8,161	Other Service Costs	7,567	84	7,651
4,167	-4,167		Depreciation, amortisation, impairment	4,394	-4,369	25
	3,853	3,853	Capital Expenditure charged against the General Fund		4,570	4,570
1,765		1,765	Interest payments	1,703		1,703
33,558	-33,558		Net Pensions Interest & past service costs	29,465	-29,465	
313	591	904	Injury Payments	331	626	957
-71	71		Gain on the disposal of assets			
188,696	**-54,336**	**134,360**	**Total expenditure**	**182,250**	**-42,325**	**139,925**
			Income			
-6,247		-6,247	Fees, charges and other service income	-5,165		-5,165
-951	733	-218	Interest and investment income	-792	733	-59
-37,765		-37,765	Police Grant	-40,730		-40,730
-26,029		-26,029	Other General Government Grant	-27,447		-27,447
-54,249	-44	-54,293	Precepts on Collection Funds	-56,048	-1,300	-57,348
-20,021	20,021		HO Pensions Top Up Grant	-19,113	19,113	
-6,728		-6,728	Government Specific grants and contributions	-9,327		-9,327
-415	415		Other Tax and non-specific Grant Income	-109	109	
-152,405	**21,125**	**-131,280**	**Total income**	**-158,731**	**18,655**	**-140,076**
36,291	**-33,211**	**3,080**	**Surplus or Deficit on the Provision of Services**	**23,519**	**-23,670**	**-151**

2019/20		2019/20		2020/21		2020/21
Restated CIES £'000	**Adjustments between the Funding and Accounting Basis**	**General Fund £'000**	**Police and Crime commissioner's Expenditure/Income**	**CIES £'000**	**Adjustments between the Funding and Accounting Basis**	**General Fund £'000**
			Expenditure			
			Police Officer Salaries			
			Police Officer Pensions			
896		896	Police Staff and PCSO Salaries	1,107		1,107
2		2	Other Employee expenses			
			Premises Costs			
17		17	Transport Costs	5		5
165		165	Supplies & Services Costs	244		244
1,480		1,480	Other Service Costs	2,195		2,195
			Depreciation, amortisation, impairment			
			Capital Expenditure charged against the General Fund			
1,765		1,765	Interest payments	1,703		1,703
33,458	-33,458		Intra Group Funding (Net Pensions Interest)	29,360	-29,360	
			Injury Payments			
-71	71		Gain on the disposal of assets			
37,712	**-33,387**	**4,325**	**Total expenditure**	**34,614**	**-29,360**	**5,254**
			Income			
-6,247		-6,247	Fees, charges and other service income	-5,165		-5,165
-951	733	-218	Interest and investment income	-792	733	-59
-37,765		-37,765	Police Grant	-40,730		-40,730
-26,029		-26,029	Other General Government Grant	-27,447		-27,447
-54,249	-44	-54,293	Precepts on Collection Funds	-56,048	-1,300	-57,348
-20,021	20,021		HO Pensions Top Up Grant	-19,113	19,113	
-6,728		-6,728	Government Specific grants and contributions	-9,327		-9,327
-415	415		Other Tax and non-specific Grant Income	-109	109	
-152,241	152,241		Intra Group Funding (Pensions re-measurement of the net defined benefit liability/ (asset))	279,870	-279,870	
-304,646	**173,366**	**-131,280**	**Total income**	**121,139**	**-261,215**	**-140,076**
150,984	**-20,949**	**130,035**	**Intra Group Funding**	**147,636**	**-12,965**	**134,671**
-115,950	**119,030**	**3,080**	**Surplus or Deficit on the Provision of Services**	**303,389**	**-303,540**	**-151**

In order to comply with accounting and audit requirements, disclosure of the Intra Group Funding transaction for re-measurement of pension liabilities is required in the Surplus/Deficit on the Provision of Services. This is reversed out in the Movement in Reserves Statement to ensure there is no impact on Council Tax Funding.

7 Adjustments Between Accounting Basis and Funding Basis Under Statute

Adjustments for the Group:

2020/21	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-4,207			4,207
Revaluation Gains/losses on Property Plant and Equipment	-187			187
Movements in the market value of Investment Properties				
Capital grants and contributions applied	109			-109
Revenue expenditure funded from capital under statute				
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES				
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Voluntary provision for the repayment of debt	708			-708
Capital expenditure charged against the General Fund	4,570		16	-4,586
Adjustments involving Capital Grants Unapplied:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				
Transfer of other income relating to Capital	733	-733		
Use of the Capital Receipts Reserve to finance new capital expenditure		733		-733
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 22)	-60,496			60,496
Employer's pensions contributions and direct payments to pensioners payable in the year	37,259			-37,259
Adjustments involving the Collection Fund Adj Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-1,300			1,300
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-859			859
Total Adjustments	**-23,670**		**16**	**-23,654**

2019/20	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-3,620			3,620
Revaluation Gains/losses on Property Plant and Equipment	-547			547
Movements in the market value of Investment Properties				
Capital grants and contributions applied	415			-415
Revenue expenditure funded from capital under statute				
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-522			522
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Voluntary provision for the repayment of debt	645			-645
Capital expenditure charged against the General Fund	3,853		7	-3,860
Adjustments involving Capital Grants Unapplied:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	593	-593		
Transfer of other income relating to Capital	733	-733		
Use of the Capital Receipts Reserve to finance new capital expenditure		1,326		-1,326
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 22)	-71,900			71,900
Employer's pensions contributions and direct payments to pensioners payable in the year	37,413			-37,413
Adjustments involving the Collection Fund Adj Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-44			44
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-230			230
Total Adjustments	**-33,211**		**7**	**-33,204**

Adjustments for the Police and Crime Commissioner:

2020/21	**Usable Reserves**			
	General Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-4,207			4,207
Revaluation Gains/losses on Property Plant and Equipment	-187			187
Movements in the market value of Investment Properties				
Capital grants and contributions applied	109			-109
Revenue expenditure funded from capital under statute				
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES				
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Voluntary provision for the repayment of debt	708			-708
Capital expenditure charged against the General Fund	4,570		16	-4,586
Adjustments involving Capital Grants Unapplied:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				
Transfer of other income relating to Capital	733	-733		
Use of the Capital Receipts Reserve to finance new capital expenditure		733		-733
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 22)	-340,366			340,366
Employer's pensions contributions and direct payments to pensioners payable in the year	37,259			-37,259
Adjustments involving the Collection Fund Adj Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-1,300			1,300
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-859			859
Total Adjustments	**-303,540**		**16**	**303,524**

2019/20	**Usable Reserves**			**Movement in Unusable Reserves**
	General Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied**	
	£'000	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-3,620			3,620
Revaluation Gains/losses on Property Plant and Equipment	-547			547
Movements in the market value of Investment Properties				
Capital grants and contributions applied	415			-415
Revenue expenditure funded from capital under statute				
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-522			522
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Voluntary provision for the repayment of debt	645			-645
Capital expenditure charged against the General Fund	3,853		7	-3,860
Adjustments involving Capital Grants Unapplied:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	593	-593		
Transfer of other income relating to Capital	733	-733		
Use of the Capital Receipts Reserve to finance new capital expenditure		1,326		-1,326
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 22)	80,341			-80,341
Employer's pensions contributions and direct payments to pensioners payable in the year	37,413			-37,413
Adjustments involving the Collection Fund Adj Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-44			44
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-230			230
Total Adjustments	**119,030**		**7**	**-119,037**

8 Cash Flow

The Accounts and Audit Regulations require disclosure of a statement of source and application of funds. The Cash Flow Statement satisfies this requirement. The statement includes all the Police and Crime Commissioner for Wiltshire's Group operations, revenue and capital, excluding internal transactions. It thus shows total receipts and total payments and how the difference between the two was financed.

- **Reconciliation to the Comprehensive Income and Expenditure Statement**

2019/20 £000		2020/21 £000
-36,291	**Surplus/(Deficit) on CIES**	**-23,519**
933	Movement in debtors*	-362
-18	Movement in stocks	-121
190	Movement in creditors*	-1,110
-41	Movement in provisions and other balances	105
33,211	Adjustments between Accounting Basis and Funding Basis under Statute	23,670
-754	Adjustment for use of Borrowing and previously unapplied Grant	-494
4,608	Net Cash Flows from Investing Activities	5,065
645	Net Cash Flows from Financing Activities	708
2,483	**Net Cash Flows from Operating Activities**	**3,942**

The Cash flows from operating activities (£3.9m) shown in the table along with the Investing activities (£-5.0m), Financing activities (£-0.7m) and Long Term Borrowings of £0.8m make up the total movement in cash and cash equivalents of £-1.0m.
*Excludes adjustments that form part of the adjustments between accounting and funding basis.

- **Movement in Cash and Cash Equivalents**

Movement 2019/20 £000		Balance 1 April 2020 £000	Balance 31 March 2021 £000	Movement 2020/21 £000
288	Cash held by the PCC	354	31,142	30,788
2,214	Cash Overdrawn	-757	-33,744	-32,987
-4,141	Short Term Deposits	12,183	13,347	1,164
-1,639	**Total**	**11,780**	**10,745**	**-1,035**

It should be noted that the cash held and cash overdrawn balances are held in a number of Bank accounts that are interlinked resulting in a net overdrawn position of £2.602 million at year end. This position occurs due to timing of the last supplier payment run for the year and will be replenished in the first week of April..
There were no long term investments held at 31 March 2021. However, short-term deposits of £13.347 million were invested with approved institutions and have been shown at market value.

- **Analysis of Specific Government Grants**

2019/20 £000		2020/21 £000
-874	Operational Policing Grants	-445
-2,068	PFI Swindon Facilities Grant	-2,068
-995	Security Funding Spec Grant	-1,208
-828	Victims & Support RJ Grant	-892
-237	COVID 19/ Officer Uplift Grants	-2,976
-1,002	Pensions Support Grant	-1,002
-340	Other Grants	-403
-6,344	**Total**	**-8,994**

This income is included within the Cash Flow Statement under 'Cash received for Goods and Services' and in the Comprehensive Income and Expenditure Statement as Specific Grants.

An additional amount of £334,000 (£384,000 2019/20) is included in the Comprehensive Income and Expenditure Statement to account for a share of the Black Rock PFI Grant – more information is available in the PFI note.

The increase in Specific Grants relates to the COVID19/Officer Uplift funding streams. These grants are to enable the organisation in increasing the Police Officer numbers in line with the Government's mandate and to support the organisation in adapting to the impact of COVID 19. More information regarding this is contained in the Narrative section.

The Operational Policing Grants relate to Op Cobb and in 2019/20 also to Op Fairline.

9 Management Reporting

The Service Expenditure can be analysed in more than one way.

Subjective Reporting (Locally Defined)

For the purposes of reporting to Senior Management the Service Expenditure is also analysed with a subjective analysis which categorises costs by type; the following is the subjective year end outturn in a new format introduced during 2020/21 for reporting to Senior Management. This report does not include the statutory accounting adjustments as detailed in the note 'Adjustments Between Accounting and Funding Basis Under Statute'.

Outturn 2019/20 £'000	Budget 2019/20 £'000	Variance £'000	Group Outturn	Outturn 2020/21 £'000	Budget 2020/21 £'000	Variance £'000
37,281	37,395	-114	Police Officer Basic Pay	38,878	39,388	-509
2,593	1,785	808	Police Officer Overtime	2,968	2,172	796
10,611	10,679	-68	Police Officer Pensions	11,197	11,144	53
5,715	5,898	-183	Police Officer Other Pay Costs	5,827	6,001	-174
4,577	4,283	294	Community Support Officers	4,123	4,316	-193
36,542	36,984	-442	Support Staff Costs	39,185	39,008	177
126	16	110	Agency Staff	153	32	120
692	563	129	Other Employee Costs	562	568	-5
585	564	21	Training	453	454	-1
6,710	6,755	-45	Premises Costs	6,628	6,877	-249
2,644	2,745	-101	Transport Costs	2,667	2,872	-204
11,242	11,529	-287	Other Costs	12,263	12,567	-304
8,323	8,626	-303	Contracted Services	9,849	10,778	-929
-5,023	-3,944	-1,079	General Income	-2,890	-2,799	-91
-6,344	-6,707	363	Grant Income	-10,463	-8,784	-1,679
904	1,118	-214	Police Pensions- Inj/Ill Health	957	1,131	-174
-214	-200	-14	Investment Income	-59	-200	141
116,964	118,087	-1,123	**Net Position**	122,297	125,524	-3,227

The Cost of the Office of the PCC (reported within the above figures):

Outturn 2019/20 £'000	Budget 2019/20 £'000	Variance £'000		Outturn 2020/21 £'000	Budget 2020/21 £'000	Variance £'000
998	1,233	-235	Staffing Costs	1,238	1,250	-12
197	287	-90	Other Costs	259	247	12
2,665	3,022	-357	Contracted Services	4,767	5,013	-246
-1,023	-1,023		Grant/General Income	-1,595	-1,595	
-214	-200	-14	Investment Income	-59	-200	141
2,623	3,319	-696	**Net Position**	4,610	4,715	-105

Objective Reporting (Nationally Defined)

Objective reporting categorises costs by the activities contributed towards rather than the type of spend. The following is the objective format reported to Senior Management; this reporting format has been used for benchmarking and for the HMIC 'Value for Money' reports for a number of years. Again this report does not include the statutory accounting adjustments as detailed in the note 'Adjustments Between Accounting and Funding Basis Under Statute'.

The underspend for Specialist Ops in 20/21 relates to grants received from the Government for COVID 19 and Officer Uplift that were not included in the budget as they could not be forseen.

Outturn 2020/21				
Summary	Revised Budget *£000's*	Revised Budget *%*	Actual Spend *£000's*	Variance '-' = under spend *£000's*
Local Policing	34,490	27.5%	33,743	-747
Dealing with the Public	8,044	6.4%	9,417	1,373
Criminal Justice Arrangements	7,652	6.1%	7,704	51
Specialist Ops (Roads Policing + Sp Ops)	7,798	6.2%	5,290	-2,508
Intelligence	4,976	4.0%	4,815	-161
Investigations (Invest + Invest support)	17,957	14.3%	17,737	-220
Public Protection	7,127	5.7%	6,580	-546
National Policing	811	0.6%	996	185
Support (incl ACPO)	30,643	24.4%	30,279	-364
Main Force Net Position	**119,499**		**116,562**	**-2,937**
OPCC	3,067	2.4%	2,842	-225
Reserve/Commissioning	-526	-0.4%	-526	
Capital Finance and Pensions	3,484	2.8%	3,420	-64
Total	**125,524**	**100.0%**	**122,297**	**-3,227**

Outturn 2019/20				
Summary	Revised Budget *£000's*	Revised Budget *%*	Actual Spend *£000's*	Variance '-' = under spend *£000's*
Local Policing	33,370	28.3%	33,839	469
Dealing with the Public	8,195	6.9%	8,791	595
Criminal Justice Arrangements	7,546	6.4%	7,968	422
Specialist Ops (Roads Policing + Sp Ops)	7,601	6.4%	7,324	-277
Intelligence	4,641	3.9%	4,738	98
Investigations (Invest + Invest support)	17,136	14.5%	16,309	-827
Public Protection	6,432	5.4%	6,018	-414
National Policing	768	0.7%	848	80
Support (incl ACPO)	28,341	24.0%	27,981	-359
Main Force Net Position	**114,031**		**113,818**	**-213**
OPCC	3,041	2.6%	2,315	-726
Reserve/Commissioning	-904	-0.8%	-904	
Capital Finance and Pensions	1,919	1.6%	1,735	-184
Total	**118,087**	**100.0%**	**116,964**	**-1,123**

Cost of the Office of the PCC

The cost of the Office of the PCC contains different amounts to those reported for statutory requirements and can be reconciled back to the costs in the Statement of Accounts as follows. It should be noted that for accounting purposes the concept 'substance over form' requires that the economic substance of transactions and events must be reported rather than just their legal form in order to present a true and fair view.

2020/21	**Subjective Management Report OPCC Net cost £000**	Contributions reported separately £000	**Objective Management Report OPCC Net cost £000**	Chief Constable Support Costs £000	**Statutory CIES OPCC Net cost £000**
Staffing Costs	**1,238**		**1,238**	-130	**1,108**
Other Costs	**259**	-10	**249**		**249**
Contracted Services	**4,767**	-1,817	**2,950**	-757	**2,195**
Grant/other Income	**-1,595**		**-1,595**	57	**-1,538**
Investment Income	**-59**	59	**0**		**0**
Total	**4,610**	-1,767	**2,842**	-830	**2,014**

2019/20	**Subjective Management Report OPCC Net cost £000**	Contributions reported separately £000	**Objective Management Report OPCC Net cost £000**	Chief Constable Support Costs £000	**Statutory CIES OPCC Net cost £000**
Staffing Costs	**998**		**998**	-100	**898**
Other Costs	**197**	-11	**186**	-4	**182**
Contracted Services	**2,665**	-512	**2,153**	-673	**1,480**
Grant/other Income	**-1023**		**-1,023**	91	**-932**
Investment Income	**-214**	214	**0**		**0**
Total	**2,623**	-309	**2,314**	-686	**1,628**

The majority of the Income relates to grant funding received towards Victim Support.

The Management report does not include notional amounts that are required for reporting in the Statement of Accounts Comprehensive Income and Expenditure Statement. The Outturn reported to Management can be reconciled back to the Statement of Accounts as follows:

Cost of Services:

2019/20 £000	Net Cost of Services	2020/21 £000
116,964	**Total Reported to Senior Management**	**122,297**
21,050	Notional Sums Adjustment – Pensions (IAS 19)	12,990
-419	Notional Sums Adjustment – Capital Financing	-909
230	Notional Sums Adjustment – Employee Benefits (IAS 19)	859
-645	Notional Sums Adjustment – MRP	-708
-814	Net Interest & similar items	-911
3,080	Contributions to/from General Fund Balance	-150
1,123	Actual under spend	3,227
140,569	**Total CIES Statement of Accounts**	**136,695**

Net interest & similar items includes a contribution received to provide access to land for a third party.

10 Property, Plant and Equipment and Other Assets

- **Capital Expenditure**

Total 2019/20 £000		Land & Buildings 2020/21 £000	Vehicles & Equipment 2020/21 £000	Total 2020/21 £000
6,348	Capital Expenditure in year	821	5,085	5,906
6,348		**821**	**5,085**	**5,906**

- **Financing of Capital Expenditure**

2019/20 £000		2020/21 £000
1,326	Capital Receipts	733
422	Govt Grant	125
3,854	Revenue and other reserves	4,570
644	VRP for PFI	683
	MRP for repayment of external borrowimg	25
6,246		**6,136**

The Capital Receipts for 2020/21 include a contribution received to provide access to land for a third party.

- **Explanation of Movements in Year**

2019/20 £'000		2020/21 £'000
-644	Voluntary Revenue Provision for PFI contracts	-683
	Minimum Revenue Provision	-25
746	Use of borrowing to finance Capital	478
102	Increase in Capital Financing Requirements	**-230**

Capital expenditure financing rules require all expenditure to be financed in the same year as the expenditure is incurred. PFI expenditure is incurred and funded over the lifetime of the asset leading to a liability on the Balance Sheet equivalent to the asset (see note 11 for more detail).

Due to PFI accounting requirements, a voluntary revenue provision of £682,573 has also been charged to revenue in line with the reduction in Finance Lease Liability of the same amount (£644,918 2019/20).

The gap in financing for 2020/21 has been funded with a new PWLB loan which was taken out in March 2021 in line with plans identified in the latest Capital Strategy. The PCC is required to make a Minimum Revenue Provision to put aside funds for the repayment of external debts. For 2020/21 this provision was £0.025m in preparation for the 2021/22 repayment of principle on the existing PWLB loans. This provision reduces the liability for the borrowing over the lifetime of the loan.

- **Capital Financing Requirement**

The gap in Capital Financing Requirement for the year has been funded through borrowing:

CFR 31 Mar 2020 £'000	Capital Finance Requirement	CFR 31 Mar 2021 £'000
57,909	Non Current Assets	55,674
	Current Assets	3,726
-36,960	Reserves	-38,679
20,949	Total CFR	**20,721**
-20,203	Finance Lease Liability	**-19,521**
-746	Underlying Borrowing Requirement	**-1,200**

31 Mar 2020 £'000	Borrowing	31 Mar 2021 £'000
0	Opening Balance of Borrowing	746
746	Borrowing used in year to fund the gap	478
0	Repayment of Borrowing (MRP)	-25
746	Closing Balance Funded by Borrowing	**1,200**

- **Capital Disposals**

Total GBV 2019/20 £000		Land & Buildings 2020/21 £000	Vehicles & Equipment 2020/21 £000	Total GBV 2020/21 £000
2,257	Capital Disposals		9,541	9,541
2,257			**9,541**	**9,541**

Capital Disposals are at Gross Book Value. The net value of the assets disposed during 2020/21 was £Nil and relates mainly to internal historic IST projects.

- **Significant Commitments under Capital Contracts**

There are no significant commitments under capital contracts to be paid after 31 March 2021.

- **Valuation of PPE, Investment Properties and Assets Held for Sale**

Assets are included in the Balance Sheet at their current value, as described in the Statement of Accounting Policies. An analysis is given below:

2020/21	**Valuation £000**	**Less Cumulative Depreciation £000**	**Net Book Value £000**
Land & Buildings	40,455		40,455
Surplus Assets			
Investment Properties	1,170		1,170
Assets held for Sale	3,725		3,725
Vehicles, Furniture & Equipment	13,422	6,131	7,291
Assets under construction (at cost)	6,757		6,757
	65,529	**6,131**	**59,398**

2019/20	**Valuation £000**	**Less Cumulative Depreciation £000**	**Net Book Value £000**
Land & Buildings	45,426		45,426
Surplus Assets			
Investment Properties	1,170		1,170
Assets held for Sale			
Vehicles, Furniture & Equipment	18,435	12,987	5,447
Assets under construction (at cost)	5,865		5,865
	70,896	**12,987**	**57,909**

Depreciation is charged on a straight line basis for all assets. In general the following lives are utilised:

Buildings, Police Houses	50 years
Vehicles and Equipment	5 years
IT Equipment	3 to 7 years

In some circumstances specific asset lives are used if it is considered that this will result in a fairer view of assets and revenue charges.

- **Details of Valuation of Wiltshire Police Properties**

Wiltshire Police and Crime Commissioner's freehold and leasehold properties were valued on 31 March 2021 by an external valuer Andrew Shoubridge MSc MRICS Registered Valuer of BNP Paribas Real Estate Chartered Surveyors. The valuations were in accordance with the requirements of the RICS Valuation – Global Standards 2020 and International Financial Reporting Standards (IFRS)-based Code of Practice on Local Authority Accounting (the "Code") published by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Financial Reporting Standard applicable for Local Authorities.

The valuation of each property was on the basis of Fair Value, subject to the following assumptions:

- Property, Plant and Equipment: that the property would be sold as part of the continuing business

- Investment Property: that the property would be sold subject to the existing leases without alteration or modification of the terms.

The valuer’s opinion of fair value was primarily derived using:

- In March 2018 valuation - comparable recent market transactions on arm’s length terms. Subsequent valuations have been based on movement in appropriate indices.

- Depreciated replacement cost approach for Devzies HQ and the custody suites at Melksham and Swindon Gablecross, because the specialised nature of these elements means that there are no market transactions of this type of asset, except as part of the business or entity.

- **Impaired Assets**

The qualified surveyors have not identified any impaired assets as held as at 31 March 2021.

.

- **Componentisation**

Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately

- **Statement of Physical Assets**

This Statement indicates the broad categories of non-current assets of the Police and Crime Commissioner.

2019/20		2020/21
	Properties (numbers)	
7	Police Houses	7
20	Police Stations	20
	Vehicles (numbers)	
59	Police Vans	69
408	Police Cars	438
8	Police Motorcycles	8

The assets reported in this statement are only those owned by the Group.

- **Investment Properties**

The Police and Crime Commissioner has four properties in the portfolio held as capital investments; Devizes Skid Pan, Salisbury land (area of land at rear of Wilton Road police station), Highworth land and Wroughton land. There was no rental or direct operating expenditure relating to these investments during 2020/21. There are no restrictions on the ability to realise the value inherent in the investment property or on the right to the remittance of income and the proceeds of disposal. The Police and Crime Commissioner for Wiltshire has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement. During 2020/21 the investment assets were revalued with no change at £1.170m.

- **Assets Held for Sale**

The Police and Crime Commissioner had 11 police stations held for sale at 31 March 2021; Alderbury, Calne, Cricklade, Highworth, Malmesbury, Marlborough, Pewsey, Warminster, Westbury and Wilton. These sales form part of the Estates strategy for modernising the police estate and making it fit for purpose.

- **Movements of Property, Plant and Equipment (PPE) and Other Assets**

2020/21	**Land & Buildings £000**	**Investment Properties £000**	**Assets for Sale £000**	**Vehicles & Equipment £000**	**Assets Under Construction £000**	**Total £000**
Balance at 1 April 2020	45,427	1,170		18,434	5,865	70,896
Additions	210			2,726	2,971	5,907
Disposals				-9,541		-9,541
Reclassify assets	-3,449		3,725	1,802	-2,078	
Revaluations recognised in the surplus/deficit on the provision of services	-187					-187
Revaluations recognised in the Revaluation Reserve	-1,546					-1,546
Balance at 31 March 2021	40,455	1,170	3,725	13,422	6,757	65,529
Depreciation	**Land & Buildings £000**	**Investment Properties £000**	**Assets for Sale £000**	**Vehicles & Equipment £000**	**Assets Under Construction £000**	**Total £000**
Balance at 1 April 2020				**-12,986**		**-12,986**
Charge for the year	-1,522			-2,685		-4,207
Depreciation written out to the surplus/deficit on the provision of services						
Depreciation written out to the Revaluation Reserve	1,522					1,522
Disposals				9,541		9,541
Balance at 31 March 2021				-6,130		-6,130
Net Book Value at 31 March 2021	**40,455**	**1,170**	**3,725**	**7,291**	**6,757**	**59,399**

Nature of Asset Holding 2020/21:

Owned	23,640	1,170	3,725	7,291	6,757	42,584
PFI	16,815					16,815
	40,455	**1,170**	**3,725**	**7,291**	**6,757**	**59,399**

2019/20	Land & Buildings £000	Investment Properties £000	Assets for Sale £000	Vehicles & Equipment £000	Assets Under Construction £000	Total £000
Balance at 1 April 2019	46,607	1,170		17,475	3,024	68,276
Additions	645			1,864	3,839	6,348
Disposals	-470			-1,787		-2,257
Reclassify assets	71			927	-998	
Revaluations recognised in the surplus/deficit on the provision of services	-501			-45		-546
Revaluations recognised in the Revaluation Reserve	-925					-925
Balance at 31 March 2020	45,427	1,170		18,434	5,865	70,896
Depreciation	**Land & Buildings £000**	**Investment Properties £000**	**Assets for Sale £000**	**Vehicles & Equipment £000**	**Assets Under Construction £000**	**Total £000**
Balance at 1 April 2019				**-12,625**		**-12,625**
Charge for the year	-1,524			-2,096		-3,620
Depreciation written out to the surplus/deficit on the provision of services						
Depreciation written out to the Revaluation Reserve	1,524					1,524
Disposals				1,735		1,735
Balance at 31 March 2020				-12,986		-12,986
Net Book Value at 31 March 2020	**45,427**	**1,170**		**5,448**	**5,865**	**57,910**

Nature of Asset Holding 2019/20:

Owned	27,140	1,170		5,448	5,865	39,623
PFI	18,287					18,287
	45,427	**1,170**		**5,448**	**5,865**	**57,910**

For PFI transaction details please see note 11.
It should be noted that under the accounting rules an asset cannot be revalued to a lower level using the revaluation reserve unless the specific asset has prior gains in the revaluation reserve. Therefore any revaluations which reduce the value of an asset with no associated balance for prior gains are accounted for with a charge to the provision of services. This charge to revenue is then removed through the Capital Adjustment Account to prevent any impact on Council Tax.

The Assets Under Construction are incomplete Capital projects, held at current value, which are yet to be categorised and given certification for the Balance Sheet. The largest project under construction at 31st March 2021 was for an ICT project relating to the National Enabling Platform with current costs totalling £4.3m.

11 Financial Instruments and Private Finance Initiatives

Financial assets and liabilities held by The Police and Crime Commissioner for Wiltshire's Group are shown on the face of the accounts and in the related notes. The items considered to be financial instruments are Debtors, Creditors, Interest, Investments, short term borrowings, PFI and cash.

The Financial Instruments disclosed in the Balance Sheet are made up of the following categories:

	Short Term		Long Term	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Financial liabilities at amortised cost				
Creditors	-5,474	-4,056		
Long Term Borrowings	-25	-45	-1,107	-1,860
PFI	-696	-741	-19,507	-18,780
Total	-6,195	-4,842	-20,614	-20,640
Financial Assets Loans and Receivables				
Bank and Investments	11,780	10,746		
Debtors	2,519	3,549	1	
Total	14,299	14,295	1	

£13.347m deposits along with the net bank balance of £-2.601m make up the Balance Sheet cash & cash equivalents of £10.746m.

It should be noted that the Creditors and Debtors differ from the Balance Sheet; Financial Instruments are exclusive of statutory amounts such as payroll, pensions and VAT.

Debtors 2020/21	
£'000	
12,490	Balance Sheet
-3,378	HO Pensions Funding
-2,645	Payroll/Pensions Debtors
-824	VAT
-2,094	Precept debtors
3,549	Financial Instruments

Creditors 2020/21	
£'000	
-12,750	Balance Sheet
2,585	Employee Benefits
3,225	Payroll/Pension Creditors
2,884	Precept Creditors
	Other Statutory Creditors
-4,056	Financial Instruments

The Financial Instruments disclosed in the CIES gains and losses are made up of the following categories.

	31 March 2019 £'000	31 March 2020 £'000
Financial liabilities at amortised cost		
Interest Payable and similar charges	13	41
PFI Finance Interest	1,752	1,662
Total	1,765	1,703
Financial Assets Loans and Receivables		
Interest and Investment Income	-951	-792
Total	-951	-792

Interest and Investment income for 2020/21 includes £0.733m income relating to the PCC's interest in a ransom strip.

The PCC's Capital Strategy identified a requirement for borrowings to finance the Estates strategy and major IST programme capital spends for 2020/21 and future years. In March 2021 the PCC took out a new loan of £0.798m from PWLB at a concessionary fixed interest rate of 1.98% over 30 years. The borrowing results in a liability increase on the Balance Sheet of £0.798m. The PCC will be required to make a Minimum Revenue Provision (MRP) in future years. This MRP will be equivalent to the repayment of principal due and will reduce the liability over the 30 year lifetime of the loan. Payments relating to interest will be charged directly to revenue.

External PWLB loans are shown in the Balance Sheet as £1.860m Long Term Borrowing (future years) and £0.045m Short Term Borrowing (repayment of principal due next year).

In the event of a default against the PWLB loans, 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 account is credited.

Financial assets and liabilities for which fair value is disclosed in financial statements are categorised within the fair value hierarchy, as follows:

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

Financial instruments as set out in this note are classified as Level 2.

Disclosure of nature and extent of risks arising from financial instruments:

- Credit risk: the possibility that other parties may fail to pay amounts due to Wiltshire Police
- 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 Treasury's risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Police and Crime Commissioner in the Annual Treasury Management Strategy. Through the strategy 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 are provided.

Credit risk:

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are as detailed below:

Credit ratings are monitored on a weekly basis, by the treasury management providers (Wiltshire Council). The Council uses the creditworthiness service provided by Link Asset Services. This service is based on a sophisticated modelling approach, with credit ratings from all three rating agencies (Fitch, Moody's and Standard and Poor's), forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

a) Credit watches and credit outlooks from credit rating agencies;
b) CDS spreads to give early warning of likely changes in credit ratings; and
c) Sovereign ratings to select counterparties from only the most creditworthy countries.

In accordance with DCLG Guidance on Local Government Investments for selecting the creditworthiness of counterparties with whom investments are placed, the Police and Crime Commissioner will comply with the minimum requirements below.

All banks and building societies must be part of the credit list provided by Link and investments with these institutions are for the durations as recommended by Link and subject to a credit default analysis.
Money Market Funds (MMF), must have been awarded the highest possible rating (AAA) from at least one of the credit rating agencies Standard and Poor's, Moody's and Fitch.
Limits are applied to the amount of money that can be lent to any of these institutions or groups of institutions using the ratings of Fitch Rating Agency as follows:

UK incorporated banks with a short term credit rating of at least F1+ and a long term credit rating of at least AA – £8 million
Overseas banks that have a long term credit rating of at least AA+ - £8 million
Local Authorities and other public bodies - £8 million
Other UK Incorporated banks - £5 million
Other overseas banks - £5 million
Building Societies - £5 million
Money Market Funds - £5 million

The Police and Crime Commissioner's exposure to risk on investments is minimised by limiting the deposits to short term only, there has been no experience of historical default.
The Police and Crime Commissioner's Group does not allow credit for customers, such that the balance on the Accounts Receivable ledger at 31 March 2021 relates to short term trade receivables and any risk is minimal.

For the Accounts Receivable Ledger, the total value of debtors, excluding items arising under legislation (tax, NI etc), can be analysed as follows:

Receivables (Loans & Receivables)	**31-Mar-20 £'000**	**31-Mar-21 £'000**
Less than 3 months	364	576
3 to 6 months	4	
Over 6 months		
	368	576

For the Accounts Payable Ledger, the total value of creditors, excluding stock items and items arising under legislation (tax, NI etc), can be analysed as follows. All Creditor invoices were paid by the 31 March 21:

Payables (Amortised Cost)	**31-Mar-20 £'000**	**31-Mar-21 £'000**
Less than 3 months	1,051	
3 to 6 months	11	
Over 6 months	10	
	1,072	

Fair Value of Financial Instruments

IFRS 9 Financial Instruments requires fair value measurement of financial assets and liabilities. The Police and Crime Commissioner's financial assets are reviewed annually for the impact of changes. All investments are short term, less than a year and as such the carrying amount and fair value are not materially different. The same applies to Trade Payables and Receivables.

The PWLB loans liability of £1.905m was valued by Treasury advisors, LINK Asset Management as at 31 March and the fair value was found to be £2.012m when comparing to taking out a new loan at that date. Details of the fair value for PFIs are disclosed later in this note alongside further PFI information.

Liquidity risk:

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. Previously issues of affordability, prudence and sustainability of borrowing had been of limited relevance due to the PCC's debt-free status. These are of increased relevance to the PCC now that he is borrowing to finance the future capital expenditure plan. The PCC takes advice from LINK Asset Services in setting out his annual Treasury Management Strategy to maximise returns and minimise risks.

Market Risk:

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

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the CIES will rise.
- investments at fixed rates – the fair value of the assets will fall.

Future returns are affected by inflation and the Bank of England's decisions on interest rates. The majority of invested funds are externally managed and enables returns to be maximised whichever way interest rates move.
Any borrowing, temporary or longer term, is taken at a fixed interest rate to minimise the exposure to interest rate movements. The risk here is that the PCC may require borrowings at a time of unfavourable interest rates. Investments on HSBC Bank Treasury and other financial institutions are also taken at fixed interest rates.

Price risk
The Police and Crime Commissioner's Group does not invest in equity shares other than in the Pension Scheme (see pensions note), nor does it have any shareholdings in joint ventures or local industry. This means that the Group has no exposure to price risk outside of the Local Government Pension Scheme.

Foreign exchange risk
The Police and Crime Commissioner has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

Private Finance Initiative (PFI)

The Police and Crime Commissioner is committed to make annual payments for two PFI Projects; the Swindon Divisional Facilities and the Black Rock firearms training facility in Portishead.
Black Rock is a PFI which is shared with Avon & Somerset and Gloucester police. In line with the Code of Practice the Swindon PFI asset and a 25% share of the Black Rock PFI asset have been recognised on the Balance sheet and a liability created to identify the Group's commitment for future payments towards the assets over the life of the contracts. The liability is reduced to reflect payments charged through revenue as part of the Unitary Charge and the Finance Cost element of the Unitary Charge is recognised under 'interest payable and similar items'.

At the end of the Swindon HQ project an option exists for the Police and Crime Commissioner to take ownership of the asset and similarly at the end of the Black Rock project the asset will transfer to the joint ownership of the PCC's for the three police forces involved. More information on Blackrock can be found in the Joint Arrangements note.

The following tables set out the movements in the PFI assets and liabilities for 2020/21:

Swindon Property 2019/20 £000	**Black Rock Property 2019/20 £000**	**Cost or Valuation**	**Swindon property 2020/21 £000**	**Black Rock Property 2020/21 £000**
12,690	**5,774**	**Balance at 1 April**	**12,860**	**5,427**
		Additions		
170	-347	Enhancements/Revaluations	-740	-732
12,860	5,427	Balance at 31 March	12,120	4,695
		Depreciation		
0	**0**	**Balance at 1 April**	**0**	**0**
-449	-273	Charge for the year	-459	-256
449	273	Depreciation write back on revaluation	459	256
0	0	Disposals	0	0
0	0	Balance at 31 March	0	0
12,860	**5,427**	**Net Book Value at 31 March**	**12,120**	**4,695**

-17,461	-3,387	Finance Lease Liability in Accounts	-16,909	-3,294
		Additions		
		Adjustment to Liability		
552	93	Liability Redemption	599	84
-16,909	**-3,294**	**Finance Lease Liability at 31 March**	**-16,310**	**-3,210**

Swindon PFI

The Fair Value of the Swindon PFI as at 31 March 2021, if it were to be refinanced through a PWLB loan would be £25.441m. For comparison, the carrying amount of the liability is £16.310m with projected interest costs of £12.193m giving a projected total cost of £28.503m. These figures are estimates and do not include legal costs etc which would be incurred with any exit. They also do not consider the services and maintenance risk included within the PFI. The figures also do not include the loss of grant to the PCC which would be circa £29m

Payments made in 2020/21 and due for the remainder of the Swindon PFI contract are as follows:

	£000			
Year	Fair Value of Services	Lifecycle Replacement Costs	Interest Cost for Year	Finance Lease Liability Redemption
Rentals Paid In Year (2020/21)	1,028	50	1,437	599
Rentals Payable in Future Years				
Within 1 Year	1,028	50	1,386	650
Within 2 to 5 Years	4,112	198	4,943	3,201
Within 6 to 10 Years	5,141	248	4,390	5,790
Within 11 to 15 Years	4,112	198	1,475	6,669
Within 16 to 20 Years	0	0	0	0
Total in Future Years	**14,393**	**693**	**12,193**	**16,310**

Blackrock PFI

The Fair Value of Wiltshire's share in Blackrock PFI as at 31 March 2021 is £5.124m. This valuation has been provided by the PCC for Avon & Somerset using AA corporate bond yield rates.
Payments made in 2020/21 and due for the remainder of the Black Rock PFI contract are as follows:

	£000			
Year	Fair Value of Services	Lifecycle Replacement Costs	Interest Cost for Year	Finance Lease Liability Redemption
Rentals Paid In Year (2020/21)	106	25	225	84
Rentals Payable in Future Years				
Within 1 Year	107	24	220	91
Within 2 to 5 Years	456	194	803	366
Within 6 to 10 Years	636	320	817	612
Within 11 to 15 Years	722	325	554	919
Within 16 to 20 Years	474	173	163	771
Within 21 to 25 Years	0	0	0	0
Total in Future Years	**2,396**	**1,036**	**2,556**	**2,760**

12 Debtors

These represent sums owed to the Police and Crime Commissioner's Group for supplies and services provided on or before 31 March 2021, but not received at that date.

2019/20 £000		2020/21 £000
3,459	Prepayments	4,492
269	Trade Income Outstanding	218
8,528	Other Income Outstanding	7,780
12,256	**Total short term debtors**	**12,490**

The 2020/21 figure for other income outstanding includes:
£3.378m due from the Home Office for the pension fund top up grant
£0.824m VAT claims not yet received from HMRC.
£2.094m for Collection Fund debtors – this is explained in the policies.
The 2020/21 Prepayments figure includes £2.645m for pension prepayments (paid a month in advance).

There were no long term debts as at 31 March 2021.

13 Creditors

These represent sums owed by the Police and Crime Commissioner's Group for supplies and services received on or before 31 March 2021, but not paid for at this date.

2019/20 £000		2020/21 £000
-146	Income in Advance	-183
-2,086	Trade Outstanding Invoices	-1,343
-9,598	Other Outstanding Invoices	-11,224
-11,830	**Total**	**-12,750**

The 2020/21 figure for other outstanding invoices includes:

£2.026m for the national insurance contributions not paid over at 31 March.
An employee benefits accrual of £2.585m for employee leave not taken at 31 March.
£2.884m for Collection Fund accruals – this is explained in the policies.
£1.403m relates to collaborations with other forces.

Police Property Act

The Police and Crime Commissioner operates a holding account, for seized monies and the sale proceeds of seized and unclaimed property under the Police (Property) Regulation 1997. In accordance with the regulation these monies and proceeds are distributed to local charities, through the Community Foundation, as approved by the Group. The balance for distribution stands at £10,723 at 31 March 2021 (£17,189 31 March 2020) and is included as a creditor.

Drugs Forfeiture Fund

This fund is credited with the confiscated proceeds of illegal drug dealings. These funds are used to finance equipment and other purchases to contribute towards combating drug related crime and are included as a creditor. The balance available on the account as at 31 March 2021 was £47,632 (£33,122 31 March 2020).

Seized Cash Account

This account is for confiscated funds held by the Police and Crime Commissioner under specific individuals where judgements are outstanding at court. As at 31 March 2021 the balance in the bank was £365,407 (£516,061 31 March 2020). As these are not the Police and Crime Commissioner's funds they are not included within the Police and Crime Commissioner's Group Balance Sheet.

14 Provisions

Insurance 2019/20 £000	Other 2019/20 £000		Insurance 2020/21 £000	Other 2020/21 £000
-701	-250	Balance as at 1 April	-598	-312
103	-62	Additional Provisions made in year	-105	
		Amounts Used in year		
		Unused Amounts Reversed in year		
-598	**-312**	**Total**	**-703**	**-312**

Included within the 2020/21 provision total is £0.703 million relating to insurance (£0.598m 2019/20). This provision is for both reserves and costs which may become payable and relates to both employers liability and civil claims. To the best of our knowledge the payments will be made in the coming year so it is disclosed in the Balance Sheet as a short term provision.

15 Usable Reserves

2019/20 £000		2020/21 £000
0	Capital Receipts Reserve	0
471	Capital Grants Unapplied	455
9,103	Other Earmarked Reserves	9,068
3,142	General Fund Reserve	3,327
12,716	**Total Usable Reserves**	**12,850**

Capital Receipts Reserve

Capital receipts are funds received by the Police and Crime Commissioner from the sale of capital assets. Movements in the Capital Receipts Reserve are detailed in the Movement in Reserves Statement and further in the note to the accounts for Adjustments between Accounting Basis and Funding Basis under Statute.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants received towards capital projects for which the Police and Crime Commissioner has met the conditions that would otherwise require repayment of the grant but which have yet to be applied to capital expenditure. The balance is restricted by grant terms surrounding purpose and timing of its use. The balance in this reserve at 31 March is funding towards future spend on the Emergency Services Mobile Communications Programme that will replace the current Airwave radios used by police officers.

Earmarked Reserves

These represent funds that have been earmarked for specific purposes to cover future liabilities. Details on some of the major reserves are disclosed under the table below:

Balance 1 April 2020 £000		Additions to reserve £000	Deductions from reserve £000	Movement 2020/21 £000	Balance 31 March 2021 £000
400	Insurance Reserve				400
192	Incentivisation Reserve				192
385	Pension Ill Health Reserve				385
4,811	Capital Development Reserve		-2,551	-2,551	2,260
51	MAPPA Reserve		-3	-3	48
267	Restructuring Reserve				267
122	Local Resilience Forum (LRF)	159		159	281
1,208	CC Operational Reserve	79		79	1,287
200	Budget Smoothing Reserve				200
284	Regional Projects Reserve	280	-181	99	383
100	Estates Transformation				100
35	IOM Reserve		-4	-4	31
280	Officer Intake Strategy				280
100	ICT Start up Reserve	48	-71	-23	77
32	Coroners Reserve	24	-23	1	33
160	Commissioning Reserve	45		45	205
30	Vehicle Fit Out Reserve	43		43	73
20	Equipment Reserve	35	-20	15	35
	Uniform Reserve	291		291	291
72	HR One Off Resources				72
45	Case Quality Management		-15	-15	30
200	NEP Transition Reserve		-99	-99	101
45	Carwash Renewal Reserve		-45	-45	
	PCC COVID Fund	100		100	100
	Environmental Projects	150		150	150
	Major Incident Reserve	1,277		1,277	1,277
	Summer Campaign	314		314	314
	Surge Funding Reserve	48		48	48
	CIU ISO Project Reserve	149		149	149
65	GDPR Restructure Reserve		-65	-65	
9,104	**Total Earmarked Reserves**	3,042	-3,077	-35	**9,069**
3,143	General Fund Reserve	185		185	**3,328**
12,247	**Total General Fund Balance**	3,227	-3,077	150	**12,397**

For comparative purposes, the details of the 2019/20 reserves are as follows:

Balance 1 April 2019 £000		Additions to reserve £000	Deductions from reserve £000	Movement 2019/20 £000	Balance 31 March 2020 £000
400	Insurance Reserve				400
192	Incentivisation Reserve				192
385	Pension Ill Health Reserve				385
8,111	Capital Development Reserve		-3,300	-3,300	4,811
43	MAPPA Reserve	8		8	51
267	Restructuring Reserve				267
47	Local Resilience Forum (LRF)	75		75	122
1,145	CC Operational Reserve	63		63	1,208
200	Budget Smoothing Reserve				200
238	Regional Projects Reserve	284	-238	46	284
100	Estates Transformation				100
	Switch Reserve	35		35	35
315	Officer Intake Strategy		-35	-35	280
	ICT Start up Reserve	100		100	100
	Coroners Reserve	32		32	32
	Commissioning Reserve	160		160	160
	Vehicle Fit Out Reserve	30		30	30
50	Equipment Reserve	20	-50	-30	20
784	Unsocial Hours Reserve		-784	-784	
	HR One Off Resources	72		72	72
58	Case Quality Management		-13	-13	45
	NEP Transition Reserve	200		200	200
	Carwash Renewal Reserve	45		45	45
130	GDPR Restructure Reserve		-65	-65	65
12,465	**Total Earmarked Reserves**	1,124	-4,485	-3,361	**9,104**
2,863	General Fund Reserve	280		280	**3,143**
15,328	**Total General Fund Balance**	1,404	-4,485	-3,081	**12,247**

Insurance Reserve – In previous years it has been necessary to raise excess levels to ensure premiums are kept to a minimum. Whilst doing this, the risk to the Group increases. This reserve provides financial cover in the event of a higher than normal level of claims.

Incentivisation Reserve – This reserve was set up to smooth out the variances in income received from incentivisation over future years.

Pension Ill Health Reserve – This reserve has been established to cover any additional pension expenditure that might arise from ill health retirements.

Capital Development Reserve – This is an earmarked revenue reserve for use in future capital developments.

ICT Start Up Reserve – During 2020/21 the ICT department moved back to being in house, start up costs are expected surrounding vehicles and some low value systems.

CC Operational Reserve – The Financial Code of Practice requires that an operational contingency be available to the Chief Constable for operational priorities without the need of additional approval. The level of this reserve is set at around 1% of the Chief Constable's revenue budget.

NEP Transitioning Reserve – With the implementation of a new ICT infrastructure there will be times when both the old infrastructure and the new infrastructure need to be supported. This reserve will cover these costs in the start up year.

Regional Projects - This reserve has been established to fund Wiltshire's contributions to a number of one off costs relating to regional/bi-lateral partnerships.

Estates Transformation Reserve – This funding is available for future small estates projects and planning.

Officer Intake Strategy Reserve – This reserve enables consistent recruitment of police officers over the next few years, funding peaks of officers above the budget level.

Case Quality Management – Funding set aside to help improve and enhance the quality of cases produced for the Crime Prosecution Services.

Commissioning Reserve – Funds have been set aside to undertake work planned during 2020/21 that has not occurred.

PCC COVID Reserve – Funding set aside to help fund costs expected as the Government's COVID 19 national lockdown is eased.

Environmental Projects Reserve – Funds set aside to fund one off programme costsin order for the organisation to respond to the climate change crisis and move towards the Government's net zero target.

Major Incident Reserve – This is a new reserve setting aside initial funding towards two incidents where significant costs could occur. Costs over 1% of budget are expected to be funded by specific grant if required.

Summer Campaign Reserve – Funding set aside to help fund increased costs expected as the Government's COVID 19 national lockdown is eased in 2021/22.

Surge Funding Reserve – Funds set aside for policing the COVID 19 lockdown.

CIU ISO Project Reserve – Funding to support the organisation in meeting ISO requirements surrounding Collision Investigations.

Uniform Reserve – Funds set aside for delayed uniform costs likely to be incurred during 2021/22.

Other Reserves – Minor reserves also exist that relate to various funding initiatives. Where income has not been spent in year the balances have been transferred to specific reserves to ensure funding is available for when the expenditure is actually incurred.

The General Fund Reserve - The balance on this fund is the accumulated surplus of the Police and Crime Commissioner's Group revenue income over its revenue expenditure at 31 March.

16 Unusable Reserves

2019/20 £000		2020/21 £000
19,717	Capital Adjustment Account	22,441
17,242	Revaluation reserve	16,238
-1,277,837	Pension Reserve	-1,580,945
510	Collection Fund Adjustment Account	-790
-1,726	Accumulated Absences Account	-2,585
-1,242,094	**Total Unusable Reserves**	**-1,545,641**

Capital Adjustment Account

The Capital Adjustment Account is credited with all sources of capital financing for the year other than loans. It is debited for all items relating to capital expenditure charged to the Comprehensive Income and Expenditure Statement.

2019/20 £000			2020/21 £000
17,151	CAA Balance at 01 April		19,717
	Reversal of Capital items charged to Income & Expenditure:		
-480	Revaluations		-138
-522	Disposals		
-67	Deminimis		-49
-3,620	Depreciation	See also Note 10	-4,207
-4,689			-4,394
1,008	Adjustments to Revaluation Reserve		981
-3,681	Net written out amount of asset costs consumed in year		-3,413
	Capital financing applied in the year:		
1,326	Capital financing from Capital Receipts Reserve		733
415	Capital financing grants charged to Income & Expenditure		109
	Capital financing from Capital Grants Unapplied Account		16
3,861	Capital financing charged to the General Fund		4,570
645	Finance Lease Liability Redemption	See also Note 11	708
6,247			6,136
19,717	**Balance at 31 March**		**22,440**

Revaluation Reserve

The accounting entries on the Revaluation Reserve represent adjustments for the gains on revaluation of assets.

2019/20 £000			2020/21 £000
17,651	Balance at 1 April		17,242
598	Revaluation Gain/(Loss)	See also Note 10	-23
-86	Balance relating to disposals to CAA		
-921	Depreciate Revaluation Gains to CAA		-981
17,242	**Balance at 31 March**		**16,238**

Pension Reserve

The balance on this reserve represents the Police and Crime Commissioner's Group commitment for future payment of retirement benefits. The total deficit of £1.581 billion for 2020/21 has a substantial impact on the net worth of the Group shown on the balance sheet. However, the financial position of the Group remains healthy because the deficit on the local government scheme will be funded by increased contributions over the remaining working life of employees, as assessed by the scheme actuary, and funding to cover police pensions is only required when the pensions payments are actually made.

2019/20 £000		2020/21 £000
-1,395,591	Balance as at 1 April	-1,277,837
152,241	Re-measurements of the net defined benefit liability/(asset)	-279,870
-71,900	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-60,497
37,413	Employer's pensions contributions and direct payments to pensioners payable in year	37,259
-1,277,837	**Balance as at 31 March**	**-1,580,945**

Collection Fund Adjustment Account

The surplus or deficit on the Council Tax Collection Fund must be attributed to individual authorities in each financial period and debtor/creditor balances for council tax payers are split between the billing authority and the major precepting authorities. Funding from Precepts is adjusted in the accounts to show the Police and Crime Commissioner's share of the Net surplus/deficit on the collection fund at the end of the year. For 2020/21, the Police and Crime Commissioner's cumulative share includes:

2019/20 £000		2020/21 £000	Movement £000
4,134	Debtors (Council Tax Arrears)	4,432	298
-1,911	Bad Debt Provision	-2,338	-427
-1,713	Creditors (Prepaid Council Tax etc)	-2,884	-1,171
510	**Collection Fund Surplus/(Deficit)**	**-790**	**-1,300**

The £0.790m is the Police and Crime Commissioner' share of the Collection Fund deficit during 2020/21 and is included in the Balance Sheet for the year. The decrease in Precepts in the Comprehensive Income and Expenditure of the £1.300m movement is reversed out in the Movement in Reserves Statement and present no net effect on the finances for the year. The movement to a deficit is related to the impact of COVID 19 on collection rates.

Accumulated Absences Account

The Police and Crime Commissioner's Group is required to account for employee benefits in the period that they are earned by employees.
The result is that the Group has a £2.585 million accrual for employee leave entitlements carried over at 31 March 21. For 2020/21 there is a £0.859 million increase in the net cost of services where the accrual has increased from £1.726 million in 2019/20, this is reversed out in the Movement in Reserves Statement so as to avoid any impact on Council Tax.

2019/20 £000		**2020/21 £000**
-1,495	Balance as at 1 April	-1,726
1,495	Settlement or cancellation of accrual made at the end of the preceding year	1,726
-1,726	Amounts accrued at the end of the current year	-2,585
-231	Amount by which remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-859
-1,726	**Balance as at 31 March**	**-2,585**

17 Joint Arrangements

The Police and Crime Commissioner's Group is involved in a number of operational collaborations with regional police forces and works closely with other Local Government bodies in delivering it's services to the local communities. These joint operations are key to providing efficient sustainable policing services, particularly in times where the policing service is experiencing unprecedented cuts in its funding. Shared resources can also result in opportunities to modernise and embrace innovation and technology to maintain and improve the services available to the community even with reduced funding availability.

The Group recognises in its Statement of Accounts its share of the assets, liabilities and expenditure relating to its involvement in the joint operations. The Group's contributions to the Joint Operations are disclosed below.

2019/20 £000 Expenditure	**2019/20 £000 Income**	**Joint Operation**	**2020/21 £000 Expenditure**	**2020/21 £000 Income**
737		Black Rock	831	
1,598	154	Brunel MCIT	1,631	125
1,211	75	SWROCU	1,227	33
12	2	Tri Services		
2,553		Forensics	2,777	
751		SW Special Branch	783	32
2,809	78	Wiltshire Council	2,254	18

<u>Black Rock</u>

Black Rock is a firearms training facility located in Avon & Somerset which is run in partnership with Avon and Somerset police and Gloucester police. Each organisation has a staff commitment to provide trainers for the facility.

The overall training cost of the facility for the year was £3.295m; this is split on a percentage basis. The original percentage split for revenue expenditure was originally in line with the asset split below but on review during 2020/21 this was updated to reflect the fair usage of the facility with Wiltshire now contributing 22%, Avon and Somerset 56% and Gloucester 22%.

There is a PFI building involved in the facility; this PFI contract is owned by Avon & Somerset police but at the end of the contract the asset is to be split between the partner forces according to an agreed percentage basis (Wiltshire 25%, Avon and Somerset 42% and Gloucester 33%). Due to this arrangement the PCC for Wiltshire accounts for his share as an asset on his Balance Sheet. The current value of the PFI asset as at 31 March 2021 was £21.3m; Wiltshire's share included in the Balance Sheet for 2020/21 was £4.7m.

Brunel MCIT

This collaboration between Avon & Somerset Police, Gloucester Police and Wiltshire Police forms a shared Major Crime Investigations team (MCIT) for the three areas.

The overall cost of the facility for the year was £7.928m; this is split on a percentage basis, with Wiltshire contributing 19%, Gloucester 17% and Avon and Somerset 64%.

SWROCU (Formerly Zephyr)

SWROCU is a collaboration of the police forces in the South West region working together to disrupt, destroy and dismantle serious and organised crime.

The collaboration is led by Avon & Somerset police and costs are split on a percentage basis as follows: Avon and Somerset 32%, Gloucester 11%, Devon and Cornwall 33%, Dorset 12% and Wiltshire 12%. The overall cost of the collaboration for the year was £10.389m.

Avon and Somerset police have a building that is used for the collaboration; this asset is currently owned and accounted for by Avon and Somerset police. Devon & Cornwall police also have a building that is used for the collaboration which is owned and accounted for by Devon & Cornwall police.

SWROCU also holds a reserve which any surplus/deficit year on year is added to/taken from. The reserve is also used to assist future year's budget which in turn potentially reduces the contributions required by each Force. The reserve currently stands at £1.657m.

Forensics

SW Regional Forensics is a collaboration between Wiltshire, Avon and Somerset, Dorset and Devon and Cornwall police. The collaboration operates from 2 hubs; north (Portishead) and south (Exeter) and also from each of the four police forces.

Costs are apportioned on one overall basis: Avon and Somerset 37%, Devon and Cornwall 30%, Dorset 19% and Wiltshire 14%.

The cost of the collaboration for 2020/21 was £19.890m. Wiltshire's total cost was £2.777m for the year.

South West Special Branch

The Special Branch collaboration involves 4 Regional Forces and costs are shared on the following percentage splits, Avon and Somerset 28%, Devon and Cornwall 29%, Dorset 24% and Wiltshire 19%.
The cost of the collaboration totalled £3.997m. Wiltshire's net cost being £0.751m.
Wiltshire Council Alliance

The Police and Crime Commissioner for Wiltshire has a strategic alliance with Wiltshire Council to look at new ways of working with a joint approach. The partnership enjoys benefits from having a modern and flexible joint IT solution, a shared project management team and shared estate. The strategic alliance results in increased payments to Wiltshire Council where the Council have covered initial costs.

The partnership decides its priorities at a regular joint board and costs of the required services are met as incurred. For 2020/21 Wiltshire Council received total payments amounting to £2.254m from the PCC for his share of the services, some of which relates to capital projects. Total revenue costs (including projects) amounted to £2.174m.

There is a National Enabling Programme for all police forces underway and as part of the project a need to bring IT capabilities back in house was identified. Wiltshire Police have been implementing the changes and although the IT element of this collaboration came to an end in 2020/21, the strategic alliance with Wiltshire Council will continue for the other areas.

Other Collaborations:

The PCC for Wiltshire is involved in numerous smaller collaborations and partnerships including the Serious Sexual Assault Referral Centre (SSARC), Swindon Multi Agency Safeguarding Hub (MASH), Wiltshire MASH, Local Resilience Forum (LRF) and the Youth Offending Team (YOT).

18 Termination Benefits

The numbers of exit packages with total cost per band are set out in the table below. The total cost of exit packages includes early pension payments.

Exit package cost band	No. of compulsory redundancies		No. of Other Departures		Total cost of exit packages in each band £'000	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0-£20,000				2		12
£20,001-£40,000			1		30	
£40,001-£60,000						
£60,001-£80,000						
£80,001-£100,000						
£100,001-£120,000						

19 Remuneration of Staff

The code of practice requires a disclosure of the number of employees whose annual remuneration, excluding pension payments, exceeds £50,000. Remuneration for these purposes includes all sums paid to or received by an employee, expense allowances and the money value of any other benefits received other than cash. The number of employees within £5,000 bands is as follows:

Payment Band £	Number of PCC Group Employees 2019/20	Number of PCC Group Employees 2020/21	Number of PCC Employees 2019/20	Number of PCC Employees 2020/21
50,000 - 54,999	101	103		1
55,000 – 59,999	60	79	3	2
60,000 – 64,999	16	28		1
65,000 – 69,999	1	6		1
70,000 – 74,999	7	5	3	2
75,000 – 79,999	2			
80,000 – 84,999	5	5		
85,000 – 89,999	2	5	1	
90,000 – 94,999	4	3		1
95,000 – 99,999	1			
100,000 – 104,999				
105,000 – 109,999	1			
110,000 – 114,999				
115,000 – 119,999		1		
120,000 – 124,999	1		1	
125,000 – 129,999		1		1
130,000 – 134,999	2	2		
135,000 – 139,999				
140,000 – 144,999				
145,000 – 149,999				
150,000 – 154,999				
155,000 – 159,999				
160,000 – 164,999				
165,000 – 169,999	1			
170,000 – 174,999				
175,000 – 179,999				
180,000 – 184,999		1		
Total	**204**	**239**	**8**	**9**

The above disclosure contains details for all staff and all officers whose remunerations, excluding pensions, exceeds £50,000. This disclosure is required on a legal basis rather than using the concept 'substance over form' as applied to the other Statement of Accounts disclosures.
The overall number of officers in the table has increased this year. This increase relates to operational requirements for overtime due to the impact of COVID.

For 2020/21, a total of £1.634m was recharged to external establishments for officers and staff on secondment (£1.944m 2019/20). As at 31st March 2021 there were 23 employees working in external areas on secondment (21 as at 31st March 2020).
13 of the employees included in the bandings over £50,000 were seconded out to other Forces or Government organisations as at 31 March 2021 (14 seconded officers included for 2019/20).

Senior Officer Remunerations

The code of practice requires disclosure of individual remunerations for Senior Officers and Relevant Police Officers, the following tables contain the details for 2020/21 and comparative information from 2019/20. Senior Officers are included in the above banding as well as the following individual disclosures.
Members of NPCC have a vehicle allowance of £6,122 per year, the Deputy Chief Constable has £7,652 per year and the Chief Constable has £9,183 per year. This can be paid in the form of a lease car or within their salary. Those that have opted for the salary option have this payment included in the salary column of the remunerations.

During 2020/21 Clive Barker was in the role of Chief Finance Officer for both the Chief Constable and the Police and Crime Commissioner. For the purposes of remunerations classifications, he is included within the PCC employee disclosures.

A couple of changes occurred to senior roles during 2020/21:

M Blythe was Assistant Chief Constable for Wiltshire Police until 31st May 2020
D Smith became Assistant Chief Constable for Wiltshire Police from 18th May 2020.

Senior Officer Remunerations 2020/21	**Name**	**Salary (including fees & Allowances)**	**Bonuses**	**Expenses**	**compensation for loss of office**	**Benefits in Kind**	**Total Remuneration excluding pension contributions 2020/21**	**Pension Contributions**	**Total Remuneration including pension contributions 2020/21**
Police and Crime Commissioner	A. Macpherson	71,400		126			**71,526**	13,138	**84,664**
Chief Executive of the Office of the Police and Crime commissioner	K. Kilgallen	67,265				7,298	**74,563**	12,377	**86,940**
Deputy Chief Executive of the OPCC	N. Darwish	92,489		287		1,239	**94,015**	17,018	**111,032**
Chief Constable	K. Pritchard	168,174				12,256	**180,430**	50,601	**231,031**
Deputy Chief Constable	P. Mills	122,966				9,725	**132,691**	37,941	**170,632**
Assistant Chief Constable	M. Cooper	122,352		187		8,122	**130,661**	36,583	**167,244**
Assistant Chief Constable (to 31/05/20)	M. Blythe	17,266				1,740	**19,006**	5,323	**24,329**
Assistant Chief Constable (from 18/05/20)	D. Smith	107,799		158		7,234	**115,190**	32,118	**147,308**
Assistant Chief Officer / Chief Finance Officer	C. Barker	112,683				12,436	**125,119**	20,628	**145,747**
Head of People & Change	C. McMullin	79,057				1,239	**80,296**	14,546	**94,842**
Head of Communications	C. Mills	66,425					**66,425**	12,222	**78,647**

Senior Officer Remunerations 2019/20	**Name**	**Salary (including fees & Allowances)**	**Bonuses**	**Expenses**	**compensation for loss of office**	**Benefits in Kind**	**Total Remuneration excluding pension contributions 2019/20**	**Pension Contributions**	**Total Remuneration including pension contributions 2019/20**
Police and Crime Commissioner	A. Macpherson	71,400		3,213			**74,613**	12,995	**87,607**
Chief Executive of the Office of the Police and Crime commissioner	K. Kilgallen	65,468				7,218	**72,686**	11,704	**84,391**
Deputy Chief Executive of the OPCC	N. Darwish	85,075		82		1,239	**86,396**	15,484	**101,880**
Chief Constable	K. Pritchard	156,955		388		10,987	**168,331**	47,123	**215,454**
Deputy Chief Constable	P. Mills	119,981		544		9,725	**130,250**	37,016	**167,266**
Assistant Chief Constable (from 20/05/19)	M. Cooper	102,505		246		4,838	**107,588**	30,611	**138,199**
Assistant Chief Constable (from 04/06/19)	M. Blythe	84,860		256		6,603	**91,719**	26,160	**117,879**
Temp Assistant Chief Constable (to 30/06/19)	G. Williams	26,085				5,915	**32,000**	8,086	**40,086**
Temp Assistant Chief Constable (to 06/01/20)	C. Holden	13,872		576		1,320	**15,768**	4,270	**20,038**
Assistant Chief Officer / Chief Finance Office	C. Barker	109,949		392		12,093	**122,434**	19,906	**142,340**
Head of People & Change (from 03/06/19)	C. McMullin	73,149		294		929	**74,372**	13,313	**87,685**
Head of Communications	C. Mills	70,093		180			**70,273**	11,794	**82,068**

20 Related Parties

In accordance with the Code of Practice and IAS 24 any material transactions with related parties must be disclosed in the Police and Crime Commissioner's Group accounts. For 2020/21, no material transactions were declared by key management personnel.

The Police and Crime Commissioner is a Director for the Wiltshire and Swindon Community Foundation. The Community Foundation advises on and administers the distribution of charitable funds for the PCC including Police Property Act funds. A suspense account is operated for the Police Property Act; details can be found in the Creditors note.

The Police and Crime Commissioner for Wiltshire has a strategic alliance with Wiltshire Council to look at new ways of working with a joint approach. The changes to date have involved areas of shared services and result in increased payments to Wiltshire Council where the Council have covered initial costs. Further details are available under the Joint arrangements note.

The Chief Constable for Wiltshire is a Trustee on the Board of Directors for the Wiltshire Bobby Van Trust (WBVT). The WBVT is a charity whose purpose is to raise funds to support Wiltshire Police in the provision of a Bobby Van service to help protect vulnerable members of the public. During 2020/21 WBVT contributed £145,450 to Wiltshire Police.

The Police and Crime Commissioner has a number of partnership projects involving joint boards or committees; in particular there are arrangements in place with regional Police Forces, Wiltshire Council and Swindon Borough Council. Details of the partnerships are disclosed under the Joint Arrangements note.

Central Government has significant influence over the general operations of the Group. Grants received from Central Government are disclosed in the Comprehensive Income and Expenditure Statement and in note 8 to the accounts.

21 External Audit Fees

Fees in respect of external Audit services (Local Audit & Accountability Act 2014) and other fees payable in respect of services provided by the Auditors were as follows:

	2019/20 £000's	**2020/21 £000**
PCC External Audit Fee	24	24
Chief Constable External Audit Fee	12	12
Total Audit Fees (excluding VAT)	**36**	**36**

Additional fees of £7,500 were billed for the PCC and £6,023 for the Chief Constable in relation to the 2019/20 statutory audit.
Additional fees of £14,448 are expected to be billed for the PCC and £6,552 for the Chief Constable in relation to the 2020/21 statutory audit.

22 Pensions

Pensions Accounting

The Financial Code of Practice states that ‘The Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts.’ The Chief Constable is also responsible for all police officers and the majority of staff under the arrangements with the Police and Crime Commissioner for Wiltshire. Any transactions relating specifically to the Office of the Police and Crime Commissioner are immaterial.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable’s Balance Sheet. To recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities there is a long term pension creditor in his Balance Sheet of equivalent value to the pension liability.

The information that follows is for the pension accounts of the Group.

Pension Schemes

Although pension benefits are not actually payable until employees retire, the Group has a commitment to disclose the payments at the time that employees earn their future entitlement.

The Police and Crime Commissioner’s Group participates in three police officer schemes and one police staff scheme:

Police officers: Police Pension Scheme (PPS), New Police Pension Scheme (NPPS) and Police Pension Scheme 2015 (2015 Scheme). These are unfunded schemes, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due.

Changes introduced to pensions have resulted in three schemes with slight variations between them. Under recent regulations all current active members were moved into the 2015 Scheme from 1st April 2015 unless they qualified for protections that allowed them to remain in their current schemes. Officer pension schemes were contracted out of the State Second Pension but this ceased on the 5th April 2016.
The scheme changes, in particular the transitional provisions are subject to claims of unlawful discrimination, this is explained further in the ‘Contingent Liabilities’ note.

The schemes are administered in accordance with the Police Pensions Regulations 1987, the New Police Pensions Scheme Regulations 2006 and the Police Pension Regulations 2015.

Police staff: The Local Government Pension Scheme (LGPS). This is administered by Wiltshire Council and is a funded scheme, where the Group and employees pay contributions into a fund intended to balance the pensions liabilities with investment assets. The scheme is administered in accordance with the Local Government Pension Scheme Regulations.

Estimation of the net liability to pay pensions is reliant on a number of complex judgements relating to the discount rate used, the rate of increase in salary, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the organisation with expert advice about the assumptions to be applied.

Pensions Transactions

The cost of retirement benefits is recognised in the Net Cost of Services when it is earned by employees, rather than when the benefits are actually paid out as pensions. The cost of retirement benefits earned is reversed out in the Movement in Reserves as the charge against council tax is based only on actual payments due in the year. The following transactions were made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000		Police Pension Scheme £000	
	2019/20	2020/21	2019/20	2020/21
Comprehensive Income & Expenditure (CIES)				
Net Cost of Services				
Current Service Costs	13,842	10,931	24,500	20,100
Past Service Costs (Non Distributed Costs)		5	100	100
Gains and Losses on any Settlements or Curtailments				
Net Operating Expenditure				
Net Interest on plan assets & defined benefit obligation	1,658	960	31,800	28,400
Net Charge to the Surplus/Deficit	15,500	11,896	56,400	48,600
Other Comprehensive Income & Expenditure				
Return on plan assets (excluding the amount included in the net interest expense)	11,575	-23,185		
Actuarial gains and losses arising on changes in demographic assumptions	-6,228	3,585	-9,700	15,300
Actuarial gains and losses arising on changes in financial assumptions	-28,001	70,214	-119,663	314,009
Re-measurement of Other Experience	-12,624	-2,053	12,400	-98,000
Total Other Comprehensive Income & Expenditure (Pension Re-measurement of the net defined benefit liability/asset)	-35,278	48,561	-116,963	231,309
Total Charge to the CIES	-19,778	60,457	-60,563	279,909

	Local Government Pension Scheme £000		Police Pension Scheme £000	
	2019/20	2020/21	2019/20	2020/21
Net Charge to the CIES Surplus/Deficit	15,500	11,896	56,400	48,600
Movement in Reserves Statement				
Adjustments between Accounting & Funding Basis:				
Reversal of net charges made for retirement benefits in accordance with the code	-15,500	-11,896	-56,400	-48,600
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	5,876	6,050		
Retirement benefits payable to pensioners			31,537	31,209
Actual Costs	5,876	6,050	31,537	31,209

The re-measurement of ‘other experience’ reflects any experience not expressed in the other re-measurement items; movements in membership data that were different to those assumed in the prior year. This can include, for example:

- Actual level of salary increases being higher than expected over the previous accounting period. This will lead to a negative liability ‘experience’ item (i.e. higher past service liabilities);
- Actual pension increases being higher than anticipated (for deferred pensions and pensions in payment), again leading to a negative experience item;
- Any membership movements (i.e. new entrant levels, withdrawals, ill health retirements, injury retirements etc.) different to those assumed within the previous valuation will contribute positively or negatively to the asset and liability ‘experience’ items.

The actual payments made by the Police and Crime Commissioner’s Group for employer’s contributions 2020/21 are £6.050 million to Wiltshire Council for the Local Government Pension Scheme (£5.876m 2019/20) and £12.096 million to the Police Pension Scheme (£11,516m 2019/20). The main reason this differs from the £31.209 million above is a further £19.113 million contributions funded by Home Office grant (£20.021 million 2019/20).

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the defined benefit obligation is as follows:

	£000 2019/20	£000 2020/21
Local Government Pension Scheme		
Present value of defined benefit obligation	-195,128	-282,359
Fair value of plan assets	155,790	188,614
Net Liability – Local Government Pension Scheme	**-39,338**	**-93,745**
Police Officer Pension Scheme		
Present value of defined benefit obligation	-1,238,500	-1,487,200
Fair value of plan assets		
Net Liability – Police Officer Pension Scheme	**-1,238,500**	**-1,487,200**
Total Net Liability arising from defined benefit obligation	**-1,277,837**	**-1,580,945**

The liabilities show the Group’s commitment for future payment of retirement benefits. The total deficit of £1,581m for 2020/21 has a substantial impact on the net worth of the authority shown on the balance sheet. However, the financial position of the Group remains healthy due to the following:

- The deficit on the local government scheme will be funded by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Funding to cover police pensions is only required when the pensions payments are actually made.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable’s Balance Sheet. To recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities there is a long term pension creditor in his Balance Sheet of equivalent value to the pension liability.

Reconciliation of the Movements in the Fair Value of Scheme Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to the Police and Crime Commissioner's Group at 31st March 2021 are as follows:

	Police staff		Police officers	
	£000	£000	£000	£000
Reconciliation of Present Value of Scheme Liabilities				
	2019/20	2020/21	2019/20	2020/21
Opening Entry	-224,563	-195,128	-1,330,600	-1,238,500
Current Service Costs	-13,842	-10,931	-24,500	-20,100
Interest cost on defined benefit obligation	-5,542	-4,609	-31,800	-28,400
Members Contributions	-1,992	-2,144	-4,700	-5,000
Re-measurement gain/(loss):				
• Actuarial gains/losses arising from changes in demographic assumptions	6,228	-3,585	9,700	-15,300
• Actuarial gains/losses arising from changes in financial assumptions	27,967	-70,193	119,400	-314,300
• Other	12,624	2,053	-12,400	98,000
Past Service Costs		-5	-100	-100
Transfers in/out	461	-1,359	-200	-200
Settlements/Curtailments				
Benefits Paid	3,531	3,542	36,700	36,700
Surplus/Deficit	**-195,128**	**-282,359**	**-1,238,500**	**-1,487,200**
Reconciliation of Fair Value of Scheme Assets				
Opening Entry	159,571	155,790		
Interest income on plan assets	3,884	3,649		
Re-measurement gain/(loss):				
• Return on plan assets (excluding the amount included in net interest expense)	-11,575	23,185		
• Other				
Transfers in/out	-461	1,359	200	200
Employer Contributions	5,910	6,029	31,800	31,500
Members Contributions	1,992	2,144	4,700	5,000
Benefits Paid	-3,531	-3,542	-36,700	-36,700
Surplus/Deficit	**155,790**	**188,614**	**0**	**0**

Additional Information about the Defined Benefit Obligation:

Local Government Pension Scheme	Liability Split	
	£000's	**Percentage**
Active Members	162,726	57.6%
Deferred Members	66,610	23.6%
Pensioner Members	53,023	18.8%
Total	**282,359**	**100.0%**

As at the most recent LGPS valuation, the duration of Employer's funded liabilities is 25 years.

Police Officer Pension Scheme	Liability Split		Duration
	£000's	**Percentage**	
Active Members	525,800	36.6%	25.8
Deferred Members	88,300	6.1%	24.7
Pensioner Members	824,400	57.3%	13.1
Total	**1,438,500**	**100.0%**	**18.4**

Injury Pensions	Liability Split		Duration
	£000's	**Percentage**	
Contingent Injuries	26,200	53.8%	25.8
Injury Pension Liabilities	22,500	46.2%	16.3
Total	**48,700**	**100.0%**	**21.4**

Assumptions to Estimate Assets and Liabilities

For 2020/21, the Police Pension Scheme and the Local Government Scheme has been assessed on a projected basis, using the full actual valuations as at 31 March 2020 (Police) and 31 March 2019 (LGPS). Valuations were carried out by Hymans Robertson. The following assumptions were used to calculate the components of the pensions.

Pension Scheme Basis for Estimating				
	LGPS		All Police Schemes	
	2019/20	2020/21	2019/20	2020/21
Long term expected rate of return on assets in the scheme:				
Equity Investments	2.30%	2.05%		
Bonds	2.30%	2.05%		
Property	2.30%	2.05%		
Cash	2.30%	2.05%		
Mortality assumptions:				
Longevity for current pensioners:				
Men	21.7	21.9	27.2	27.4
Women	24.0	24.4	29.2	29.7
Longevity for future pensioners:				
Men	22.5	22.9	28.3	28.7
Women	25.5	26.2	30.4	31.0
CARE Scheme Revaluation rate			3.15%	4.10%
Rate of Increase in salaries	2.20%	3.20%	2.80%	3.30%
Rate of Increase in pensions	1.80%	2.80%	1.90%	2.85%
Rate for discounting scheme liabilities	2.30%	2.05%	2.30%	2.00%

Longevity is the average future life expectancy at age 65 for staff and at age 60 for officers.

The Police Officers Pension Scheme does not hold investment assets. The actual return on the LGP Scheme Assets for April – March 2021 was 17.1% (-4.8% April – March 2020)

The Police and Crime Commissioner's Group accounts for Retirement Benefits in line with IAS 19 and IPSAS 25 and as a result, quoted securities held as assets in the Local Government Pension Scheme are valued at bid value rather than mid-market value.

The total value of assets as at 31 March 2021 is £188.614m (£155.790m March 2020).

Local Government Pension Scheme Assets Comprised:

	31 March 2020			31 March 2021		
	£000			£000		
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	**Total**	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total
Cash and Cash Equivalents	699	0	**699**	0	2,183	**2,183**
Equity Securities:						
Consumer	0	0	**0**	0	0	**0**
Manufacturing	0	0	**0**	0	0	**0**
Energy and Utilities	0	0	**0**	0	0	**0**
Financial Institutions	0	0	**0**	0	0	**0**
Health and Care	0	0	**0**	0	0	**0**
Information Technology	0	0	**0**	0	0	**0**
Other	0	0	**0**	0	0	**0**
Sub-total	0	0	**0**	0	0	**0**
Debt Securities:						
Corporate Bonds (investment grade)	0	0	**0**	0	0	**0**
Corporate Bonds (non-investment grade)	0	0	**0**	0	0	**0**
UK Government	0	0	**0**	0	0	**0**
Other	0	0	**0**	0	0	**0**
Sub-total	0	0	**0**	0	0	**0**
Real Estate:						
UK Property	0	13,031	**13,031**	0	12,831	**12,831**
Overseas Property	0	5,887	**5,887**	0	6,464	**6,464**
Sub-total	0	18,918	**18,918**	0	19,295	**19,295**
Investment Funds and Unit Trusts:						
Equities	0	84,002	**84,002**	0	81,600	**81,600**
Bonds	0	40,075	**40,075**	0	58,642	**58,642**
Hedge Funds	0	0	**0**	0	0	**0**
Commodities	0	0	**0**	0	0	**0**
Infrastructure	0	12,063	**12,063**	0	12,460	**12,460**
Other	0	33	**33**	0	14,434	**14,434**
Sub-total	0	136,173	**136,173**	0	167,136	**167,136**
Derivatives:						
Foreign Exchange	0	0	**0**	0	0	**0**
Other	0	0	**0**	0	0	**0**
Total Assets	**699**	**155,091**	**155,790**	**0**	**188,614**	**188,614**

Sensitivity Analysis

The sensitivity of the principal assumptions used to measure the scheme liabilities are as follows:

Police Officer Pension Schemes - Change in assumptions at year ended 31 Mar 2021	**Approx % increase to employer liability**	**Approx monetary amount (£000)**
0.5% decrease in rate for discounting scheme liabilities	10%	144,765
1 year increase in member life expectancy	3%	44,544
0.5% increase in the rate of increase in salaries	1%	8,614
0.5% increase in the rate of increase in pensions CPI	8%	119,533

Local Government Pension Scheme - Change in assumptions at year ended 31 Mar 2021	**Approx % increase to employer liability**	**Approx monetary amount (£000)**
0.5% decrease in rate for discounting scheme liabilities	13%	35,476
0.5% increase in the rate of increase in salaries	1%	3,545
0.5% increase in the rate of increase in pensions CPI	11%	31,223

For the LGPS, the actuaries have reviewed the member life expectancy as a principle demographic assumption and estimate that a one year increase in life expectancy would approximately increase the employer liability by around 3-5%. They have stated that in practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption; whether changes to survival rates predominantly apply at younger or older ages.

Contributions Expected

The projected amount to be charged to Income and Expenditure for the year to 31 March 2022 is as follows:

Local Government Pension Scheme	**Assets**	**Obligations**	**Net (Liability)/Asset**	
	£000's	**£000's**	**£000's**	**% of pay**
Current Service Cost		17,563	-17,563	-53.7%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		*17,563*	*-17,563*	*-53.7%*
Interest Income on Plan Assets	3,924		3,924	12.0%
Interest cost on Defined Benefit Obligation		5,967	-5,967	-18.2%
Total Net Interest Cost	*3,924*	*5,967*	*-2,043*	*-6.2%*
Total Included in Surplus/Deficit CIES	**3,924**	**23,530**	**-19,606**	**-59.9%**

Police Officer Pension Scheme	**Assets**	**Obligations**	**Net (Liability)/Asset**	
	£000's	**£000's**	**£000's**	**% of pay**
Current Service Cost		32,900	-32,900	-87.7%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		*32,900*	*-32,900*	*-87.7%*
Interest Income on Plan Assets				
Interest cost on Defined Benefit Obligation		29,800	-29,800	-79.4%
Total Net Interest Cost		*29,800*	*-29,800*	*-79.4%*
Total Included in Surplus/Deficit CIES		**62,700**	**-62,700**	**-167.1%**

Contributions expected to be paid to the schemes during the month of April 2021 are as follows:

Police pension scheme employer's contributions: £1.002m: (£12.024m projected for the year)
Police pension scheme member's contributions: £0.432m: (£5.184m projected for the year)

Local Government pension scheme employer's contributions: £0.503m:(£6.036m projected for the year)
Local Government pension scheme member's contributions: £0.188m: (£2.256m projected for the year)

The Police Pension Fund Account

(Police Officer's Pensions only). Under the Police Pension Fund Regulations 2006 it is not a requirement to meet the pension costs directly but to pay an employer's pension contribution of 31% of pay into a pension fund account.
If the Officers and employers contributions are insufficient to meet the cost of pension payments, a top up grant is paid by the Home Office to help meet this obligation. Any surplus on the pension fund account is repaid to the Home Office and the account is balanced to Nil at year end.
Should the pension fund account not be balanced to Nil by pension top up grant then the Police and Crime Commissioner's Group is liable for any additional contribution required.

For 2020/21 the net amount payable on the pension fund account before top up grant was £19.113m. A total amount of £15.734m in pension grant was received, leaving a net amount of £3.378m due from the Home Office.
The balance of £3.378m is included within the Balance Sheet of the Group as a debtor.

Injury Awards

The Police and Crime Commissioner's Group incurs costs relating to Injury Awards for employees forced to leave work through injury. The total cost for 2020/21 was £626,064 (£591,160 2019/20), this was financed through revenue and reserve.

23 Contingent Assets & Contingent Liabilities

Police Officer Pensions Legal Cases

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

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

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For each member with service on or before 31 March 2012 and on or after 1 April 2015 (all eligible members), their liability has been valued for all service accrued after 1 April 2015 according to the scheme benefit structure which provides the member with the higher assumed benefit amount, based on the actuarially assessed cost of these benefits. Any difference in this estimated McCloud allowance from last year's disclosures is included as 'other experience' within the Other Comprehensive Income. The current service cost for the period to 31 March 2021 allows for the current schemes' benefit design, with the estimated allowance for resolution of the McCloud case to 31 March 2021 being included fully within the Other Comprehensive Income.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

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

Compensation Claims

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

This is the result of national Governmental changes which have been found to be illegal in the Courts. The financial cosequences from these are expected to be reimbursed by central Government.

Wiltshire Police Pension Fund Account (Police Officer's Pensions only)

2019/20 *£000*	**Fund Account** (Note 22 provides further information)	2020/21 *£000*	2020/21 *£000*
	Contributions Receivable		
10,609	Employer contributions 31%	11,188	
316	Other Bodies	282	
312	Early Retirements (Ill Health)	331	
4,748	Members	4,970	
15,986			**16,771**
192	Transfers In from other schemes	207	**207**
	Benefits Payable		
29,786	Pensions	30,744	
6,215	Commutations	5,073	
	Lump Sum Death Benefits		
36,001			**35,817**
	Payments to and on account of leavers		
12	Refunds of contributions	10	
164	Scheme Pays	255	
22	Transfers out to other schemes	9	
198			**274**
20,021	Net amount payable for the year		**19,113**
20,021	Transfer from Police Fund to meet Pension Fund deficit		**19,113**
0	Net amount receivable for year		**0**

Net Assets Statement

The accounting treatment of the top-up grant results in a zero net amount receivable from Central Government with no amounts owing to pensioners at 31 March 2021, therefore there is no requirement for a Net Assets Statement.

The Pension Fund Account statement does not take account of liabilities to pay pensions and other benefits after the period end. Details of the Group's long-term pension obligations can be found in Note 22.

Glossary

Accounting Period	The period of time covered by the accounts, for Wiltshire PCC this is 1st April to 31st March.
Accounting Policies	The principles, rules and practices that guide how events and transactions are recognised, measured and presented in the financial statements.
Actuarial Valuation (Pensions)	An independent report on the financial status of the Pension Fund, which reports the current estimated cost of fulfilling the PCC's future pensions liabilities
Amortisation	The measurement of the use of an intangible asset over its economic life.
CC	Chief Constable for Wiltshire
Capital Expenditure	Expenditure on the acquisition or construction of significant assets such as land and buildings which have a long term value to the PCC.
Capital Grants	Grant income received by the PCC in support of the planned Capital Expenditure.
Capital Receipts	Income from the sale of capital assets.
Carrying Amount	The value for which an asset or liability is represented in the Balance Sheet.
CIPFA	Chartered Institute of Public Finance and Accountancy. A public body that provides guidance for accounting in the public sector.
Collection Fund	The fund maintained by councils for the collection and distribution of local Council Tax receipts. Police precepts are met from these funds.
Contingency	A sum of money set aside to meet unexpected costs.
Contingent Liability	A possible 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 reliably.
COPLAA	CIPFA's Code of Practice on Local Authority Accounting in the UK.
Corporate and Democratic Core	Central activities which the police force engages in specifically because it is an elected authority. There is no basis for apportioning these costs over the individual services.
Creditors	Amounts owed by the PCC for goods or services received but where payment has not yet been made.
Current Assets	Assets that can be readily converted into cash within a short timescale (12 months)
Current Liabilities	Amounts owed by the PCC which are due to be settled in a short timescale (12 months).
Debtors	Amounts due to be paid to the PCC but not yet paid.
Depreciation	The measurement of the use of a tangible asset over its economic life.
Fair Value	The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measured date.
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Practices.
GAD	The Government Actuaries Department (GAD) provides actuarial analysis and advice to the public sector.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Inventory	The amount of unused or unconsumed stock held for future use.
IPSAS	International Public Sector Accounting Standards.
Impairment	A reduction in the value of an asset due to physical damage or a significant reduction in the market value.
LAAP	Local Authority Accounting Panel that provides guidance on specific issues and accounting developments.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

MRP (VRP)	Minimum Revenue Provision/Voluntary Revenue Provision. An amount set aside each year to finance repayment of debt, In the case of Wiltshire PCC, this refers to the payment of the Finance Cost relating to the Swindon PFI over the course of the contract.
NPCC	National Police Chief's Council (replaces ACPO Association of Chief Police Officers)
Non Current Assets	Assets that provide benefits to the PCC for a period of more than one year.
Non Distributed Costs (NDC)	Central overheads which cannot be apportioned over services.
OPCC	Office of the Police and Crime Commissioner.
PCC	Police and Crime Commissioner
PCC Group	This refers to the Police and Crime Commissioner and the Chief Constable as a group.
PFI	A private finance initiative (PFI) is a public sector infrastructure project funded with private sector capital.
Precept	A levy collected by the Councils from council taxpayers on behalf of the PCC.
Provisions	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
RCCO	Revenue Contribution to Capital Outturn
Reserves	Funds set aside by the PCC to meet the cost of future expenditure.
Running Costs	General expenditure incurred in the use of premises, transport and equipment such as costs of electricity.
Specific Grant	Grant funding provided to the PCC for use on specific projects.
SSAP	Statements of Standard Accounting Practices.
Third Party Payments	Payments made by the PCC for specialist or support services provided by outside contractors and other bodies.