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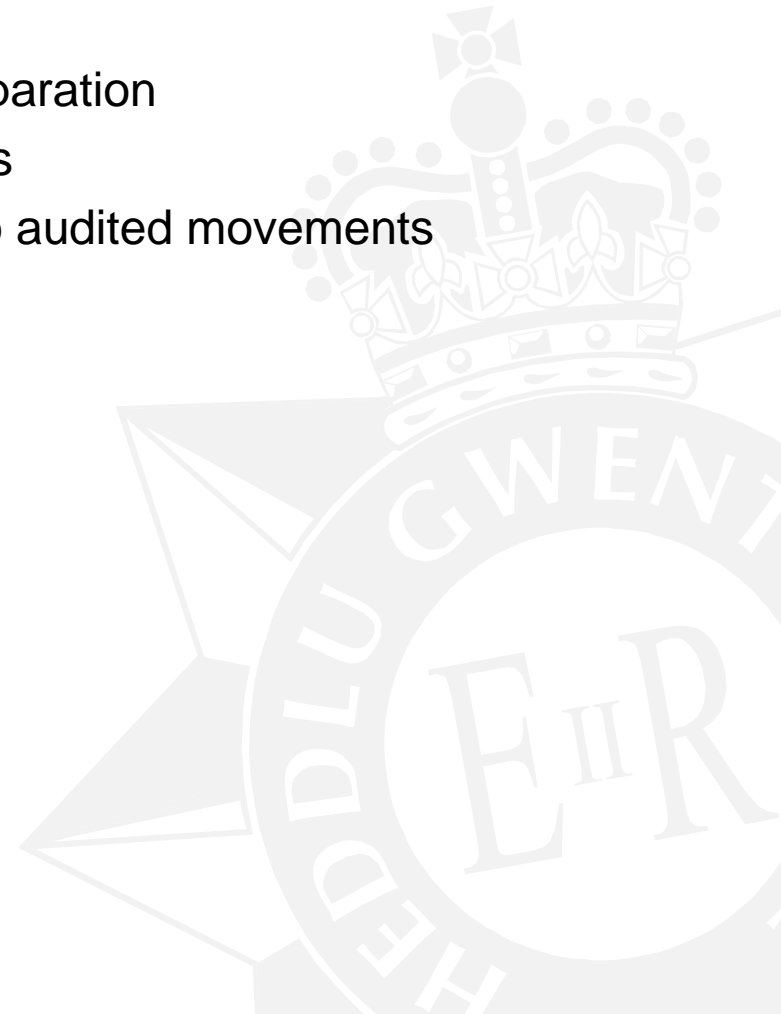
# Police and Crime Commissioner's Financial Accounts 2020/21 presentation

28 July 2021

Amddiffyn a Thawelu Meddwl | Protecting and Reassuring

# Financial Accounts 2019/20 - Presentation

- 2020/21 Financial statements - status of preparation
- 2020/21 Financial Statements – major events
- 2020/21 Financial Statements – unaudited to audited movements
- Plan for completion
- Questions



# Financial Statements – Status of preparation

**The 2019/20 financial statements of the PCC Group, Chief Constable and Pension Fund are completed and audited.**

Action	Date to be completed by	Date completed	Status
Year end – Finance team last working day	31/03/2021	31/03/2021	Complete
2020/21 management accounts closedown	21/04/2021	20/04/2021	Complete
Draft accounts for ACOR/CFO review	24/05/2021	CC – 21/05/2021 PCC – 27/05/2021	Complete
Draft accounts signed and published online	31/05/2021	28/05/2021	Complete
WAO audit commences	01/06/2021	01/06/2021	Complete
Audit completion	by 23/07/2021	23/07/2021	Complete
Final wash up meeting	w/c 19/07/2021	19/07/2021	Complete
Final agreed adjustments to accounts	w/c 19/07/2021	26/07/2021	Complete
ACO-R/CFO final accounts review	by 27/07/2021	26/07/2021	Complete
Joint Audit Committee meeting	28 July 2021	28/07/2021	Complete
2020/21 audited accounts signed by Commissioner, Chief Constable, ACOR, CFO, Chief Executive & Auditor General and published online	by 31 July 2021	30/07/2021	o/s

# Financial Statements – Status of preparation

## **The 2020/21 financial statements of the PCC Group, Chief Constable and Pension Fund are completed and audited**

- Statutory deadline for publishing 2020/21 unaudited accounts was 31 May 2021
- PCC Group and Chief Constable unaudited accounts published on 28 May 2021
- External audit commenced on 1 June 2021 and was completed throughout June and July as planned – the difficulties presented by the Covid pandemic in the 2019/20 audit process have been fully resolved for this year
- Statutory deadline for publishing 2020/21 final audited accounts is 31 July 2021
- Final audited accounts are presented for JAC consideration on 28 July 2021 and recommendation to the Commissioner and Chief Constable for signature



# Financial Statements – major events

- **McCloud/Sargeant Pension issue**

- Two elements still to be resolved nationally:
  1. compensation to claimants – Tribunal to consider in December 2021; and
  2. remedy approaches – final Home Office methodology expected in autumn 2021.
- Expected conclusion of review in 2023.
- Current position and actuary's estimated impact fully disclosed in 2018/19, 2019/20 and 2020/21 accounts.

- **IAS19 Pension report: Police schemes**

- Issues with data provided as part of the 2020 valuation exercise for the police pension schemes delayed IAS19 reports from Government Actuary Department (GAD) for the unaudited accounts.
- These data issues were resolved in early June and the audited accounts now reflect the final IAS19 report from GAD.

- **Covid pandemic costs**

- All costs in 2020/21 have been fully funded by the UK Government, and funding carried forward in reserves to cover further costs in 2021/22 financial year.



# Financial Statements – final out-turn

## Headline messages from the audited accounts:

- **CIES outturn against budget**

- before accounting and funding adjustments, PCC Group recorded a small surplus of £0.221m against a revenue budget requirement of £138.991m, which has been transferred to usable reserves

- **Reserves**

- Usable (cash backed) reserves have decreased year on year by £3.9m to £42.2m
- Unusable (notional) reserves have increased by £210.4m due to changes in actuarial pension valuations of police/local government pension schemes

- **Long term assets**

- increased by £12.6m due primarily to tangible/intangible asset additions for the construction for the new HQ

- **Net current assets**

- decreased by £4.0m due to reductions in short term investments to pay for the capital programme

- **Long term liabilities**

- increased by £222.9m to £1,685.5m due to actuarial movements on pension liabilities

# Financial Statements – CIES unaudited to audited movement

Comprehensive Income and Expenditure Statement position (on a funding basis) for the PCC Group is a small surplus of £0.221m against the original net budget requirement of £138.991m, which will be taken to usable reserves.

Comprehensive Income and Expenditure Statement 2020/21 (accounting basis)	Unaudited PCC Group £000	Adjustments £000	Audited PCC Group £000	Movement
Net cost of services	154,402	(2,455)	151,947	£2,037k reclassification of grants + £419k of additional WG income
Other operating expenditure	(18,935)	2,037	(16,898)	£2,037k reclassification of grants
Financial and investment income and expenditure	32,392	1	32,391	Rounding
Taxation and non-specific grant income	(139,624)	0	(139,624)	No change
<b>(Surplus)/Deficit on provision of services</b>	<b>28,235</b>	<b>(419)</b>	<b>27,816</b>	<b>£419k decrease</b>
Re-measurement on pension net liability	186,090	15,100	201,190	£15.1m increase from revised & final IAS 19 GAD pension report
<b>Total comprehensive income/expenditure</b>	<b>214,325</b>	<b>14,681</b>	<b>229,006</b>	

# Financial Statements – Movement in Reserves

The Expenditure & Funding Analysis and Movement in Reserves statement and notes reconcile the CIES to the actual £221k outturn against £138.991m Net Budget Requirement for 2020/21

	Audited PCC Group £000	Movement
<b>Total Comprehensive Income and Expenditure - deficit</b>	<b>229,006</b>	Per CIES
Remeasurement of net defined pension liability	(201,190)	Reversal of loss on pension liability from changes in actuary's assumptions
<b>(Surplus)/Deficit on provision of services</b>	<b>27,816</b>	
Adjustments between accounting and funding basis under regulations	(24,312)	Adjustments for non-cash movements such as depreciation and pension adjustments, and also capital expenditure funded from revenue balances
Other reserve transfers	376	
Transfers to/(from) earmarked reserves	(4,101)	Relates mainly to workstream and capital reserve movements (HQ, Airwave etc)
<b>Increase in General Fund</b>	<b>(221)</b>	Actual surplus against net budget requirement



# Financial Statements – Balance Sheet final out-turn

Balance Sheet for the PCC Group shows net liabilities of £1,597,528m. Usable (cash backed) reserves total £42.2m (2019/20: £46.1m; 2018/19: £55.3m)

Balance Sheet for the year ended 31 March 2021	CC £000	PCC Group £000
Long term assets (property plant and equipment, intangible assets, long term debtors and long term investments)	1,680,744	47,611
Current assets (short term investments, assets held for sale, inventories, debtors and cash)	13,279	57,083
Current liabilities (short term borrowing, creditors and provisions)	(13,279)	(16,768)
<b>Net current assets</b>	<b>0</b>	<b>40,315</b>
Long term liabilities (pension liability, creditors)	(1,680,744)	(1,685,454)
<b>Net liabilities</b>	<b>0</b>	<b>(1,597,528)</b>
Usable Reserves (general fund, earmarked reserves, capital reserves)	0	(42,227)
Unusable reserves (revaluation reserve, capital adjustment account, pension reserve, accumulated absences account)	0	1,639,755
<b>Net reserves</b>	<b>0</b>	<b>1,597,528</b>

# Financial Statements – BS unaudited to audited movement

Except for reclassifications, the major movements on the Balance Sheet from unaudited to audited accounts are the additional WG grant income and revised pension figures

Balance Sheet for the year ended 31 March 2021	Unaudited PCC Group £000	Audited PCC Group £000	Movement
Long term assets	47,792	47,611	£181k reclassification of Assets held for sale from long term to current assets
Current assets	56,482	57,083	£419k additional WG grants + £181k reclassification of Assets held for sale
Current liabilities	(16,768)	(16,768)	No change
<b>Net current assets</b>	<b>39,714</b>	<b>40,315</b>	
Long term liabilities	(1,670,354)	(1,685,454)	£15,100k increase from revised IAS19 GAD pension figures
<b>Net liabilities</b>	<b>(1,582,848)</b>	<b>(1,368,146)</b>	
Usable Reserves	(41,808)	(42,227)	£419k additional WG grants
Unusable reserves	1,624,656	1,639,755	£15,100k increase from revised IAS 19 GAD pension figures
<b>Net reserves</b>	<b>1,582,848</b>	<b>1,368,146</b>	

# Financial Statements - plan for completion

- Timetable for completion:

Joint Audit Committee meeting	28 July 2021
2020/21 audited accounts signed by Commissioner, Chief Constable, ACOR, CFO (PCC) and Chief Executive (PCC)	28 July 2021
Audit Wales audit certificate signed by Auditor General for Wales	30 July 2021
Audited accounts published	by 31 July 2021

- Post project learning:
  - An internal post project learning session will be held before a further session with Audit Wales and other forces, to be arranged for later in the year.
  - Agreed actions to next appropriate JAC meeting.

# Questions?

