

# **GROUP AND PCC STATEMENT OF ACCOUNTS – 2019/2020**

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# **NARRATIVE STATEMENT (PERFORMANCE / FINANCIAL REVIEW)**

## **1. INTRODUCTION**

In November 2012 the election of the first Police and Crime Commissioner (PCC) for the area policed by Cleveland Police was held, this represented a significant shift in the way the police are governed and held to account. One of the key reforms was to replace the Cleveland Police Authority with the Office of the Police and Crime Commissioner for Cleveland. At the same time the 'Chief Constable' was established in law as a separate corporation sole. The primary function of the PCC is to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.

All of the financial transactions incurred during 2019/20 for policing in Cleveland have been recognised within this Statement of Accounts, which sets out the overall position of the Cleveland PCC Group for the year ended 31st March 2020. The Group position 'PCC Group' reflects the consolidated accounts of the PCC and the Chief Constable. This narrative statement provides an overview of the accounting arrangements and outlines the financial performance of the PCC Group during 2019/20.

## **2. THE STATEMENT OF ACCOUNTS**

The accounting arrangements between the PCC and Chief Constable during the current financial year are that the PCC is responsible for the finances of the whole Group and controls the assets, liabilities and reserves which were transferred from the Police Authority on the 22nd November 2012. The PCC receives all of the income and funding and makes all payments for the Group from the PCC Police Fund. In turn the Chief Constable fulfils the functions under the Police Reform and Social Responsibility Act 2011 (Act), within an annual budget set by the PCC (in consultation with the CC). A scheme of delegation and consent is in operation between the two bodies determining their respective responsibilities.

This Statement of Accounts covers the financial year ended 31st March 2020 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The PCC receives funding from Central Government and precept income via local Councils.

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) are detailed below along with the objective of each statement:

**Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from precept. PCCs raise precept to cover expenditure in accordance with regulations; this may be different from the accounting cost. The amount chargeable to precept is shown in the Movement in Reserves Statement.

**Movement in Reserves Statement** – This statement shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local precept) and unusable reserves.

The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the PCC Group's services, more details of which are shown in the Comprehensive

Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the PCC.

**Balance Sheet** – The Balance Sheet shows the value as at 31<sup>st</sup> March 2020 of the assets and liabilities recognised by the PCC Group.

The net assets of the PCC Group (assets less liabilities) are matched by the reserves held by the PCC Group. Reserves are reported in two categories.

The first category of reserves is usable reserves, i.e. those reserves that the PCC Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is unusable reserves and refers to those that the PCC Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences which are shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

**Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC Group during the reporting period. The statement shows how the PCC Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC Group are funded by way of precept and grant income or from the recipients of services provided by the PCC Group.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC Group's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC Group.

The 2019/20 statements highlight the following areas of change from the 2018/19 position:

**Group Comprehensive Income & Expenditure Statement:**

- Net Cost of Services (NCOS) has decreased by £40.4m. Primarily relating to the Pension accounting adjustments of £36.7m, increased income £2.9m and a decrease in expenditure of £0.8m.
- The deficit on the Provision of Service has moved from a £110.4m deficit to a £62.9m deficit. A decrease of £47.5m. This is as a result of the movement in NCOS detailed above and the impact of a decrease in Financing & Investment costs of £1.4m a decrease in the other operating expenditure of £0.1m and an increase in Taxation & Non-specific grant funding of £5.6m.
- Other Comprehensive Income and Expenditure has increased by £169.4m due to changes in actuarial assumptions relating to the Pension Fund and no in year surplus/deficit on revaluations.

**Group Balance Sheet:**

- Property, Plant & Equipment, Intangible Assets and Assets held for sale has decreased by £1.2m which comprises spend of £4.6m which is offset by in year depreciation charges of £5.7m and Net disposals of £0.1m.
- The value of Debtors (long and short term) has decreased by £0.5m, primarily as a reduction in the long term debtors of £0.5m
- The value of Creditors (short and long term) has increased by £0.3m.
- Provisions have decreased by £0.7m, as a result of the release of Insurance related provision £0.4m to offset the costs of Insurance claims paid and settled in year and the release £0.3m of the employment related provision.
- During the year the PCC undertook no new borrowing and repaid £2.8m, current borrowing stand at £28.3m and is well within the limits approved by the PCC.
- The Pension Liability and Reserves have both decreased by £111.6m, mainly as a result of changes in actuarial assumptions as detailed within the notes to the accounts.
- The Usable Reserves of the PCC Group has seen a net decrease of £1.2m; primarily due to decrease on General Fund of £0.9m, net decrease on earmarked reserves of £0.3m. A detailed breakdown of the earmarked reserves can be found at Note 9 of the accounts.

**Group and PCC Cashflow:**

- The Group had a Net decrease in cash in the year of £0.05m this has resulted from a cash inflow from operating activities of £6.5m offset by a cash outflow £11.3m. Capital receipts & grants of £0.6m, decrease in investments of £4.5m which funded £4.6m of capital activities and financing cost of £3.8m and repayment of £2.8m of borrowing.

**PCC Comprehensive Income & Expenditure Statement:**

- Net Cost of Services (NCOS) has decreased by £3.5m, primarily as the result of the prior year impact of property revaluations, increased income of £2.9m, £0.2m pension accounting adjustments and an increase in inter-group funding to the Force of £9.6m.
- The deficit on the Provision of Service has decreased by £9.5m to a £1.8m deficit. This is a combination of the impact an increase funding of £5.6m decrease in financing costs of £0.3m. Net of the decrease in NCOS.
- Other Comprehensive Income and Expenditure has moved by £4.2m due to changes in actuarial assumptions relating to the Pension Fund, and reduction in surplus on revaluations of (£2.1m)

**PCC Balance Sheet:**

- The overall movement on the PCC balance sheet is a decrease in Net assets and total Reserves of £3.4m. The only variation from those reported in the Group Balance sheet above relates to the Pension Liability. The PCC only records Pensions for the PCC staff and this balance has increased by £1.9m.

### 3. THE POLICE & CRIME COMMISSIONER REVENUE BUDGET FOR 2019/2020

The following table shows the 2019/2020 budget and the final outturn:

	Original 2019/2020 Budget	Revised 2019/20 Budget	Year End 2019/20 Position	Outturn
	£000s	£000s	£000s	£000s
Police Grant	(46,497)	(46,497)	(46,497)	(0)
RSG/National Non Domestic Rate	(38,756)	(38,756)	(38,756)	0
<b>Government Grant</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>0</b>
Council Tax Precept	(38,784)	(38,784)	(38,784)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(46,452)</b>	<b>(46,452)</b>	<b>(46,453)</b>	<b>(0)</b>
Specific Grants	(10,766)	(10,992)	(12,119)	(1,127)
Partnership Income/Fees and Charges	(2,893)	(4,188)	(4,766)	(577)
<b>Total Funding</b>	<b>(145,365)</b>	<b>(146,886)</b>	<b>(148,590)</b>	<b>(1,704)</b>
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s
Staff Pay	743	781	781	0
Non Pay Expenditure	218	281	256	(25)
Income	(81)	(164)	(214)	(49)
<b>Total Planned Expenditure</b>	<b>880</b>	<b>898</b>	<b>824</b>	<b>(74)</b>
<b>Central Services</b>	£000s	£000s	£000s	£000s
Staff Pay	600	694	651	(43)
Non Pay Expenditure	115	115	165	50
PFI	7,155	2,331	2,331	0
Asset Management	2,050	6,513	6,472	(41)
	<b>9,920</b>	<b>9,653</b>	<b>9,619</b>	<b>(34)</b>
<b>Proposed Community Safety Expenditure</b>	£000s	£000s	£000s	£000s
<b>Total Community Safety Initiatives</b>	<b>4,353</b>	<b>1,758</b>	<b>1,608</b>	<b>(151)</b>
<b>Victims and Witnesses Initiatives</b>	<b>1,087</b>	<b>1,028</b>	<b>992</b>	<b>(36)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(129,125)</b>	<b>(133,549)</b>	<b>(135,548)</b>	<b>(1,998)</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s
Police Pay	67,662	69,423	69,662	239
Police Overtime	1,468	2,128	3,549	1,421
Police Community Support Officer Pay	4,055	4,461	4,014	(447)
Staff Pay	14,550	18,897	17,808	(1,089)
Non-Pay	40,480	37,130	37,518	388
<b>Total Planned Expenditure</b>	<b>128,215</b>	<b>132,039</b>	<b>132,551</b>	<b>512</b>
<b>(Surplus)/Deficit</b>	£000s	£000s	£000s	£000s
	<b>(910)</b>	<b>(1,510)</b>	<b>(2,997)</b>	<b>(1,487)</b>
Transfers to/(from) General Fund	(950)	(950)	(950)	0
Transfers from Earmarked Reserves	0	(1,326)	(1,326)	(0)
Transfers to Earmarked Reserves	1,860	3,786	5,273	1,487
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

As can be seen from the table above the overall position for the Group as at the 31<sup>st</sup> March 2020 was an £1,487k underspend. The 2018/19 Group underspend was £868k.

In terms of cashflows the OPCC has responsibility for the Cashflow and reviews the cash position on a daily basis. An annual review is undertaken to ascertain when or if the expected cash outflows would exceed the expected cash inflows and cause potential cash shortage. Should this be anticipated discussions take place with the bank to put in place a time limited overdraft facility to cover any such eventualities. Levels of acceptable overdraft are reviewed within the Annual Prudential Indicators report.

There were no periods of unknown cash restrictions during the financial year and the OPCC is not expecting any issues with the Cashflow during the 2020/21 financial period.

The following table shows the 2019/2020 budget and the final outturn for the PCC:

	Original 2019/2020 Budget	Revised 2019/20 Budget	Year End 2019/20 Position	Outturn
	£000s	£000s	£000s	£000s
Police Grant	(46,497)	(46,497)	(46,497)	(0)
RSG/National Non Domestic Rate	(38,756)	(38,756)	(38,756)	0
<b>Government Grant</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>(85,253)</b>	<b>0</b>
Council Tax Precept	(38,784)	(38,784)	(38,784)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(46,452)</b>	<b>(46,452)</b>	<b>(46,453)</b>	<b>(0)</b>
Specific Grants	(10,766)	(10,992)	(12,119)	(1,127)
Partnership Income/Fees and Charges	(2,893)	(4,188)	(4,766)	(577)
<b>Total Funding</b>	<b>(145,365)</b>	<b>(146,886)</b>	<b>(148,590)</b>	<b>(1,704)</b>

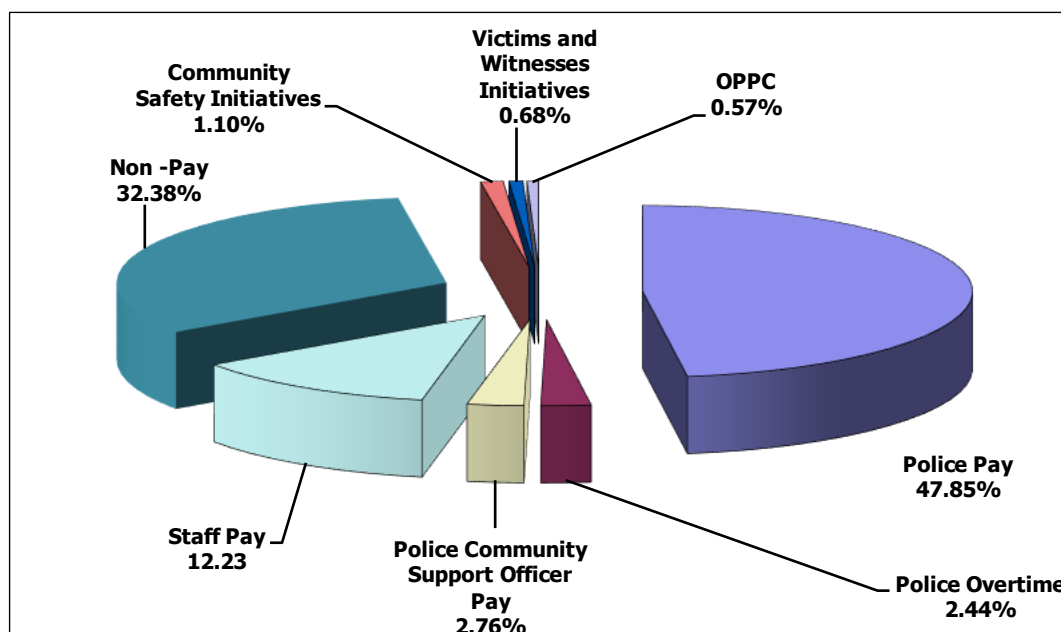
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s
Staff Pay	743	781	781	0
Non Pay Expenditure	218	281	256	(25)
Income	(81)	(164)	(214)	(49)
<b>Total Planned Expenditure</b>	<b>880</b>	<b>898</b>	<b>824</b>	<b>(74)</b>
<b>Central Services</b>	£000s	£000s	£000s	£000s
Staff Pay	600	694	651	(43)
Non Pay Expenditure	115	115	165	50
PFI	7,155	2,331	2,331	0
Asset Manangement	2,050	6,513	6,472	(41)
	<b>9,920</b>	<b>9,653</b>	<b>9,619</b>	<b>(34)</b>
<b>Proposed Community Safety Expenditure</b>	£000s	£000s	£000s	£000s
<b>Total Community Safety Initiatives</b>	<b>4,353</b>	<b>1,758</b>	<b>1,608</b>	<b>(151)</b>
<b>Victims and Witnesses Initiatives</b>	<b>1,087</b>	<b>1,028</b>	<b>992</b>	<b>(36)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(129,125)</b>	<b>(133,549)</b>	<b>(135,548)</b>	<b>(1,998)</b>

As can be seen from the table above the overall position for the PCC as at the 31<sup>st</sup> March 2020 was a £1,998k underspend prior to movement on reserves and additional resources provided to the Force to address the £512k reported overspend. Overall this represents a total underspend of 1.50% against the group budget (Compared with 1.02% 2018/19).

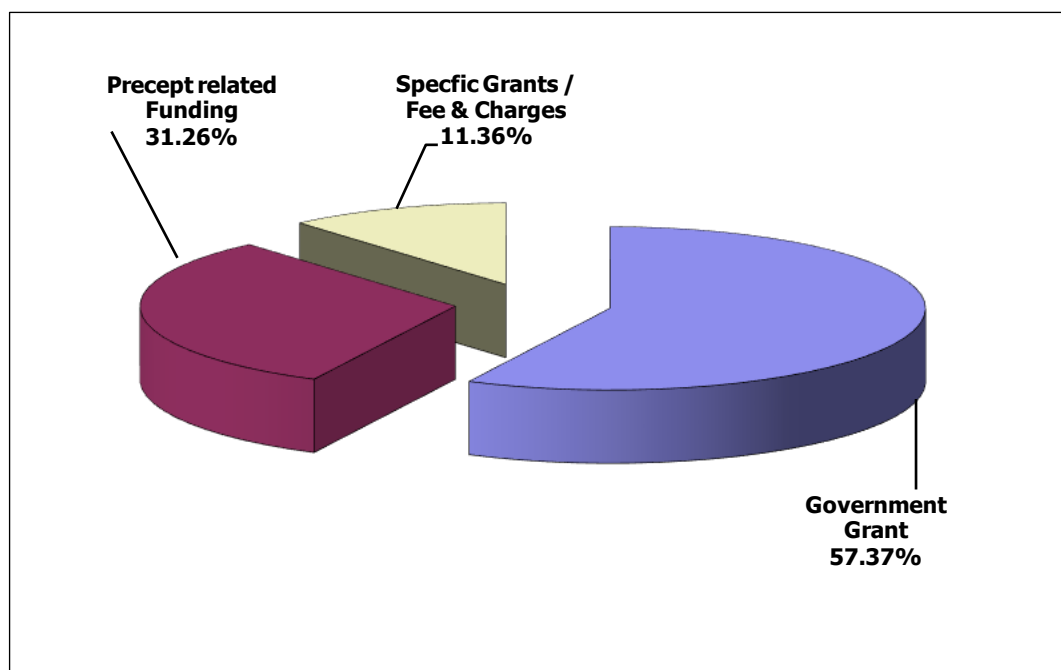
#### 4. POLICE & CRIME COMMISSIONER GENERAL REVENUE BALANCES

	2019/2020 £000	2018/2019 £000
<b>Opening Balance</b>	<b>(5,992)</b>	<b>(6,074)</b>
Budgeted transfer (into)/from balances	950	950
<b>Planned Position</b>	<b>(5,042)</b>	<b>(5,124)</b>
(Surplus) or Deficit on Years activities	0	(868)
<b>Available balance at 31 March</b>	<b>(5,042)</b>	<b>(5,992)</b>

## WHERE THE MONEY GOES TO:



## WHERE THE MONEY COMES FROM:



## 5. CAPITAL

The Group funded an annual capital budget for the 2019/20 financial year of £8,832k this was revised in year to £6,221k (excluding Lifecycle costs of £355k associated with the PFI's). The group did not spend all its capital allocation this is due in the main to work connected with the New Building for Office Accommodation, retention payments for the Community Safety Hub, delays in the ANPR Replacement Programme and the Workforce Agility programmes slipping in to 2020/21. The amount of underspend against the capital budget was £1.221m (£1.795m underspend 2018/19).



The Group spent £5.3m on capital projects during the year. The programme was fully financed from a combination of internal borrowing and capital resources in the year.

## **6. PENSIONS**

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these will not actually be payable until employees retire, the PCC Group has a commitment to make the payments, which need to be recognised at the time that employees earn their future entitlement. This is a requirement of International Accounting Standard (IAS) 19 – Employee Benefits. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the Group. A Pension liability of £1,654m is recorded in the Balance sheet of the Group

## **7. CHANGES TO ACCOUNTING POLICIES**

There are no changes in accounting policies for the 2019/20 financial year.

## **8. EVENTS AFTER THE REPORTING PERIOD**

No adjusting post balance sheet events have been identified for 2019/20.

## **9. BORROWING FACILITIES**

The PCC currently has £28.3m worth of borrowing taken out with the Public Works Loan Board (PWLb), the repayment of these loans are phased over the next 40 years and have been taken out to fund the PCC's capital programme. The PCC undertook no new borrowing and repaid £2.772m in the 2019/20 financial year.

## **10. COVID-19**

While the impact of COVID-19 was minimal in the financial period covered by these financial accounts it is important for the organisation to reflect on the impact that the pandemic is having, and could have, on the services provided in the future and the key issues that will help inform and provide future context to these financial statements.

### Provision of Services

A COVID-19 plan which sets out the PCC and Force's response to the pandemic has been produced and this continues to be reviewed and updated as required. Meetings were initially held daily to assess the operational impact of the pandemic and these have now been reduced to weekly meetings as the impact is becoming clearer. Working at home has been increased for those that it is feasible for and adjustments have been made to the Estate to allow for social distancing.

### Workforce

All areas of the work force have adapted to the new ways of working and service delivery in a remarkable way. After an initial spike in COVID related absences these have reduced significantly. At the same time the overall levels of non-COVID sickness within the Force have also reduced. The Force have remained in 'business as usual' status during COVID, they haven't had to scale back any service but have had to alter some working practices, for example taking some statements over the phone rather than face to face. Some enquiries that are less urgent and require face to face contact have been delayed as rightly the public health considerations come first.

In line with the Force Digital Strategy, the Force commenced a mobile working project in late 2018 to improve agility across the organisation. Phase 1 of the project focused on front

line operational policing and delivered over 450 laptops and 600 smartphones (with mobile access to police systems via both a desktop and app solution) to officers and PCSOs in neighbourhood policing and incident response teams. Phase 2 of the project was due to launch in April 2020 and deliver mobile working capability to a range of other teams across the Force (both operational and non-operational) based upon a comprehensive ICT audit conducted in Autumn 2019 to identify those teams which would benefit from agile capability. As orders had already been placed and hardware received in readiness for the phased rollout in April 2020, the Force was able to respond to the demand for mobile working resulting from COVID-19 promptly and effectively. However it has had to give out devices to staff whom would otherwise have not had to have such mobile technology

Since the start of COVID-19 the Force has issued 365 laptops, 165 smartphones and 61 mobile phones to facilitate home working for officers and staff who are able to work effectively from home and fall within the following categories:

- Are classed as 'vulnerable' and are required to self-isolate for a period of 12 weeks
  - Work within teams where social distancing cannot be accommodated
  - Have a significant caring responsibility for someone who is vulnerable and at risk
- Additional equipment such as monitors and keyboards have also been provided as required.

The OPCC have implemented their Business Continuity plans which has seen all staff working from home since the 'stay at home' message was put in place. This has been a significant success, which has resulted in all services continuing to be delivered alongside scrutiny of the Force, management of key contracts and liaison and help being provided to third party suppliers of commissioned services.

#### Service Providers

All of the key service providers have adapted to the new ways of working and have continued to provide their services throughout the period as highlighted by the below:

Despite an initial period of reduction when lockdown was first initialised, custody numbers have generally remained within average projections. This has meant that service providers working with the force (such as Mitie Care & Custody and Liaison & Diversion) have had to be creative and innovative with their working practices throughout the pandemic, to be able to work effectively within such a challenging environment. The vulnerability suite has been temporarily used solely for COVID cases, allowing staff and detainees to separate out potential positive detainees from the wider custody population, whilst maintaining the same medical and support provisions. Increased use of PPE and cleaning regimes have meant that the custody suite has remained open throughout the pandemic with service level agreements maintained.

Our PFI facilities management providers (Tascor and Engie) have ensured that PFI sites have remained open throughout the pandemic with increased cleaning and PPE being introduced across their estate. Staff have been working on rotation to ensure that only those that need to be on site are, with the remainder working agile. Slight changes have been made to front desk environments to ensure that when they re-open, members of the public are protected alongside our partner staff.

Over the last decade Sopra Steria have worked with the organisation to deliver a key number of key ICT capabilities enabling a successful agile working platform. Building on this, in recent months Sopra Steria have supported a vast amount of additional functions to strengthen working from home capabilities. This has meant that business interruption has been kept to an absolute minimum enabling front line services to be unaffected.

Regular video calls and telephone meetings take place to ensure business continuity and risk assessments are reviewed across the board, along with daily updates provided by partners to highlight any emerging risks or issues which are fed into the forces COVID tactical response groups. No staff have been furloughed or made redundant due to COVID-19, and

remain at the forefront of our key worker personnel and where ever possible staff remain encouraged to work from home if they can do so.

Victims Services across Cleveland adapted and mobilised into new ways of working as a result of COVID-19 in March 2020. Their on-going commitment, passion and dedication to continue providing high quality support to victims of crime has been impressive. Unable to offer face-to-face support, services implemented new ways to engage with victims to ensure they could still receive the support they needed at what has been a tough time for all.

The OPCC has played a key role in ensuring victims services have been actively promoted throughout COVID and have supported services to introduce new approaches to reach out to the most vulnerable members of our communities. An example of this includes the Victim Care and Advice Service re-contacting previous victims of fraud to ensure they are well and spreading key crime prevention messages to ensure they did not fall victim of fraud again in the future.

Together with NHS England, Cleveland Police, Safe in Tees Valley and Mitie Care and Custody the OPCC has supported the development of an emergency COVID-19 protocol to enable victims of rape and sexual assault to continue to access specialist support locally.

The OPCC has also supported the Ministry of Justice in building an evidence base to present to the Treasury to secure additional funding for victims services across the country. This resulted in Cleveland being allocated £192,000 for domestic abuse and sexual violence services who have been impacted by COVID-19.

#### Reserves, Financial Performance and financial position

Additional costs relating to COVID of £200k have been identified in 2019/20 – these cover revenue expenditure, capital expenditure and lost income. Since then further costs have continued to be incurred, with further costs of £304k being incurred in 2020/21 (up to the 31st May 2020). These costs are being collated and reported to the Home Office for monitoring and potential re-imbursement.

It is not expected that either the costs incurred to date, or those that are likely to be incurred across the remainder of 2020/21, will impact significantly on the finances of the organisation. It is likely that a slowdown in expenditure elsewhere, for example in terms of recruiting into staff vacancies, will be sufficient to absorb any additional costs of COVID if these are not funded by additional government funding.

The biggest financial challenge, resulting from COVID-19, for the organisation is likely to materialise in 2021/22 with a likely recurring, but smaller impact in the years thereafter. The impact is expected to come from reduction in Council Tax payments.

In 2020/21 the budget is built on the receipt of £40.8m from the 4 local councils in Cleveland who collect the Police Precept, as part of the council tax bill, and pay this over to the PCC in line with the legislation that dictates how this happens. The £40.8m is a product of the agreed level of Police Precept – which is £260.54 for a Band D property - multiplied by the calculated level of Band D properties in Cleveland – which is 156,117.

The calculated level of Band D properties is made up from a number of assumptions including house building in year, households entitlement to council tax support, which leads to lower council tax bills, and collection rates (i.e. the ability of the councils to actually collect the amount of tax owed from all households).

While the actual amount paid to the PCC will be £40.8m in 2020/21, as per the budget set, it is likely that those factors referred to above will reduce the amount that the Councils collect on behalf of Policing. The result of this is that in setting the Precept for 2021/22 the

council's will determine whether the amounts they paid to the PCC in 2020/21 equated to the amounts that they collected from council tax payers.

This assessment of the Council Tax Collection Fund happens each year – and in each of, at least, the last 17 years there has been a collective surplus on the fund – i.e. the councils have collected more than was included within the budget – this surplus is then paid to the PCC in the following year as per the legislation.

Similarly, if there was a collection fund deficit then the PCC would have to pay this deficit back to the councils in the following year. Given the current circumstances then it is very difficult to image a scenario where there isn't a significant deficit on the collection funds across the councils that will need to be re-paid by the PCC in 2021/22.

In addition to this impact it is also likely that the calculated number of Band D properties in 2021/22 will be lower than currently forecast, which is an annual growth of 1% from the previous year's base. All of the same reasons that will impact in 2020/21 are likely to continue into, at least, 2021/22 in terms of assessing the calculated number of Band D properties in Cleveland.

A 5% deficit on the 2020/21 collection fund, coupled with a 2.5% reduction in the council tax base in 2021/22 (as opposed to a 1% increase) would result in council tax income being about £3.6m lower in 2021/22 than the current financial plan assumes. Even allowing for some pick up in the overall economy thereafter and therefore a reduced need for Council Tax Support and a return of house building, it would not be unreasonable to expect that future Council Tax receipts, from a Policing perspective, could be circa £2m per year lower than the current financial plans assume.

The financial plans will be kept under review and as more information is available will be updated – this will include scenario planning. At this stage however no changes have been made to the current plans.

As per these accounts the PCC has general reserves of just over £5m and therefore capacity, if needed, to help support the organisation during these unprecedented times. The current financial plans do not rely on any use of these general reserves already and therefore could be used to support the organisation if it needs to adjust future plans to meet a reduced financial envelope for future service delivery.

#### Cash Flow Management

There have been no negative COVID related impacts for the Cash Flow of the organisation. In some respects cash flow has marginally improved, in 2020/21, as a result of the government releasing grants marginally earlier than they would have been expected to have been paid.

#### Major Risks

The challenges and risks for policing and crime, for victims and witnesses and for the wider criminal justice system may be greater in the months ahead than they have been during the height of the pandemic and the social restrictions that were put in place during that period.

Increases in unemployment, wider social unrest, demand increases as businesses start to open again, particularly in relation to pubs and clubs, the largely hidden impact on mental health and domestic abuse during this period ultimately become apparent and as the country transitions to a new way of living, working, socialising and schooling that the gap widens between different sections of the communities.

As a result of all of these potential challenges, and many more beside, the impact on future service needs and demands therefore becomes even more challenging than normal which makes mapping and resourcing this exceptionally difficult. At this same time there is the likely reductions in funding discussed elsewhere to also factor in.

### Plans for Recovery

While much discussion is focussed on the 'recovery phase' in terms of public services and the wider economy there is no significant 'recovery' needed from a policing perspective as business as usual has very much been retained throughout the pandemic so far.

## **11. NON FINANCIAL PERFORMANCE DATA**

The Police and Crime Commissioner (PCC) refreshed the Police and Crime Plan in 2019 to enhance the commitments, challenges and opportunities set out in the previous plan. Due to the unprecedented situation created by the COVID-19 world pandemic the PCC elections which were due to take place on 7 May 2020 were cancelled and rescheduled until May 2021. As a result, PCCs were to remain as the elected representative until that time. As a result the PCC is currently updating the Police and Crime Plan, not only to plan for the challenges experienced during the COVID-19 outbreak but to provide strategic direction for another year and outline the key priorities for the 12 month period. The new plan will be presented to the Police and Crime Panel in July 2020.

The core of the plan in 2019/20 had five clear objectives:

- Investing in Our Police;
- A better deal for victims and witnesses;
- Tackling offending and re-offending;
- Working together to make Cleveland safer; and
- Securing the future of our Communities.

The PCC's objectives reflect the policing priorities of the public and have been drawn up following extensive consultation with the community. The PCC has attended over 700 community meetings, consulted via the local media, the website, by direct contact with the public, through the Police and Crime Panel and with the public, private and voluntary organisations across the Cleveland area.

The Plan outlines actions that have been taken, the work that is taking place and those initiatives that are planned for the future.

The PCC monitors Force performance in a number of ways, including:

- Weekly accountability meetings with the Chief Constable;
- Monthly scrutiny meetings with the force and partners;
- Monitoring the force control room log and the serious incidents log on a daily basis;
- Attendance at the Force Performance Group meeting; and
- Attending at least one local meeting in each of Cleveland's neighbourhood police team areas every year.

### **1. Investing in our Police:**

Following the publication of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report in September 2019, in which the Force received an 'inadequate' rating, the PCC issued a Strategic Direction to the Force to establish clear priorities and vision. The document set out the strategic requirements the Chief Constable and his team had to deliver, including an up-to-date and thorough assessment of the Force's operational and organisational progress. In addition, the Strategic Direction set out how the PCC was to further amplify and deepen approaches to scrutiny and holding to account, to include an increase in the use of independent scrutiny approaches and a clear expectation for the Chief Constable to confirm what will change and by when.

The PCC has attended the Police Performance and Oversight Group (PPOG) with the Chief Constable and has been provided, on a regular basis, with comprehensive updates on the Service Improvement Programme as part of the scrutiny process. The PCC is supportive of the decision to maintain, where at all possible, the resources and skills in the Service Improvement Team during the operational response to COVID-19. During this time and in

lieu of the sitting of PPOG, the Chief Constable is providing a full update on the progress being made under the Service Improvement programme.

During the COVID-19 crisis, the PCC has increased his scrutiny regime to enable questioning to take place remotely on a weekly basis. This takes into account questions provided from the public and feedback from partners. In addition to the scrutiny programme the PCC is receiving daily updates on the developing events for COVID-19 and working with partners to provide support with the services.

The major achievements for 2019/20 have been as follows:

- Appointment of Richard Lewis as our Chief Constable in March 2019, to deliver the organisational and transformational changes required, including developing a new neighbourhood policing model, resulting in over 200 police officers and PCSOs being deployed into communities across Cleveland.
- Working closely with the Force to establish an accelerated Police Officer recruitment programme and then providing the necessary funding for this to be delivered. The results of which are that over 200 Police Officers were recruited during 2019/20, with the overall number of Police Officers increasing by around 120, an increase of 10% across just one year.
- Development with Cleveland Police an award-winning Everyone Matters programme, investing in and promoting diversity, equality and human rights.
- Funding for a programme of technological investment to better equip officers and improve efficiency and effectiveness. This has most recently included the introduction of a drone capacity, bringing a further dimension to local policing.
- The OPCC and Cleveland Police's Directorate of Standards and Ethics (DSE) have worked closely together towards the PCC's objective of becoming a national lead in complaints handling. Initiatives introduced include:
  - Introducing a Complaints Service Team who provide a 'triage' service to improve the service provided to the public who have expressed dissatisfaction with Cleveland Police, providing explanations and apologies where necessary and around 80% of complaints are dealt with in this way.
  - For the calendar year of 2019 the force recorded 372 complaints. This is a reduction of 29.14% on 2018, where 525 complaints were recorded. When looking at the reduction of complaints since the introduction of the OPCC triage team in 2015, complaints reduced by 46.93%, where 701 complaints were recorded in that year.
- From February 2020, the OPCC played a more central role in the police complaints system, by taking over the responsibility for reviewing complaints after they have been resolved by the Force.

## **2. Getting a Better Deal for Victims:**

The major achievements for 2019/20 include:

- The PCC set up and chairs a Cleveland-wide Strategic Hate Crime and Incidents Group.
- Engaging directly with victims to understand their views and experience of Cleveland Police and the support services commissioned by the OPCC.
- Instigating new processes in the Cleveland Police Control Room to enable instant support, at the point of reporting, for the most vulnerable victims.
- Multi-agency work around Refugees and Asylum Seekers (RAS) in Cleveland. This has included the funding of a dedicated engagement officer within Cleveland Police to support minority communities, a review of the information provided to new arrivals to ensure victim support services are highlighted, and Hate Crime Champion training for the RAS community to encourage reporting of hate offences.
- Commissioning of a Human Trafficking and Modern Slavery expert to bring together key partners to collectively and collaboratively prevent, identify, disrupt and eradicate modern slavery and human trafficking in all its forms. Resulting in the establishment of a multi-

agency Cleveland Anti-Slavery Network. Through this group a Victim Care Pathway has been established - the first in the country - to ensure a smooth process to effectively provide care and support to victims 24/7 who are identified and rescued. This has been welcomed as a ground-breaking model of good practice by the national Anti-Slavery Commissioner.

- Restorative Cleveland commenced on 1 April 2018 following a successful multi-agency pilot during 2017/18. The service is delivered by Safe in Tees Valley and includes a partnership arrangement between Cleveland Police and Durham Tees Valley Community Rehabilitation Company. During 2018 the service were successful in achieving the nationally acclaimed Restorative Service Quality Mark (RSQM). Between April 2018 and the end December 2020, the service delivered 39 face-to-face interventions and many other interventions including shuttle mediation and letters of explanation. The service was nominated for, and won, a Howard League for Penal Reform Award as a result of one of the cases they supported involving a Hate Crime.

### **3. Reducing Reoffending:**

The major achievements for 2019/20 have been as follows:

- In trying to turn the tide against rising levels of serious violence across the local area, the PCC secured a visit from the nationally renowned Knife Angel sculpture on its first trip to the North East. The monument was seen by more than 30,000 people during its time in Middlesbrough's Centre Square and hundreds of young people received anti-knife input from campaigner Theresa Cave.
- The lasting legacy of the Angel in Cleveland resulted in further initiatives aimed at reducing knife violence and raising awareness among young people. Cleveland Police installed permanent knife bins in all four of their main local police stations and conducted knife operations on local train networks.
- Working with local partners, the OPCC funded emergency first aid packs to help treat those with stab or slash wounds. These 'stab packs' have been put together by young offenders currently engaged with South Tees Youth Offending Service, to help them understand the dangers of using or carrying a knife.
- The PCC appointed a Tees Serious Violence Prevention Manager, as a result of securing £546,000 from the Home Office Early Intervention Youth Fund. This Manager is leading on developing a Tees-wide Serious Violence Prevention Strategy, in line with Cleveland Police's strategy on the same issue. The strategy will include the key strands of prevention, early intervention, targeted intervention and diversion, with work streams for each strand working towards a public health approach.
- The PCC worked with a range of local partners to develop and commission the first Heroin Assisted Treatment (HAT) scheme in the country. Our research found a cohort of 20 chaotic drug users in Middlesbrough cost the taxpayer upwards of £1m a year in police time, A&E or GP visits, and demand on the court and prison systems. Patients now attend a specialist facility twice a day for a prescription of medical grade diamorphine, which is injected by the participants on site. The scheme has attracted national and international interest and Heroin Assisted Treatment was endorsed by the cross-party Health and Social Care Committee in their recent report calling for a radical new approach to tackling drug misuse. The aim is to extend the current pilot scheme in Middlesbrough and explore the possibility of other areas establishing their own programmes. The PCC will be investing "Proceeds of Crime" money seized from organised criminals and gangs into this area of work, to help repair harm to communities that the illegal drug trade causes.
- Developed Cleveland Divert in partnership with Cleveland Police and Durham Tees Valley Community Rehabilitation Company. Cleveland Divert identifies those who have committed first-time or low-level offences and offers them a bespoke programme of support from a specially trained worker. Pathways have been established in assisting people with a range of issues that have caused them to offend, including mental health, poverty, domestic abuse and alcohol or substance misuse. This initiative was shortlisted for the Howard League Penal Reform Award for specialist support for females.

- Investment in the evidence-based Youth Triage scheme, which provides specialist assessment and intervention programmes to address needs of children and young people at the earliest signs of offending behaviour. This is delivered across the Cleveland area by Youth Offending Teams.
- Funding and support for ground-breaking research into motivations of Sexual Exploitation offenders, including prison interviews and analysis.

#### **4. Working together to keep Cleveland safer:**

The major achievements for 2019/20 include:

- Organising multi-agency events including: retail crime summits, disability hate crime events, ECINS multi-agency meetings, a community cohesion consultation for a national review, two Cleveland-wide asylum seeker good practice events and a number of criminal justice volunteers' fairs.
- The PCC representing the North East on the National Police Air Service Board and overseeing the development of a comprehensive service across the country delivering air support to our forces and communities.
- Leading on joint work with Stagecoach and Arriva bus companies, in conjunction with Restorative Cleveland, to increase awareness of hate crime with staff and passengers. As a result, newly launched Stagecoach buses now all carry advertising on how to report incidents and support services available. Existing buses will also feature this advertising through an upgrade process. Journey assistance cards for vulnerable passengers also now contain victim services and police information and literature has been provided for display internally in offices.
- Designing and implementing a Neighbourhood Survey. The results have assisted Cleveland Police in developing a Neighbourhood Policing survey to help ensure public feedback is incorporated in the design of the new model.
- The meeting with national Neighbourhood Watch leads to discuss how communities can contribute to the local community safety model.

#### **5. Developing Stronger Communities:**

- Between 2012 and 2020 the PCC has attended over 700 community meetings to speak to, and hear from, local people about their community safety concerns. There are many examples of actions flowing from this, including work on Eston Hills, around motorcycle nuisance in Stockton and ongoing work around ASB in Thornaby.
- Through the Community Safety Initiatives just over £68,000 has been invested in local community safety projects, to help community groups to develop their own local safety schemes and initiatives, including:
  - Stockton Refugee Week
  - MFC Kicks
  - Clean Slate Solution
  - Media Cultured
  - Eid Fusion
  - Middlesbrough Mela
  - Hartlepool Kicks
- Introducing an annual Cleveland Community Safety Awards (now joined with Cleveland Police into the ROSE Awards) to recognise the outstanding achievements of Police and PCC employees and also volunteers across Cleveland.

## **12. FURTHER INFORMATION**

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. This was published on the OPCC website.



Further information may be obtained from the Chief Finance Officer at The Office of the Police & Crime Commissioner for Cleveland, Cleveland Community Safety Hub, 1 Cliffland Way, Stainton Way, Hemlington, Middlesbrough, TS8 9GL

M. PORTER,  
CHIEF FINANCE OFFICER FOR THE PCC

# **STATEMENT OF RESPONSIBILITIES**

## **The PCC's Responsibilities**

The PCC 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. In this PCC's Office that Officer is the Chief Finance Officer to the PCC;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

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

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

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

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

The Chief Finance Officer to the PCC has also ensured that the Chief Finance Officer to Cleveland Police has:

- Applied the accounting policies consistently and in a prudent manner;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts give a true and fair view of the financial position of the PCC Group at the accounting date and its income and expenditure for the year ended 31st March 2020.

Date:

Signature: M Porter

**M Porter, Chief Finance Officer to the PCC**

## **The PCC's Responsibilities**

In accordance with the requirements of the Local Audit and Accountability Act 2014 I confirm that the Statement of Accounts was approved by the PCC:

Date:

Signature:

**Lisa Oldroyd Acting, Police & Crime Commissioner for**

**Cleveland**

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

## **Report on the financial statements**

### **Opinion**

We have audited the financial statements of the Police and Crime Commissioner for Cleveland (PCC) and the Group for the year ended 31 March 2020, which comprise the PCC and Group Movement in Reserves Statement, the PCC and Group Comprehensive Income and Expenditure Statement, the PCC and Group Balance Sheet, the PCC and Group Cash Flow Statement, the Group Police Pension Fund Statement and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Cleveland and Group as at 31<sup>st</sup> March 2020 and of the Police and Crime Commissioner for Cleveland and Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Police and Crime Commissioner for Cleveland and 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.

### **Emphasis of Matter - Material uncertainty relating to valuations of land and property**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 5 to the financial statements concerning the material valuation uncertainty statement made by the valuer.

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

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

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

### **Other information**

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the 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 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.

## **Responsibilities of the Chief Finance Officer for the financial statements**

As explained more fully in the Statement of Responsibilities, 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 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible 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.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Police and Crime Commissioner for Cleveland and Group is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Police and Crime Commissioner for Cleveland and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **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 Authority's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Conclusion on the Police and Crime Commissioner for Cleveland's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Qualified conclusion – Adverse**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are not satisfied that, in all significant respects, the Police and Crime Commissioner for Cleveland has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

### **Basis for qualified conclusion**

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner for Cleveland had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

In seeking to satisfy ourselves that the Police and Crime Commissioner for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators.

In September 2019, Her Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS) issued their latest Police Efficiency, Effectiveness and Legitimacy (PEEL) assessment in relation to Cleveland Police. The overall assessment from HMICFRS was that Cleveland Police's performance was inadequate and had declined considerably since the last assessment. Key causes of concern were identified as prioritising crime prevention, protecting vulnerable people, understanding demand and strategic planning, community engagement, ethical behaviour and treatment of the workforce. As a result of the assessment, Cleveland Police have been placed into HMICFRS's national oversight process. The Chief Constable for Cleveland has produced a 'Road to Improvement Plan' to address the findings from the HMICFRS Report, and actions have been prioritised to address the most pressing areas of concern first. However, the significance of the issues identified means that it will take time to secure the improvements needed, embed them into the normal ways of working within Cleveland Police and ensure that the changes are sustainable.

The findings of HMICFRS's reports relate to Cleveland Police Force, and are relevant to our consideration of the arrangements to achieve economy, efficiency and effectiveness of the Chief Constable for Cleveland. However, as it is a key role of the Police and Crime Commissioner for Cleveland to oversee the work of the Chief Constable for Cleveland and hold the Chief Constable to account for Cleveland Police's performance, these matters are equally applicable to our conclusion in relation to the Police and Crime Commissioner for Cleveland.

These matters are evidence of weaknesses in proper arrangements for taking informed decisions, securing sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities, and working with partners and other third parties.

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

The Police and Crime Commissioner for Cleveland is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their 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 arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner for Cleveland's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

## **Use of the audit report**

This report is made solely to the Police and Crime Commissioner for Cleveland and Group, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 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 those matters we are required to state to them 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 for Cleveland and Group, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Delay in certification of completion of the audit**

We can not formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Police and Crime Commissioner for Cleveland and Group's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Police and Crime Commissioner for Cleveland and Group's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Gavin Barker  
Director  
For and on behalf of Mazars LLP  
Salvus House  
Aykley Heads  
Durham DH1 5TS  
October 2020

# **GROUP COMPREHENSIVE INCOME AND EXPENDITURE** **STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

This statement shows the accounting cost in year of the Group in accordance with generally accepted accounting practice. The statements have been prepared assuming the going concern concept, i.e. its functions and services will continue in operational existence for the foreseeable future. In practice all funding is received, and the respective payments made, by the PCC.

DETAIL	2019/2020			2018/2019		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	89,776		89,776	121,448		121,448
Police Community Support Officer Pay Costs	4,546		4,546	5,173		5,173
Police Staff Support Pay Costs	20,165		20,165	13,818		13,818
OPCC Staff Pay Costs	1,682		1,682	1,359		1,359
Police Non Pay Costs	37,408		37,408	38,992		38,992
OPCC Non Pay Costs	11,670		11,670	22,148		22,148
OPCC Income	0	16,453	(16,453)	0	13,505	(13,505)
Undistributed Costs	403		403	204		204
<b>Net Cost of Services</b>	<b>165,649</b>	<b>16,453</b>	<b>149,196</b>	<b>203,143</b>	<b>13,505</b>	<b>189,637</b>
Other Operating Expenditure			212			277
Financing & Investment Income and Expenditure (Note 10)			45,419			46,787
Taxation & Non-Specific Grant Income (Note 11)			(131,960)			(126,336)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>62,868</b>			<b>110,365</b>
(Surplus)/Deficit on Revaluation of PPE			0			(2,110)
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 21)			(172,970)			(1,502)
<b>Other Comprehensive Income and Expenditure</b>			<b>(172,970)</b>			<b>(3,612)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(110,102)</b>			<b>106,753</b>

## **PCC COMPREHENSIVE INCOME AND EXPENDITURE** **STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

This statement shows the accounting cost in year of the PCC in accordance with generally accepted accounting practice. The statements have been prepared assuming the going concern concept, i.e. its functions and services will continue in operational existence for the foreseeable future. In practice all funding is received, and the respective payments made, by the PCC. The Statement details the funding allocated to the CC for the discharge of function.

DETAIL	2019/2020			2018/2019		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs						
Police Community Support Officer Pay Costs						
Police Staff Support Pay Costs						
OPCC Staff Pay Costs	1,682	0	1,682	1,359	0	1,359
Police Non Pay Costs						
OPCC Non Pay Costs	11,670	0	11,670	22,148	0	22,148
OPCC Income	0	16,453	(16,453)	0	13,505	(13,505)
Undistributed Costs	83	0	83	121	0	121
<b>Net Cost of Services before Funding</b>	<b>13,435</b>	<b>16,453</b>	<b>(3,019)</b>	<b>23,628</b>	<b>13,505</b>	<b>10,123</b>
Intra Group Funding	132,761	0	132,761	123,160	0	123,160
<b>Net Cost of Services</b>	<b>146,195</b>	<b>16,453</b>	<b>129,742</b>	<b>146,788</b>	<b>13,505</b>	<b>133,283</b>
Other Operating Expenditure			212			277
Financing & Investment Income & Expenditure (Note 10)			3,800			4,091
Taxation & Non-Specific Grant Income (Note 11)			(131,960)			(126,336)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>1,795</b>			<b>11,315</b>
(Surplus)/Deficit on Revaluation of PPE			0			(2,110)
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 21)			1,591			(523)
<b>Other Comprehensive Income and Expenditure</b>			<b>1,591</b>			<b>(2,633)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>3,386</b>			<b>8,682</b>



## **GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

This statement shows the movement in the year on the different reserves held by the Group. The statement analyses the reserves between "usable" and "unusable". The Group holds the reserves in respect of pension liability and the movements are included within this statement in line with the accounting standard IAS19.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
<b>Balance at 31st March 2019</b>	(5,992)	(9,940)	(0)	(136)	(1,517)	(17,586)	1,758,730	1,741,144
(Surplus) or deficit on provision of services (accounting basis)	62,868	0.0	0.0	0.0	0.0	62,868	0.0	62,868
<b>Total Comprehensive Expenditure and Income</b>	62,868	0	0	0	0	62,868	(172,970)	-110,102
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	(65,339)	0	0	0	(526)	(65,865)	65,865	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	(2,471)	0	0	0	(526)	(2,997)	(107,105)	-110,102
<b>Total Transfers (to)/from Reserves</b>	3,421	750	0	37	0	4,208	(4,209)	0
<b>(Increase) / Decrease in Year</b>	950	750	0	37	(526)	1,211	(111,314)	-110,103
<b>Balance at 31 March 2020</b>	(5,042)	(9,190)	(0)	(100)	(2,043)	(16,375)	1,647,417	1,631,042
<b>Reserves held for:</b>								
Capital purposes		(1,572)	(0)		(1,517)	(3,089)		
Revenue Purpose	(5,992)	(8,368)		(136)		(14,496)		
<b>Total at 31 March 2019</b>	(5,992)	(9,940)	(0)	(136)	(1,517)	(17,585)		
Capital purposes	0	(3,169)	0	0	(2,043)	(5,212)		
Revenue Purposes	(5,042)	(6,021)	(0)	(100)	0	(11,163)		
<b>Total at 31 March 2020</b>	(5,042)	(9,190)	(0)	(100)	(2,043)	(16,375)		

## **PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

This statement shows the movement in the year on the different reserves held by the PCC. The statement analyses the reserves between "usable" and "unusable". The PCC holds the reserves in respect of Local Government Pension liability and the movements are included within this statement in line with the accounting standard IAS19.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total PCC Reserves £000
<b>Balance at 31st March 2019</b>	(5,992)	(9,940)	0	(136)	(1,517)	(17,586)	(3,887)	(21,472)
(Surplus) or deficit on provision of services (accounting basis)	1,795	0	0	0	0	1,795	0	1,795
<b>Other Comprehensive Income and Expenditure</b>	0	0	0	0	0	0	1,591	1,591
<b>Total Comprehensive Expenditure and Income</b>	1,795	0	0	0	0	1,795	1,591	3,386
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	(4,266)	0	0	0	(526)	(4,792)	4,792	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	(2,471)	0	0	0	(526)	(2,997)	6,383	3,386
<b>Total Transfers (to)/from Reserves</b>	3,422	750	0	37	0	4,209	(4,209)	0
<b>(Increase) / Decrease in Year</b>	951	750	0	37	(526)	1,212	2,174	3,386
<b>Balance at 31 March 2020</b>	(5,042)	(9,190)	0	(100)	(2,043)	(16,374)	(1,713)	(18,087)
<b>Reserves held for:</b>								
Capital purposes		(1,572)	0		(1,517)	(3,088)		
Revenue Purpose	(5,992)	(8,368)		(136)		(14,497)		
<b>Total at 31 March 2019</b>	(5,992)	(9,940)	0	(136)	(1,517)	(17,585)		
Capital purposes	0	(3,169)	0	0	(2,043)	(5,211)		
Revenue Purposes	(5,042)	(6,021)	(0)	(100)	0	(11,163)		
<b>Total at 31 March 2020</b>	(5,042)	(9,190)	0	(100)	(2,043)	(16,375)		

## **GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
Balance at 31st March 2018	(6,074)	(7,242)	0	(136)	(1,002)	(14,455)	1,648,846	1,634,391
(Surplus) or deficit on provision of services (accounting basis)	110,365	0	0	0	0	110,365	0	110,365
Total Comprehensive Expenditure and Income	110,365	0	0	0	0	110,365	(3,612)	106,753
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	(113,219)	0	(0)	0	(515)	(113,733)	113,734	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,854)	0	(0)	0	(515)	(3,369)	110,122	106,754
Total Transfers (to)/from Reserves	2,935	(2,698)	0	0	0	237	(237)	0
(Increase) / Decrease in Year	82	(2,698)	(0)	0	(515)	(3,132)	109,885	106,754
Balance at 31 March 2019	(5,992)	(9,940)	(0)	(136)	(1,517)	(17,586)	1,758,730	1,741,144

## **PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total PCC Reserves £000
Balance at 31st March 2018	(6,074)	(7,242)	0	(136)	(1,002)	(14,454)	(15,700)	(30,154)
(Surplus) or deficit on provision of services (accounting basis)	11,315	0	0	0	0	11,315	0	11,315
Total Comprehensive Expenditure and Income	11,315	0	0	0	0	11,315	(2,633)	8,682
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	(14,168)	0	0	0	(515)	(14,683)	14,683	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,854)	0	0	0	(515)	(3,368)	12,050	8,682
Total Transfers (to)/from Reserves	2,935	(2,698)	0	0	0	237	(237)	0
(Increase) / Decrease in Year	82	(2,698)	0	0	(515)	(3,131)	11,813	8,682
Balance at 31 March 2019	(5,992)	(9,940)	0	(136)	(1,517)	(17,585)	(3,887)	(21,472)

## **GROUP BALANCE SHEET AT 31st MARCH 2020**

The Group Balance Sheet shows the value of the assets and liabilities recognised by the PCC Group as at 31<sup>st</sup> March 2020.

	Notes	31 March 2020 £000	31 March 2019 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	55,932	56,006
Intangible Assets	13	2,076	3,211
Assets Held for Sale	17	9,216	9,216
Long Term Debtors	15	554	1,071
<b>Total Long Term Assets</b>		<b>67,778</b>	<b>69,504</b>
<b>Current Assets</b>			
Short Term Investments		-	4,500
Inventories		108	65
Short Term Debtors	15	22,351	22,302
Cash and Cash Equivalents	16	2,636	2,685
<b>Total Current Assets</b>		<b>25,094</b>	<b>29,552</b>
<b>Total Assets</b>		<b>92,872</b>	<b>99,056</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(3,272)	(2,772)
Short Term Creditors	18	(16,658)	(16,316)
Provisions	19	(3,411)	(4,117)
<b>Total Current Liabilities</b>		<b>(23,341)</b>	<b>(23,205)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(25,020)	(28,292)
Other Long Term Liabilities : PFI	27	(21,655)	(23,238)
Pensions Liability	21	(1,653,898)	(1,765,465)
<b>Total Long Term Liabilities</b>		<b>(1,700,573)</b>	<b>(1,816,995)</b>
<b>Total Liabilities</b>		<b>(1,723,914)</b>	<b>(1,840,200)</b>
<b>Net Assets</b>		<b>(1,631,042)</b>	<b>(1,741,144)</b>
Usable Reserves	32	(16,375)	(17,586)
Unusable Reserves	33	1,647,417	1,758,730
<b>Total Reserves</b>		<b>1,631,042</b>	<b>1,741,144</b>

## **PCC BALANCE SHEET AT 31st MARCH 2020**

The PCC Balance Sheet shows the value of the assets and liabilities recognised by the PCC as at 31<sup>st</sup> March 2020.

	Notes	31 March 2020 £000	31 March 2019 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	55,932	56,006
Intangible Assets	13	2,076	3,211
Asset Held for Sale	17	9,216	9,216
Long Term Debtors	15	554	1,071
<b>Total Long Term Assets</b>		<b>67,778</b>	<b>69,504</b>
<b>Current Assets</b>			
Short Term Investments		-	4,500
Inventories		108	65
Short Term Debtors	15	22,351	22,302
Cash and Cash Equivalents	16	2,636	2,685
<b>Total Current Assets</b>		<b>25,094</b>	<b>29,552</b>
<b>Total Assets</b>		<b>92,872</b>	<b>99,056</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(3,272)	(2,772)
Short Term Creditors	18	(16,658)	(16,316)
Provisions	19	(3,411)	(4,117)
<b>Total Current Liabilities</b>		<b>(23,341)</b>	<b>(23,205)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(25,020)	(28,292)
Other Long Term Liabilities : PFI	27	(21,655)	(23,238)
Pensions Liability	21	(4,770)	(2,849)
<b>Total Long Term Liabilities</b>		<b>(51,445)</b>	<b>(54,379)</b>
<b>Total Liabilities</b>		<b>(74,786)</b>	<b>(77,584)</b>
<b>Net Assets</b>		<b>18,086</b>	<b>21,472</b>
Usable Reserves	32	(16,375)	(17,586)
Unusable Reserves	33	(1,711)	(3,886)
<b>Total Reserves</b>		<b>(18,086)</b>	<b>(21,472)</b>

## **GROUP & PCC CASHFLOW STATEMENT 2019/20**

The Group and PCC Cash Flow Statement show the changes in cash and cash equivalents during the reporting period.

	<b>2019/2020 £000</b>	<b>2018/2019 £000 Restated</b>
<b>OPERATING ACTIVITIES</b>		
<u>Cash Outflows</u>		
Cash paid to and on behalf of employees	100,979	86,779
Cash payment to reduce the PFI liability	1,583	1,505
Cash paid to suppliers of goods and services	69,421	72,434
	<b>171,983</b>	<b>160,718</b>
<u>Cash Inflows</u>		
Precept received	(38,632)	(34,257)
National non-domestic rates	(38,756)	(37,992)
Other grants	(96,297)	(94,598)
Rents	(40)	(29)
Cash received for goods and services	(1,121)	(677)
Other operating cash receipts	(3,109)	(3,871)
	<b>(177,954)</b>	<b>(171,424)</b>
<b>Operating Activities Net Cash Flow</b>	<b>(5,972)</b>	<b>(10,706)</b>
<b>INVESTING ACTIVITIES</b>		
<u>Returns on Investments and Servicing of Finance</u>		
Cash outflows -Interest paid	3,851	4,103
Cash inflows - Interest received	(119)	(92)
	<b>3,732</b>	<b>4,011</b>
<u>Capital Activities</u>		
Cash outflows - Purchase of non current assets	4,613	5,577
Cash inflows - Sale of non current assets	(71)	(2,633)
- Capital grant received	(526)	(515)
	<b>4,016</b>	<b>2,429</b>
<b>Investing Activities Net Cash Flow</b>	<b>7,748</b>	<b>6,440</b>
<b>Net Cash Outflow/(Inflow) before financing</b>	<b>1,777</b>	<b>(4,266)</b>
<b>FINANCING ACTIVITIES</b>		
<u>Management of Liquid Resources</u>		
Net increase/(decrease) in investments	(4,500)	4,500
Net increase/(decrease) in imprests	-	-
	<b>(4,500)</b>	<b>4,500</b>
<u>Financing</u>		
Cash outflows - Repayment of amounts borrowed	2,772	872
Cash inflows - New loans raised	0	(3,000)
	<b>2,772</b>	<b>(2,128)</b>
<b>Financing Activities Net Cash Flow</b>	<b>(1,728)</b>	<b>2,372</b>
<b>Net (Increase)/Decrease in cash</b>	<b>49</b>	<b>(1,894)</b>
<b>Cash brought forward</b>	2,685	791
<b>Cash carried forward</b>	2,636	2,685
<b>Net (Increase)/Decrease in cash</b>	<b>49</b>	<b>(1,894)</b>

**Note:** The restatement in 18/19 was required to correct the understatement of the Pension grant received and corresponding expenditure incurred in the year. This restatement had no impact on Net increase in cash.

# **GROUP & PCC NOTES TO THE CORE FINANCIAL STATEMENTS**

## **1. GROUP ACCOUNTING POLICIES**

### **A) PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to generate economic benefit during more than one financial year are classified as Property, Plant and Equipment.

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

- Property, Plant and Equipment – fair value, determined using the basis of existing use value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Surplus assets are valued at Fair Value.

Assets reclassified as Held for Sale are valued at Market Value.

#### **Revaluations & Impairment**

Assets included in the Balance Sheet at fair value are revalued every five years (revalued as at 28<sup>th</sup> February 2019), and reviewed annually for impairment. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value (market value) are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

## **Impairment**

Where there is a material reduction in the value of an asset caused by a consumption of economic benefits (e.g. physical damage or deterioration in the quality of the service provided by the asset) the loss is reflected through an impairment charge to Net Cost of Services.

Impairment losses are accounted as a decrease in valuation as set out above.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property; 40 Years
- Plant, furniture and equipment – straight-line allocation over the useful life of the asset; 5 – 10 Years
- Motor Vehicles – straight-line allocation over the useful life of the assets; 3 Years
- Specialist vehicles – straight-line allocation over the useful life of the assets; 4 - 15 Years

For assets acquired in the year, depreciation is applied from the 1st April of the following financial year. Incomplete assets are not depreciated until they are brought into use. A full year's depreciation is charged in the year of disposal to be consistent with not charging any depreciation until the 1<sup>st</sup> April of the year after an asset is brought into use.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and a significantly different useful economic life, the components are depreciated separately from 1<sup>st</sup> April 2010. The PCC Group has undertaken this review and has no significant components in the 2019/20 financial year – this review will be undertaken annually.

## **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) and any receipts from the

disposal are transferred to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts.

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

## **B) INTANGIBLE ASSETS**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the PCC Group can be determined by reference to an active market. In practice, no intangible asset held by the PCC Group meets this criterion, and they are therefore carried at amortised cost. The amortisable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- amortisation of intangible assets attributable to the service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The PCC is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction through the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.



## **C) DE MINIMIS LEVEL**

Capital Expenditure – The PCC has agreed a de minimis level of £5,000 for the acquisition, renewal or replacement of buildings, vehicles, plant, machinery or other equipment to count as prescribed capital expenditure.

Capital Receipts – All receipts from the sale of non-current assets, are to be classified as a capital receipt.

## **D) GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the PCC Group when there is reasonable assurance that:

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

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired, using the grant or contribution, are required to be consumed by the recipient as specified, or they must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When no conditions exist or have been satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve; where it has been applied, it is posted to the Capital Adjustment Account.

## **E) CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are those that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC Group's cash management.

## **F) LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### **The PCC Group as Lessee**

#### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value

of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

The PCC has finance leases relating to PFI (as disclosed in note 27).

### **Operating Leases**

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

## **G) DEBTORS AND CREDITORS**

Both the revenue and capital accounts of the PCC Group are maintained on an accruals basis in accordance with the Code of Accounting Practice. That is, sums due to or payable by the PCC Group during the year are included in the accounts whether or not the cash has actually been received or paid in the year. No de minimis is applied to this process.

## **H) VALUATION OF INVENTORIES**

Inventories held at 31st March are valued at the lower of cost or current market value.

## **I) LOANS AND RECEIVABLES**

Loans and receivables are initially measured at fair value and carried at their amortised cost. Credits to the income and expenditure account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all investments that the authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year.

## **J) FINANCIAL INSTRUMENTS**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. They are recognised in the Balance Sheet when, and only when, the holder becomes committed to the purchase. The only exceptions are trade receivables and trade debtors when the PCC Group recognises these transactions on delivery or receipt.

## **K) PROVISIONS**

Provisions represent the best estimate, at the balance sheet date, of expenditure required to settle the present obligation. The outcome must be able to be estimated reliably and have a probable outcome. Details of individual provisions are given in the Notes to the Core Financial Statements.

## **L) RESERVES**

The PCC sets aside specific amounts as reserves (Usable) for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to be charged against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

## **M) SELF-INSURED RISKS**

The PCC Group maintains external insurance policies for major risks such as Third Party Motor cover and Employer's Liability. The excess on these policies and claims arising from less significant risk areas are borne by the Insurance Fund. Details of the Fund balance are shown in the notes on Provisions.

## **N) INVESTMENTS**

Surplus cash is invested externally on a day-to-day basis. Investments at 31<sup>st</sup> March are shown in the balance sheet at fair value.

## **O) EMPLOYEE BENEFITS**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as time off in lieu, flexitime and paid holidays for current employees and are recognised as an expense for services in the year in which employees render service to the PCC Group. An accrual is made for the cost of these entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that employee benefits are charged to revenue in the financial year in which the absence occurs but are not chargeable against Council Tax.

## **P) PENSIONS**

The PCC Group participates in two different pension schemes, which meet the needs of police officers and support staff. The schemes provide members with defined benefits related to pay and service. Employees' and employers' contribution levels are based on percentages on pensionable pay set nationally by the Home Office and are subject to triennial review by the Government Actuary Department. The schemes are as follows: -

### **i) Uniformed Police**

The PCC Group meet the pension payments by the payment of an employer's pension contribution based on a percentage of pay into the pension fund.

The pension fund is balanced to nil each year by a transfer to/from the Police Fund.

This scheme has no assets and does not take into account the liabilities to pay pensions and other benefits after the period end.

## **ii) Support Staff**

Support Staff, subject to certain qualifying criteria, are eligible to join the Local Government Superannuation Scheme, which is operated by Teesside Pension Fund. The pension costs charged to the PCC Group's accounts equate to the employer's contributions paid to the fund on behalf of eligible employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pensions costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government Regulations. The PCC Group complies with the requirements of IAS19 in that the Balance Sheet shows the full value of future liabilities in respect of retirement benefits payable to its employees.

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

- Where a PCC participates in more than one scheme, schemes with net assets should be shown separately from those with net liabilities.
- The attributable assets of each scheme should be measured at fair value, which is based on bid value.
- The attributable liabilities of each scheme should be measured on an actuarial basis using the projected unit method.
- Scheme liabilities should be discounted at a rate that reflects the time value of money and the characteristics of the liability.
- The surplus/deficit in each scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme.
- The current service cost should be based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- The interest cost should be based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The expected return on assets is based on long-term expectations at the beginning of the period and is expected to be reasonably stable.
- Actuarial gains/losses may arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- Past service costs should be disclosed on a straight-line basis over the period in which the increase in benefits rest.
- Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions should be measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in the notes to the accounts covering that date. Gains arising from settlement/curtailments not allowed for in the actuarial assumptions should be measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

## **Q) OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2019/20 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the PCC's status as a multifunctional, democratic organisation.
- Undistributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

## **R) PRIVATE FINANCE INITIATIVE**

The PCC is party to two separate PFI schemes, one for the provision of Firearms Training facilities at Urlay Nook. The other is for the provision of centralised custody and District HQ facilities.

The treatment of transactions under the schemes is in accordance with IFRIC 12 – Service Concessions and the IFRS Code.

## **S) VALUE ADDED TAX**

VAT is included in the accounts only if it is irrecoverable from Her Majesty Revenue Customs (HMRC).

## **T) PRECEPT**

Precept is accounted for on an agency basis.

## **U) POST BALANCE SHEET EVENTS**

Events after the Balance Sheet date are reflected by the PCC Group up to the date when the Statement of Accounts are authorised for issue.

## **V) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS**

Exceptional and Extraordinary items would be disclosed on the face of the Comprehensive Income and Expenditure Account and fully explained in the notes to the accounts.

Prior period adjustments, where material and applicable to prior years, are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and adjusting the opening balance of the reserves for the cumulative effect.

## **W) REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the Group.

## **X) JOINT CONTROLLED OPERATIONS**

The PCC Group engages in collaborative working arrangements with the Northumbria, Durham and North Yorkshire Forces. The collaborative arrangements cover the delivery of a number of specific services on a regional basis. (Details of which can be found at Note 36 of the accounts).

Each participant accounts for the assets it controls, the liabilities it incurs, the expenses that it incurs and the income receivable in relation to amounts re-charged to the venture.

The PCC Group also engages in collaborative working in partnership with North Yorkshire and Durham forces (Evolve). This Collaboration is monitored by a Joint Governance Board.

## **Y) CONTINGENT LIABILITIES**

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

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

## **Z) CONTINGENT ASSETS**

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **AA) FAIR VALUE**

The PCC Group measures its assets and liabilities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The PCC Group measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming that market participants act in their economic best interest).

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

The PCC Group uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the PCC Group 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 PCC Group can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

## 2 EXPENDITURE & FUNDING ANALYSIS

The Expenditure & Funding Analysis shows how the annual expenditure is used and funded from resources by the PCC in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practice.

### Group

	Expenditure Chargeable to the General Fund £000's	2019/2020 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	2018/2019 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
<b>Funding Analysis</b>						
Police Officer Pay Costs	72,883	(16,893)	89,776	68,051	(53,397)	121,448
Police Community Support Officer Pay Costs	4,015	(531)	4,546	4,382	(791)	5,173
Police Staff Support Pay Costs	17,808	(2,357)	20,165	11,706	(2,112)	13,818
OPCC Staff Pay Costs	1,420	(262)	1,682	1,258	(101)	1,359
Police Non Pay Costs	31,737	(5,670)	37,408	36,355	(2,637)	38,992
OPCC Non Pay Costs	16,980	5,310	11,670	13,223	(8,925)	22,148
OPCC Income	(16,453)	0	(16,453)	(13,505)	0	(13,505)
Undistributed Costs	403	0	403	204	0	204
<b>Net Cost of Services</b>	<b>128,793</b>	<b>(20,403)</b>	<b>149,196</b>	<b>121,674</b>	<b>(67,963)</b>	<b>189,637</b>
Other Operating Expenditure	131	(81)	212	157	(119)	277
Financing & Investment Income & Expenditure (Note 10)	3,732	(41,687)	45,419	4,010	(42,777)	46,787
Taxation & Non-Specific Grant Income	(131,706)	254	(131,960)	(125,760)	576	(126,336)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>950</b>	<b>(61,918)</b>	<b>62,868</b>	<b>82</b>	<b>(110,283)</b>	<b>110,365</b>
<b>Opening General Fund Balance</b>	(5,992)			(6,074)		
<b>(Surplus) or Deficit on Provision of Service</b>	950			82		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,992)</b>		

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2019/2020</b>				
Police Officer Pay Costs	(16,893)	0	(16,566)	(327)
Police Community Support Officer Pay Costs	(531)	0	(531)	0
Police Staff Support Pay Costs	(2,357)	0	(2,357)	0
OPCC Staff Pay Costs	(262)	0	(262)	0
Police Non Pay Costs	(5,670)	(5,670)	0	0
OPCC Non Pay Costs	5,310	1,889	0	3,421
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(20,403)</b>	<b>(3,781)</b>	<b>(19,716)</b>	<b>3,094</b>
Other Operating Expenditure	(81)	(81)	0	0
Financing & Investment Income & Expenditure (Note 10)	(41,687)	0	(41,687)	0
Taxation & Non-Specific Grant Income	254	0	0	254
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(61,918)</b>	<b>(3,862)</b>	<b>(61,403)</b>	<b>3,348</b>

	Adjustments Between funding & Accounting Basis	Adjustments for Capital	Pension Adjustments	Other Adjustments
	£000's	Note 2a £000's	Note 2b £000's	Note 2c £000's
<b>Notes to Funding Analysis 2018/2019</b>				
Police Officer Pay Costs	(53,397)	0	(53,451)	54
Police Community Support Officer Pay Costs	(791)	0	(791)	0
Police Staff Support Pay Costs	(2,112)	0	(2,112)	0
OPCC Staff Pay Costs	(101)	0	(101)	0
Police Non Pay Costs	(2,637)	(2,637)	0	0
OPCC Non Pay Costs	(8,925)	(11,870)	0	2,945
<b>Net Cost of Services</b>	<b>(67,963)</b>	<b>(14,507)</b>	<b>(56,455)</b>	<b>2,999</b>
Other Operating Expenditure	(119)	(119)	0	0
Financing & Investment Income & Expenditure (Note 10)	(42,777)	0	(42,777)	0
Taxation & Non-Specific Grant Income	576	0	0	576
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(110,283)</b>	<b>(14,626)</b>	<b>(99,232)</b>	<b>3,575</b>

## 2a Adjustments for Capital Purpose

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## 2b Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the PCC Group as allowed by statute and the replacement with the current service costs and past service costs.
- For Financing and Investment income and expenditure – the net interest on the defined liability is charged to the CIES.

## 2c Other Adjustments

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses and Deficits on the Collection Fund.



# PCC

	Expenditure Chargeable to the General Fund £000's	2019/2020 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	2018/2019 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
<b>Funding</b>						
Police Officer Pay Costs	(327)	(327)	0	54	54	0
Police Community Support Officer Pay Costs	0	0	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0	0	0
OPCC Staff Pay Costs	1,420	(262)	1,682	1,258	(101)	1,359
Police Non Pay Costs	(5,670)	(5,670)	0	(2,637)	(2,637)	0
OPCC Non Pay Costs	16,980	5,311	11,670	13,223	(8,925)	22,148
OPCC Income	(16,453)	0	(16,453)	(13,505)	0	(13,505)
Undistributed Costs	83	0	83	121	0	121
<b>Net Cost of Services</b>	<b>(3,968)</b>	<b>(949)</b>	<b>(3,019)</b>	<b>(1,486)</b>	<b>(11,610)</b>	<b>10,124</b>
Intra Group Funding	<b>132,761</b>	<b>0</b>	<b>132,761</b>	<b>123,160</b>	<b>0</b>	<b>123,160</b>
<b>Net Cost of Services</b>	<b>128,793</b>	<b>(949)</b>	<b>129,742</b>	<b>121,674</b>	<b>(11,610)</b>	<b>133,283</b>
Other Operating Expenditure	131	(81)	212	157	(119)	277
Financing & Investment Income & Expenditure (Note 10)	3,732	(68)	3,800	4,010	(81)	4,091
Taxation & Non-Specific Grant Income	(131,705)	254	(131,959)	(125,760)	576	(126,336)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>950</b>	<b>(845)</b>	<b>1,795</b>	<b>80</b>	<b>(11,234)</b>	<b>11,315</b>
<b>Opening General Fund Balance</b>	(5,992)			(6,074)		
<b>(Surplus) or Deficit on Provision of Service</b>	950			80		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,994)</b>		

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2019/2020</b>				
Police Officer Pay Costs	(327)	0	0	(327)
Police Community Support Officer Pay Costs	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0
OPCC Staff Pay Costs	(262)	0	(262)	0
Police Non Pay Costs	(5,670)	(5,670)	0	0
OPCC Non Pay Costs	5,311	1,889	0	3,422
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(949)</b>	<b>(3,782)</b>	<b>(262)</b>	<b>3,095</b>
Other Operating Expenditure	(81)	(81)	0	0
Financing & Investment Income & Expenditure (Note 10)	(68)	0	(68)	0
Taxation & Non-Specific Grant Income	254	0	0	254
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(845)</b>	<b>(3,863)</b>	<b>(330)</b>	<b>3,349</b>

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2018/2019</b>				
Police Officer Pay Costs	54	0	0	54
Police Community Support Officer Pay Costs	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0
OPCC Staff Pay Costs	(101)	0	(101)	0
Police Non Pay Costs	(2,637)	(2,637)	0	0
OPCC Non Pay Costs	(8,925)	(11,870)	0	2,945
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(11,609)</b>	<b>(14,507)</b>	<b>(101)</b>	<b>2,999</b>
Other Operating Expenditure	(119)	(119)	0	0
Financing & Investment Income & Expenditure (Note 10)	(81)	0	(81)	0
Taxation & Non-Specific Grant Income	576	0	0	576
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(11,234)</b>	<b>(14,626)</b>	<b>(182)</b>	<b>3,575</b>

### 3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

A number of amendments to accounting standards have been issued that are applicable to periods commencing after 31st March 2020 but not adopted:-

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

It is not anticipated that any of these amendments will have a material effect on the Financial Statements and require retrospective application.

The Implementation of the IAS 16: Leases standard, originally planned for the 1st April 2020, has been deferred by the CIPFA/LASAAC (Local Authority Accounting Code) Board to 1st April 2021. The introduction of this standard will require all assets, apart from those meeting certain exemption criteria, leased in by the PCC Group to be accounted for on its Balance Sheet. An impact assessment in respect of this standard has been completed and the impact on accounting for leased assets will be minimal.

### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

#### **Future government funding**

There is a high degree of uncertainty about future levels of funding for police services. However it has been determined that this uncertainty is not sufficient to provide an indication that the assets might be impaired and/or reduce levels of service provision.

#### **Accounting principles**

It has been determined that substantially all assets and reserves of the PCC Group are recognised on the Group Balance Sheet.

### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the PCC Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances and transactions cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the PCC Group's Balance Sheet at 31<sup>st</sup> March 2020 of which there is significant risks of material adjustment in the forthcoming financial year are as follows:

**Pension Liability:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied. Details of the impact of these assumptions are provided at Note 21: Pension Liability of the accounts.

**Employee Benefits:** An accrual has been made for employee benefits outstanding at the year end, comprising flexitime, annual leave, Time off in Lieu and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Duty Management system. Approximately 48% of the accrual of £2.626m relates to Annual Leave and 39% relates to

rest days in lieu (RDIL). An increase or decrease of 5% in the number of Annual Leave and RDIL owed would change the accrual by £131k.

**Provisions:** A provision has been made for the settlement of on-going claims not covered by insurers, based on claims received. An assessment of the settlement values of these claims is based on information received from our Insurers and past experience of similar claims. Due to the nature of the claims experience it is difficult to make a dependable assessment of the window during which particular litigation might determine, and consequently when any cost may be incurred.

**Property, Plant and Equipment:** Assets are depreciated over useful lives that are dependent on assumptions about the level of maintenance and repairs that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether current spending on repairs and maintenance will be sustainable, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by £25k for every year that useful lives had to be reduced.

Valuation of assets and consideration of impairment depends on a number of complex judgements and a firm of Surveyors and Valuers is engaged to provide expert advice about the assumptions to be applied. The valuation (and any impairment review) is commissioned in accordance with UKPS 1.3 of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards. The effects on the asset valuation of changes in the assumptions interact in complex ways and are difficult to evaluate.

The OPCC instructed Surveyors and Valuers as at the 31<sup>st</sup> March 2020 to undertake a desk top review to primarily assess the impact of Brexit and latterly the impact of Covid-19 on property value. The Surveyors assessment indicated no material impact as at the balance sheet date. However the future impact of Brexit and the economic impact of Covid-19 are at this time difficult to accurately quantify. The OPCC will work closely with surveyors over the coming months to keep this area under review in advance of the 2020/21 accounts.

While the Valuers indicated no material impact at the balance sheet date, and therefore these accounts reflect the property valuations based on the full valuations undertaken as at 31st March 2019, they did report that market activity is being impacted in many sectors by Covid-19 and therefore 'As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.'

The desk top valuation at the 31st March 2020, which we have used to provide confidence that we do not need to undertake a full revaluation of the property values contained within these accounts came with the following commentary from the Valuers 'Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market.'

## **6. MATERIAL ITEMS OF INCOME AND EXPENSE**

There are no material items of income and expense which are not already disclosed on the face of the Comprehensive Income and Expenditure Statement or in the associated notes.

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

There are no events after the Balance sheet date to report

## 8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,822)	0	0	0	0	(1,822)	1,822	0
Depreciation and Impairment of fixed assets	(3,769)	0	0	0	0	(3,769)	3,769	0
Depreciation on Revaluation	(79)	0	0	0	0	(79)	79	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(81)	0	0	0	0	(81)	81	0
Sale of Assets	0	0	(71)	0	0	(71)	71	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(76,299)	0	0	0	0	(76,299)	76,299	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	(0)	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	526	0	0	0	(526)	0	0	0
Accumulated Absences Adjustment	(327)	0	0	0	0	(327)	327	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(272)	0	0	0	0	(272)	272	0
	<b>(82,124)</b>	<b>0</b>	<b>(71)</b>	<b>0</b>	<b>(526)</b>	<b>(82,720)</b>	<b>82,721</b>	<b>0</b>
Statutory provision for the repayment of debt	2,584	0	0	0	0	2,584	(2,584)	0
Capital expenditure charged to the General Fund Balance	(696)	0	0	0	0	(696)	696	0
Use of Capital Receipts	0	0	71	0	0	71	(71)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	14,896	0	0	0	0	14,896	(14,896)	0
	<b>16,785</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>16,856</b>	<b>(16,856)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(65,339)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(526)</b>	<b>(65,864)</b>	<b>65,865</b>	<b>0</b>

**PCC FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total PCC Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,822)	0	0	0	0	(1,822)	1,822	0
Depreciation and Impairment of fixed assets	(3,769)	0	0	0	0	(3,769)	3,769	0
Depreciation on Revaluation	(79)	0	0	0	0	(79)	79	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(81)	0	0	0	0	(81)	81	0
Sale of Assets	0	0	(71)	0	0	(71)	71	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(579)	0	0	0	0	(579)	579	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	526	0	0	0	(526)	0	0	0
Accumulated Absences Adjustment	(327)	0	0	0	0	(327)	327	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(272)	0	0	0	0	(272)	272	0
	<b>(6,403)</b>	<b>0</b>	<b>(71)</b>	<b>0</b>	<b>(526)</b>	<b>(7,000)</b>	<b>7,001</b>	<b>0</b>
Statutory provision for the repayment of debt	2,584	0	0	0	0	2,584	(2,584)	0
Capital expenditure charged to the General Fund	(696)	0	0	0	0	(696)	696	0
Balance	0	0	71	0	0	71	(71)	0
Use of Capital Receipts								
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	249	0	0	0	0	249	(249)	0
	<b>2,138</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>2,209</b>	<b>(2,209)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(4,266)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(526)</b>	<b>(4,792)</b>	<b>4,792</b>	<b>0</b>

**GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Group Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(962)	0	0	0	0	(962)	962	0
Depreciation and Impairment of fixed assets	(15,499)	0	0	0	0	(15,499)	15,499	0
Depreciation on Revaluation	(14)	0	0	0	0	(14)	14	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(119)	0	0	0	0	(119)	119	0
Sale of Assets	0	0	(2,632)	0	0	(2,632)	2,633	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(109,898)	0	0	0	0	(109,898)	109,898	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	10	0	0	0	0	10	(10)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	515	0	0	0	(515)	0	0	0
Accumulated Absences Adjustment	54	0	0	0	0	54	(54)	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	61	0	0	0	0	61	(61)	0
	<b>(125,853)</b>	<b>0</b>	<b>(2,632)</b>	<b>0</b>	<b>(515)</b>	<b>(128,999)</b>	<b>129,000</b>	<b>0</b>
Statutory provision for the repayment of debt	2,262	0	0	0	0	2,262	(2,262)	0
Capital expenditure charged to the General Fund Balance	(294)	0	0	0	0	(294)	294	0
Use of Capital Receipts	0	0	2,632	0	0	2,632	(2,632)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	10,666	0	0	0	0	10,666	(10,666)	0
	<b>12,634</b>	<b>0</b>	<b>2,632</b>	<b>0</b>	<b>0</b>	<b>15,266</b>	<b>(15,266)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(113,218)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(515)</b>	<b>(113,733)</b>	<b>113,734</b>	<b>0</b>

**PCC FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total PCC Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(962)	0	0	0	0	(962)	962	0
Depreciation and Impairment of fixed assets	(15,499)	0	0	0	0	(15,499)	15,499	0
Depreciation on Revaluation	(14)	0	0	0	0	(14)	14	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(119)	0	0	0	0	(119)	119	0
Sale of Assets	0	0	(2,632)	0	0	(2,632)	2,632	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(329)	0	0	0	0	(329)	329	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	10	0	0	0	0	10	(10)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	515	0	0	0	(515)	0	0	0
Accumulated Absences Adjustment	54	0	0	0	0	54	(54)	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	61	0	0	0	0	61	(61)	0
	<b>(16,283)</b>	<b>0</b>	<b>(2,632)</b>	<b>0</b>	<b>(515)</b>	<b>(19,430)</b>	<b>19,428</b>	<b>0</b>
Statutory provision for the repayment of debt	2,262	0	0	0	0	2,262	(2,262)	0
Capital expenditure charged to the General Fund Balance	(294)	0	0	0	0	(294)	294	0
Use of Capital Receipts	0	0	2,632	0	0	2,632	(2,632)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	147	0	0	0	0	147	(147)	0
	<b>2,115</b>	<b>0</b>	<b>2,632</b>	<b>0</b>	<b>0</b>	<b>4,747</b>	<b>(4,747)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(14,168)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(515)</b>	<b>(14,683)</b>	<b>14,682</b>	<b>0</b>

## 9. TRANSFERS TO / FROM EARMARKED RESERVES

Group and PCC Reserves	Balance at 31 March 2018 £000	Transfers In 2018/2019 £000	Transfers Out 2018/2019 £000	Balance at 31 March 2019 £000	Transfers In 2019/2020 £000	Transfers Out 2019/2020 £000	Balance at 31 March 2020 £000
Direct Revenue Funding of Capital	(1,669)	(2,277)	287	(3,659)	(3,363)	4,019	(3,003)
Injury Pension Reserve	(245)	0	0	(245)	(67)	150	(162)
Airwave Project	0	(166)	0	(166)	0	0	(166)
PFI Sinking Fund	(213)	(75)	0	(288)	(75)	0	(363)
Incentivisation Grant	(412)	(100)	0	(512)	(125)	108	(529)
Urley Nook TTC	(81)	0	0	(81)	(0)	0	(81)
Police Property Act Fund	(39)	(36)	12	(63)	(78)	17	(124)
NERSOU	(45)	(101)	0	(146)	(14)	0	(160)
Community Safety Fund	(322)	0	81	(242)	(22)	150	(114)
Road Safety Initiative Reserve	(658)	0	0	(658)	0	0	(658)
Collaboration Reserve	(942)	(93)	0	(1,036)	(87)	122	(1,001)
Insurance / Legal Reserve	(500)	(175)	244	(431)	(75)	0	(506)
Pay inflation reserve	(1,700)	0	700	(1,000)	0	0	(1,000)
PCC Change Reserve	(50)	(50)	0	(100)	0	84	(16)
Digital Forensic Reserve	0	(245)	0	(245)	0	0	(245)
CP Change Reserve	0	(500)	0	(500)	0	295	(205)
Commissioning Services Reserve	(366)	(229)	25	(570)	0	260	(310)
North East Transformation Fund	0	0	0	0	(5)	0	(5)
Major Incident Reserve	0	0	0	0	(543)	0	(543)
Revenue Grants Unapplied	(137)	0	0	(137)	0	37	(100)
<b>Total</b>	<b>(7,379)</b>	<b>(4,047)</b>	<b>1,349</b>	<b>(10,077)</b>	<b>(4,455)</b>	<b>5,242</b>	<b>(9,290)</b>

### Direct Revenue Funding of Capital

This reserve is held to meet the cost of capital schemes; contributions to and applications of revenue funding for capital schemes have been made in 2019/20.

### Injury Pension Reserve

To allow for the variable nature of future injury/medical retirements of Police Officers and the capital equivalent charges incurred. A net release of a £83k was required in 2019/20 to fund the additional costs of all medical retirements above those provided for in the Force revenue budget.

### Airwave Projects

This reserve was created in 2018/2019 to support the required investment in Airwave to maintain current capability whilst the National replacement solution is developed / delivered.

### Action Stations PFI Sinking Fund

Changes to the PFI buildings will result in variable increases to the Unitary Charge across the life of the contract. However, these changes are of variable amounts given their different life cycles. This sinking fund will be used to manage the uneven changes to that charge across the remaining life of the contract.

### Incentivisation Grant

This reserve relates to Cleveland's share of seized cash provided by the Government and will be spent on eligible schemes in future years.



## **Tactical Training Centre**

The Tactical Training Centre has reserves that total £162k which are held by the PCC for Durham, PCCs for Cleveland share of these reserves total £81k.

## **Police Property Act Fund**

The Police Property Act Fund comprises monies received by the PCC from property confiscated by order of court and then sold. The PCC Group administers the fund and considers applications from voluntary organisations and community groups within the Cleveland area. The main aim of the fund is to support local projects undertaken by voluntary/charitable organisations that benefit the communities of Cleveland, especially those which have a positive impact in reducing crime and disorder at a local level.

## **NERSOU**

North East Regional Special Operations Unit (NERSOU) is a collaboration between Northumbria, Durham and Cleveland Forces to address organised and serious crime. At the 31<sup>st</sup> March 2020 the reserves position was £669K of which Cleveland's share is £160K.

## **Community Safety Fund**

The PCC has established the reserve to support local community safety initiatives.

## **Road Safety Initiative Reserve**

The reserve has been created to hold funding to be spent on road safety initiatives as advised by the Cleveland Road Safety Partnership.

## **Collaboration Reserve**

The reserve has been created to provide support to the work in relation to collaboration activity with other Forces and partners

## **Insurance – Legal Reserve**

The reserve has been created to mitigate and manage the risks associated with increased costs of litigation and claims.

## **Pay Inflation Reserve**

The reserve has been created to mitigate and manage the risks associated with increased costs of pay inflation.

## **OPCC Change Reserve**

The reserve has been created to support change within the OPCC.

## **Digital Forensic Reserve**

The reserve has been created to support changes required to upgrade the digital forensic services with the Force in line with the approved business case.

## **CP Change Reserve**

The reserve has been created to support change within the Force.

### Commissioning Services Reserve

The reserve has been created to support the OPCC commitment to invest in a range of services and projects namely; Drug and early youth intervention projects, Wellbeing and Domestic abuse initiatives and other services.

### North East Transformation Fund

The reserve represent the funds identified to support transformation projects across the region in conjunction with regional partners.

### Major Incident Reserve

The reserve has been created to help smooth the impact on annual revenue budgets which are subject significant pressures to the volatility, unpredictability and significant costs incurred when dealing with Major incidents.

### Revenue Grants Unapplied

These grants are those which either have no specified conditions or the conditions have been met. They will be matched to relevant expenditure as incurred.

## 10. FINANCING AND INVESTMENT INCOME & EXPENDITURE

Group	2019/2020 £000	2018/2019 £000
Interest payable and similar charges	3,851	4,103
Net interest on defined benefit liability	41,687	42,777
Interest receivable and similar income	(119)	(92)
<b>Total Finance and Investment Income and Expenditure</b>	<b>45,419</b>	<b>46,787</b>

PCC	2019/2020 £000	2018/2019 £000
Interest payable and similar charges	3,851	4,103
Net interest on defined benefit liability	68	81
Interest receivable and similar income	(119)	(92)
<b>Total Finance &amp; Investment Income &amp; Expenditure</b>	<b>3,800</b>	<b>4,091</b>

## 11. TAXATION & NON SPECIFIC GRANT INCOME

Group and PCC	2019/2020 £000	2018/2019 £000
National Non Domestic rates	(38,756)	(37,992)
Police Grants	(47,297)	(46,308)
Precepts	(38,512)	(34,644)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(526)	(524)
<b>Total Taxation and Non Specific Grant Income</b>	<b>(131,960)</b>	<b>(126,336)</b>

## 12. PROPERTY, PLANT AND EQUIPMENT.

### Property, Plant and Equipment 2019/2020

Group and PCC	Land and Buildings £000	PFI £000	Vehicles £000	Plant and Equipment £000	Non - Operational £000	Total £000
Gross book value at 1 April 2019	15,727	28,659	5,639	23,675	511	74,211
Accumulated depreciation	(40)	(234)	(2,920)	(15,010)	-	(18,204)
Prior Year Adjustments	-	-	-	-	-	-
<b>Net Book Value at 1 April 2019</b>	<b>15,687</b>	<b>28,425</b>	<b>2,719</b>	<b>8,665</b>	<b>511</b>	<b>56,006</b>
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep	-	-	-	-	-	-
<b>Net Book Value at 1 April 2019</b>	<b>15,687</b>	<b>28,425</b>	<b>2,719</b>	<b>8,665</b>	<b>511</b>	<b>56,006</b>
Additions	-	-	676	819	2,564	4,059
Reclassification	-	-	133	276	(542)	(133)
Disposals	-	-	(512)	(419)	-	(931)
Revaluations : Revaluation Reserves	-	-	-	-	-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
Assets Reclassified (to)/From Assets Held for sale	-	-	-	-	-	-
<b>Book value at 31 March 2020</b>	<b>15,687</b>	<b>28,425</b>	<b>3,016</b>	<b>9,341</b>	<b>2,534</b>	<b>59,002</b>
Depreciation	(432)	(863)	(1,095)	(1,457)	-	(3,848)
Depreciation on Disposals	-	-	359	419	-	778
Revaluations / Impairments	-	-	-	-	-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
<b>Net Book Value at 31 March 2020</b>	<b>15,255</b>	<b>27,561</b>	<b>2,280</b>	<b>8,303</b>	<b>2,534</b>	<b>55,932</b>

### Property, Plant and Equipment 2018/2019

Group and PCC	Land and Buildings £000	PFI £000	Vehicles £000	Plant and Equipment £000	Non - Operational £000	Total £000
Gross book value at 1 April 2018	13,893	32,348	5,937	24,402	13,733	90,312
Accumulated depreciation	(1,231)	(3,238)	(2,367)	(18,587)	-	(25,423)
Prior Year Adjustments	-	-	-	-	-	-
<b>Net Book Value at 1 April 2018</b>	<b>12,662</b>	<b>29,110</b>	<b>3,570</b>	<b>5,815</b>	<b>13,733</b>	<b>64,889</b>
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep	-	-	-	-	-	-
<b>Net Book Value at 1 April 2018</b>	<b>12,662</b>	<b>29,110</b>	<b>3,570</b>	<b>5,815</b>	<b>13,733</b>	<b>64,889</b>
Additions	66	-	449	771	3,977	5,263
Reclassification	13,391	-	47	3,227	(17,199)	(533)
Disposals	-	-	(794)	(4,726)	-	(5,519)
Revaluations : Revaluation Reserves	752	(2,226)	-	-	-	(1,474)
Revaluations : Surplus / Deficit	(12,375)	(1,463)	-	-	0	(13,838)
Assets Reclassified (to)/From Assets Held for sale	-	-	-	-	-	-
<b>Book value at 31 March 2019</b>	<b>14,496</b>	<b>25,421</b>	<b>3,272</b>	<b>5,088</b>	<b>511</b>	<b>48,788</b>
Depreciation	(334)	(855)	(1,188)	(1,097)	-	(3,474)
Depreciation on Disposals	-	-	635	4,674	-	5,309
Revaluations / Impairments	287	3,297	-	-	-	3,584
Revaluations : Surplus / Deficit	1,238	561	-	-	-	1,799
<b>Net Book Value at 31 March 2019</b>	<b>15,687</b>	<b>28,425</b>	<b>2,719</b>	<b>8,665</b>	<b>511</b>	<b>56,006</b>

#### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and Buildings – 40 years (land is not depreciated)
- Vehicles – 3 – 15 years
- Plant, Furniture & Equipment – 5 to 10 years

#### Capital Commitments

As at 31st March 2020, the PCC Group was contractually committed to capital works which amounted to approximately £1.221m (£1.195m at 31<sup>st</sup> March 2019).

## Revaluations

Freehold properties were re-valued as at 28th February 2019 by Sanderson Weatherall, Chartered Surveyors in accordance with the CIPFA Capital Accounting Guidance notes VGM8A and 8B and the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual "The Red Book". The next five yearly revaluations will take place in 2023/24.

The Code requires that PCC should undertake a review of the Balance Sheet value of each category of assets at the end of each reporting period. Where there is reason to believe that its value has changed materially in the period, the valuation should be adjusted accordingly.

For Land & Buildings a desk review is undertaken to assess the asset value against market conditions. For Plant & Machinery and Vehicles, all asset lives and residual values were reviewed and therefore any values adjusted accordingly.

The PCC Group does not currently hold any properties or land for investment purposes.

## 13. INTANGIBLE ASSETS

The PCC Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC Group. The useful lives assigned to the major software suites used by the PCC Group are assessed individually.

Group and PCC	31 March 2020 £000	31 March 2019 £000
Balance at 1 April	8,895	9,290
Accumulated Amortisation	(5,684)	(5,972)
<b>Net Carrying Amount 31st March</b>	<b>3,211</b>	<b>3,318</b>
Additions	554	323
Reclassification	133	533
Disposals	(53)	(1,250)
Revaluations	-	-
Amortisation on Disposals	53	1,250
Amortisation	(1,822)	(962)
<b>Net Carrying amount at 31 March</b>	<b>2,076</b>	<b>3,211</b>
<b>Gross Carrying Amounts</b>	<b>9,529</b>	<b>8,895</b>
<b>Accumulated Amortisation</b>	<b>(7,454)</b>	<b>(5,684)</b>

## 14. FINANCIAL INSTRUMENTS

All the PCC Group's financial assets relate to loans and receivables and are measured at fair value which, in all cases, is their absolute value. Debtors are reviewed for impairment and the provision for doubtful debts reflects any risk relating to uncertainty around receipt.

All financial liabilities relate to creditors and are measured at their fair value.

Financial instruments give rise to certain areas of risk which must be mitigated:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC Group.

- Liquidity risk – the possibility that the PCC Group might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the PCC Group as a result of changes in such measures as interest rates.

The PCC Group is not open to material exposures to these risks due to a range of controls:

- an authorisation procedure for all investments
- access to borrowing from the Public Works Loan Board
- a high proportion of fixed rate investments
- a programme of authorised and reviewed Prudential Indicators and Treasury Management Reports which are taken to the PCC bi-annually.

<b>Group and PCC</b>	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
<b>Long Term Assets:</b>		
Long Term Investments	-	-
Long Term Debtors	554	1,071
	<b>554</b>	<b>1,071</b>
<b>Short-Term Assets:</b>		
Short Term Investments	-	4,500
Cash and Cash Equivalents	2,636	2,685
	<b>2,636</b>	<b>7,185</b>
<b>Debtors:</b>		
Government Departments	9,317	9,600
Other Local Authorities	2,320	2,970
Other Debtors	1,862	621
Less provision for doubtful debts	-	-
	<b>13,499</b>	<b>13,191</b>
<b>Short-Term Liabilities:</b>		
Short Term Loans	(3,272)	(2,772)
Cash and Cash Equivalents	-	-
	<b>(3,272)</b>	<b>(2,772)</b>
<b>Creditors:</b>		
Government Departments	(144)	(388)
Other Local Authorities	(1,801)	(1,232)
Sundry Creditors	(4,281)	(5,642)
	<b>(6,226)</b>	<b>(7,263)</b>
<b>Long Term Liabilities:</b>		
Long Term Creditors		
Long Term Borrowing	(25,020)	(28,292)
PFI Liabilities	(21,655)	(23,238)
	<b>(46,675)</b>	<b>(51,530)</b>

	<b>31 March 2020</b>	<b>31 March 2019</b>
Interest Expense	3,851	4,103
Interest Income	(119)	(92)
<b>Net (gain)/loss for the year</b>	<b>3,732</b>	<b>4,011</b>

<b>Long Term Borrowing Maturity Period</b>	<b>Fair Value 31 March 2020 £000</b>	<b>Cost 31 March 2020 £000</b>
<b>New Loans Rate :</b>		
1/2 years	(4,153)	(4,000)
2/5 years	(6,482)	(6,260)
5/10 years	(770)	(760)
Over 10 years	(14,154)	(14,000)
<b>Total Long Term Loans</b>	<b>(25,559)</b>	<b>(25,020)</b>
<b>Premature Repayment Rate :</b>		
1/2 years	(4,272)	(4,000)
2/5 years	(6,864)	(6,260)
5/10 years	(849)	(760)
Over 10 years	(21,041)	(14,000)
<b>Total Long Term Loans</b>	<b>(33,026)</b>	<b>(25,020)</b>

The PCC's Long Term Borrowing consists solely of loans taken from the Public Works Loans Board (PWLB). The fair value of the PWLB loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date which has been assumed as the PWLB new borrowing rates.

## 15. DEBTORS

	31 March 2020 £000	31 March 2019 £000
<b>Short Term Group and PCC Debtors</b>		
Government Departments	9,317	9,600
Other Local Authorities	11,305	10,480
Other Debtors	1,862	621
	<b>22,484</b>	<b>20,701</b>
Less: Provision for doubtful debts	(4,408)	(3,682)
	<b>18,076</b>	<b>17,019</b>
Add: Payments in Advance	4,274	5,283
<b>Total Short Term Debtors</b>	<b>22,351</b>	<b>22,302</b>
<b>Long Term Group and PCC Debtors</b>		
Other Debtors	554	1,071
<b>Total Long Term Debtors</b>	<b>554</b>	<b>1,071</b>

## 16. CASH AND CASH EQUIVALENTS

	31 March 2020 £000	31 March 2019 £000
<b>Group and PCC</b>		
Cash held by the PCC	74	78
Bank current Accounts	2,562	2,607
Short-term deposits	0	0
<b>Total Cash and Cash Equivalents</b>	<b>2,636</b>	<b>2,685</b>

## 17. ASSETS HELD FOR SALE

	2019/2020 £000	2018/2019 £000
<b>Group and PCC</b>		
<b>Balance Outstanding</b>	9,216	11,758
Retirements - Part	-	(2,542)
<b>Balance outstanding</b>	<b>9,216</b>	<b>9,216</b>

## 18. CREDITORS

	31 March 2020 £000	31 March 2019 £000
<b>Short Term Group and PCC Creditors</b>		
Government Departments	(144)	(388)
Her Majesty's Revenue & Customs (HMRC)	(2,291)	(2,145)
Other Local Authorities	(6,352)	(4,762)
Accumulated Compensated Absences	(2,626)	(2,298)
Sundry Creditors	(4,281)	(5,642)
<b>Sub total</b>	<b>(15,694)</b>	<b>(15,235)</b>
Add: Income in Advance	(965)	(1,081)
<b>Total Creditors</b>	<b>(16,658)</b>	<b>(16,316)</b>
<b>Long Term Group and PCC Creditors</b>		
Sundry Creditors	-	-
<b>Total Long Term Creditors</b>	<b>-</b>	<b>-</b>

## 19. PROVISIONS

Group and PCC Provision Description	Balance at 31 March 2018	Transfers In 2018/2019	Transfers Out 2018/2019	Balance at 31 March 2019	Transfers In 2019/2020	Transfers Out 2019/2020	Balance at 31 March 2020
£000	£000	£000	£000	£000	£000	£000	£000
Insurance	(102)	(51)	0	(153)	0	0	(153)
Insurance Liabilities	(2,264)	(901)	790	(2,375)	0	415	(1,960)
Employee Related Remuneration	(1,357)	(356)	123	(1,589)	0	291	(1,299)
<b>Total</b>	<b>(3,722)</b>	<b>(1,308)</b>	<b>913</b>	<b>(4,117)</b>	<b>0</b>	<b>706</b>	<b>(3,411)</b>

### Insurance

Pre 1995 Cleveland Police were insured under a joint policy, the Cleveland County Council Insurance Fund which comprised the four Local Authorities, Cleveland Police and the Probation Service, with Middlesbrough Borough Council (MBC) being the Lead Authority, this policy was underwritten by Municipal Mutual Insurance (MMI).

Insurance companies follow a strict code of practice and as such cannot simply declare themselves bankrupt and cease all trading; they instead enter into a phase termed 'run off', whereby they cease writing all new business although they still continue to meet their liabilities with the remaining funds, i.e. pay off any claims that are subsequently made relating to the expired policies. These claims can surface a number of years later, in fact up to 40-50 years later.

MMI have been in 'run off' since September 1992. MMI's funds have now reached a point whereby they may not be able to continue to meet their liabilities; this has resulted in them invoking the Scheme of Arrangement on the 13th November 2012. This provision was made in respect of the Levy that is expected to be imposed on the PCC for Cleveland as a scheme creditor and has been adjusted in 2013/14 in line with the latest estimation.

This provision has been increased in 2015/16 by £172K in line with projections provided by the MMI administrators. A claim for £70K was received and paid in 2017/18. An actuarial review of liability was undertaken in March 2019 and indicated the provision be increased to £153K. There are likely to be further charges made against this provision in the future. However, at this time they can't be confirmed in terms of financial magnitude or timeframe. Therefore there is a contingent liability included in the accounts under note 37.

### Insurance Liabilities

The provision is required to fund the potential liability in respect of current Insurance claims. The potential liability is calculated with reference to the "reserves" set by the Insurers on a case by case basis. An actuarial review of liability was undertaken in March 2019 and indicated the provision be increased to £2,375K. This has subsequently been reduced by £415K to cover the cost of settled claims in the year. The balance on the provision is still in line with anticipated liabilities.

### Employee Related Remuneration

The provision is required to fund the potential costs relating to employee related remuneration claims. In 2019/20 we have released £291K to cover the cost of claims. The balance on the provision is still in line with anticipated liabilities.

## 20. PENSIONS

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the PCC Group has a commitment to disclose the payments that will need to be made at the time that employees earn their future entitlement.



The PCC Group participates in two pension schemes:

The **Local Government Pension Scheme** for civilian employees, administered by Teesside Pension Fund – this is a funded scheme, meaning that the PCC Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Participants of the scheme can leave the scheme within two years of their joining date and receive a full refund of their contributions.

The **Police Pension Scheme** for police officers – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Participants of the scheme can leave the scheme within two years of their joining date and receive a full refund of their contributions.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on injury and medical pensions paid in the year and the capital equivalent charge as a result of medical/injury early retirements, so the real cost of retirement benefits is reversed out within the Movement on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

Group	Local Government Pension Scheme		Police Pension Scheme		Total	
	2019/2020 £000	2018/2019 £000	2019/2020 £000	2018/2019 £000	2019/2020 £000	2018/2019 £000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services:</b>						
Current service cost	5,755	3,745	28,645	22,077	34,400	25,822
Curtailment/settlements	-	-	-	-	-	-
Past service cost	212	1,186	-	40,113	212	41,299
<b>Financing and Investment Income and Expenditure</b>						
Interest cost	2,897	2,831	41,038	42,081	43,935	44,912
Expected return on assets	(2,248)	(2,135)	-	-	(2,248)	(2,135)
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>6,616</b>	<b>5,627</b>	<b>69,683</b>	<b>104,271</b>	<b>76,299</b>	<b>109,898</b>
<b>Other post employment Benefit Charged to the CIES</b>						
Return on Plan assets	9,703	(4,623)	-	-	9,703	(4,623)
Actuarial (gains) /losses : Financial Assumptions	28	4,873	(33,893)	95,885	(33,865)	100,758
Actuarial (gains) /losses: Demographic assumptions	(3,438)	(4,524)	(9,153)	(61,275)	(12,591)	(65,799)
Actuarial (gains) /losses : liability experience	5,101	216	(108,372)	2,515	(103,271)	2,731
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>18,010</b>	<b>1,569</b>	<b>(81,735)</b>	<b>141,396</b>	<b>(63,725)</b>	<b>142,965</b>
<b>Movement in Reserves Statement:</b>						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(6,616)	(5,627)	(69,683)	(104,271)	(76,299)	(109,898)
<b>Actual amount charged against General fund balances for pensions in the year:</b>						
Contribution in year	2,817	1,927	12,080	8,739	14,897	10,666

PCC	Local Government Pension Scheme	
	2019/2020 £000	2018/2019 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current service cost	338	248
Past service cost	173	-
<b>Financing and Investment Income and Expenditure</b>		
Interest cost	349	353
Expected return on assets	(281)	(272)
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>579</b>	<b>329</b>
<b>Other post employment Benefit Charged to the CIES</b>		
Return on Plan assets	1,241	(590)
Actuarial (gains) /losses : Financial Assumptions	2	580
Actuarial (gains) /losses: Demographic assumptions	(407)	(542)
Actuarial (gains) /losses : liability experience	755	29
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>2,170</b>	<b>(194)</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(579)	(329)
<b>Actual amount charged against General fund balances for pensions in the year:</b>		
Contribution in year	249	147

Employer contributions are calculated as the difference between the benefits paid and the member contributions in the year.

Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/20 £000	31/03/19 £000	31/03/20 £000	31/03/19 £000	31/03/20 £000	31/03/19 £000	31/03/20 £000	31/03/19 £000	31/03/20 £000	31/03/19 £000	31/03/20 £000	31/03/19 £000
Estimated funded liabilities in scheme	124,739	116,367	-	-	-	-	-	-	-	-	124,739	116,367
Estimated unfunded liabilities in scheme	306	340	1,374,311	1,513,779	77,433	91,389	49,383	49,999	110,702	82,920	1,612,135	1,738,427
<b>Less : Estimated assets in scheme</b>	<b>82,976</b>	<b>89,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,976</b>	<b>89,329</b>
<b>Net Liability</b>	<b>42,069</b>	<b>27,378</b>	<b>1,374,311</b>	<b>1,513,779</b>	<b>77,433</b>	<b>91,389</b>	<b>49,383</b>	<b>49,999</b>	<b>110,702</b>	<b>82,920</b>	<b>1,653,898</b>	<b>1,765,465</b>

PCC	Local Government Pension Scheme	
	31/03/20 £000	31/03/19 £000
Estimated funded liabilities in scheme	14,952	14,190
Estimated assets in scheme	10,182	11,341
<b>Net Liability</b>	<b>4,770</b>	<b>2,849</b>

Note 21 contain details of the assumptions made in estimating the figures included in this note.

## 21. PENSIONS LIABILITY

Note 1 accounting policies contains details of the PCC Group's participation in the Local Government Pension Scheme and the Police Pension Scheme (administered by XPS Pensions Group) in providing civilian and uniformed officers with retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the Group at 31<sup>st</sup> March 2020 are as follows.

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £1,654m (decrease of £111.6m) has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,631m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Scheme and the Teesside Pension Fund liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, with estimates for the PCC Group being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2020.

The main assumptions used in their calculations have been:

Group and PCC	Local Government Pension Scheme		Police Pension Scheme	
	31/03/20	31/03/19	31/03/20	31/03/19
Rate of inflation (CPI)	1.9%	2.1%	2.0%	2.2%
Rate of increase in salaries	2.9%	3.1%	3.0%	3.2%
Rate of increase in pensions	1.9%	2.1%	2.0%	2.2%
Pension accounts Revaluation rate	1.9%	2.0%	2.3%	0.0%
Rate for discounting scheme liabilities	2.3%	2.5%	2.3%	2.4%

Group and PCC	Mortality Assumptions							
	Local Government Pension Scheme		1987 Police Pension Scheme		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Males	Females	Males	Females	Males	Females	Males	Females
Retiring today	21.80	23.50	22.20	24.20	22.20	24.20	22.20	24.20
Retiring in 20 years	23.20	25.30	23.80	26.00	23.80	26.00	23.80	26.00

### Estimated Pension Expense in Future Periods

Group	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/21 £000s	Year to 31/03/22 £000s	Year to 31/03/21 £000s	Year to 31/03/22 £000s
<b>Funded :-</b>				
Current Service cost	28,724	29,641	5,746	5,913
Net Interest cost	36,549	36,990	931	1,026
<b>Total</b>	<b>65,273</b>	<b>66,631</b>	<b>6,677</b>	<b>6,939</b>

Group	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/21 £000s	Year to 31/03/22 £000s	Year to 31/03/21 £000s	Year to 31/03/22 £000s
<b>UnFunded :-</b>				
Current Service cost	-	-	-	-
Net Interest cost	-	-	7	6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>6</b>

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Teesside Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

Group	Assets at 31 March 2019		Assets at 31 March 2020		Asset Split as at 31 March 2020	
	£000	%	£000	%	Quoted	Unquoted
Equities	64,228	71.9%	60,324	72.7%	72.0%	0.7%
Property	8,218	9.2%	7,385	8.9%	1.4%	7.5%
Cash	15,007	16.8%	11,119	13.4%	13.4%	0.0%
Other	1,876	2.1%	4,149	5.0%	2.7%	2.3%
<b>Total</b>	<b>89,329</b>	<b>100.0%</b>	<b>82,976</b>	<b>100.0%</b>	<b>89.5%</b>	<b>10.5%</b>

PCC	Assets at 31 March 2019		Assets at 31 March 2020		Asset Split as at 31 March 2020	
	£000	%	£000	%	Quoted	Unquoted
Equities	8,154	71.9%	7,402	72.7%	72.0%	0.7%
Property	1,043	9.2%	906	8.9%	1.4%	7.5%
Cash	1,905	16.8%	1,364	13.4%	13.4%	0.0%
Other	238	2.1%	509	5.0%	2.7%	2.3%
<b>Total</b>	<b>11,341</b>	<b>100.0%</b>	<b>10,182</b>	<b>100.0%</b>	<b>89.5%</b>	<b>10.5%</b>

The table below summaries the Re-measurements of the defined benefit liability as recognised in the Group CIES:-

Analysis of Amount Recognised in Other Comprehensive Income										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/20	Year to 31/03/19	Year to 31/03/20	Year to 31/03/19	Year to 31/03/20	Year to 31/03/19	Year to 31/03/20	Year to 31/03/19	Year to 31/03/20	Year to 31/03/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Actual Return Less Expected return on Pension Scheme Assets	(9,703)	4,623	32,444	34,569	0	0	0	0	0	0
Experience Gains and Losses Arising on the Scheme Liabilities	0	0	0	0	0	0	0	0	0	0
Other Experience Gains/(Losses) on Liabilities	0	0	0	0	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(1,189)	(565)	133,182	(28,859)	15,357	(1,992)	2,104	(2,843)	775	(3,431)
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>(10,892)</b>	<b>4,058</b>	<b>165,626</b>	<b>5,710</b>	<b>15,357</b>	<b>(1,992)</b>	<b>2,104</b>	<b>(2,843)</b>	<b>775</b>	<b>(3,431)</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0	0	0	0	0	0
Fall and Other Factors	0	0	0	0	0	0	0	0	0	0
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>(10,892)</b>	<b>4,058</b>	<b>165,626</b>	<b>5,710</b>	<b>15,357</b>	<b>(1,992)</b>	<b>2,104</b>	<b>(2,843)</b>	<b>775</b>	<b>(3,431)</b>
Effect of Change in Accounting Methodology	0	0	0	0	0	0	0	0	0	0

Summary	31/03/20	31/03/19
	£000	£000
Local Government Pension Scheme	(10,892)	4,058
1987 Police Pension Scheme	165,626	5,710
Injury Awards	15,357	(1,992)
2006 Police Pension Scheme	2,104	(2,843)
2015 Police Pension Scheme	775	(3,431)
<b>Total Gains/(Loss) Recognised CIES</b>	<b>172,970</b>	<b>1,502</b>

The table below summaries the Re-measurements of the defined benefit liability in the PCC CIES:-

Analysis of Amount Recognised in Other Comprehensive Income		
PCC	Local Government Pension Scheme	
	Year to 31/03/20 £000	Year to 31/03/19 £000
Actual Return Less Expected return on Pension Scheme Assets	(1,241)	590
Changes in Demographic/Financial Assumptions Underlying the Scheme Liabilities	(350)	(67)
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>(1,591)</b>	<b>523</b>
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>(1,591)</b>	<b>523</b>

Asset and Benefit Obligation Reconciliation										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/20 £000	Year to 31/03/19 £000	Year to 31/03/20 £000	Year to 31/03/19 £000	Year to 31/03/20 £000	Year to 31/03/19 £000	Year to 31/03/20 £000	Year to 31/03/19 £000	Year to 31/03/20 £000	Year to 31/03/19 £000
Opening Defined Benefit Obligation	116,707	109,394	1,513,779	1,465,076	91,389	87,529	49,999	45,114	82,920	42,280
Current Service Cost	5,755	3,745	4,894	7,024	1,604	1,788	248	245	21,899	13,020
Interest costs	2,897	2,831	35,628	37,499	2,165	2,248	1,200	1,181	2,045	1,153
Actuarial losses (gains)	1,189	565	(133,182)	28,859	(15,357)	1,992	(2,104)	2,843	(775)	3,431
Losses (gains) on curtailments	0	0	0	0	0	0	0	0	0	0
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0	0	0
Liabilities assumed in a business combination	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid net of transfers in	(2,858)	(1,898)	(48,045)	(47,638)	(2,368)	(2,168)	(42)	543	(227)	70
Past Service Cost	212	1,186	0	21,213	0	0	0	0	0	18,900
Contribution by Scheme participants	1,143	884	1,237	1,746	0	0	82	73	4,840	4,066
Additional Employer Contributions	0	0	0	0	0	0	0	0	0	0
Unfunded pension payments	0	0	0	0	0	0	0	0	0	0
<b>Closing Defined Benefit Obligation</b>	<b>125,045</b>	<b>116,707</b>	<b>1,374,311</b>	<b>1,513,779</b>	<b>77,433</b>	<b>91,389</b>	<b>49,383</b>	<b>49,999</b>	<b>110,702</b>	<b>82,920</b>

Opening fair value of Scheme assets	89,329	81,658	0	0	0	0	0	0	0	0
Expected return on Scheme assets	2,248	2,135	0	0	0	0	0	0	0	0
Actuarial gains (losses)	(9,703)	4,623	32,444	34,569	0	0	0	0	0	0
Contributions by employer including unfunded benefits	2,817	1,927	14,364	11,323	2,368	2,168	(40)	(616)	(4,613)	(4,136)
Contributions by Scheme participants	1,143	884	1,237	1,746	0	0	82	73	4,840	4,066
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(2,858)	(1,898)	(48,045)	(47,638)	(2,368)	(2,168)	(42)	543	(227)	70
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
<b>Fair Value of Scheme Assets at end of Period</b>	<b>82,976</b>	<b>89,329</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(27,378)	(27,736)	(1,513,779)	(1,465,076)	(91,389)	(87,529)	(49,999)	(45,114)	(82,920)	(42,280)
Current Service Cost	(5,755)	(3,745)	(4,894)	(7,024)	(1,604)	(1,788)	(248)	(245)	(21,899)	(13,020)
Contributions by employer including unfunded benefits	2,817	1,927	14,364	11,323	2,368	2,168	(40)	(616)	(4,613)	(4,136)
Past Service Costs	(212)	(1,186)	0	(21,213)	0	0	0	0	0	(18,900)
Interest Costs	(2,897)	(2,831)	(35,628)	(37,499)	(2,165)	(2,248)	(1,200)	(1,181)	(2,045)	(1,153)
Expected return on Scheme assets	2,248	2,135	0	0	0	0	0	0	0	0
Actuarial (losses) gains	(10,892)	4,058	165,626	5,710	15,357	(1,992)	2,104	(2,843)	775	(3,431)
<b>Fair Value of Scheme Assets/ (Liabilities) at end of Period</b>	<b>(42,069)</b>	<b>(27,378)</b>	<b>(1,374,311)</b>	<b>(1,513,779)</b>	<b>(77,433)</b>	<b>(91,389)</b>	<b>(49,383)</b>	<b>(49,999)</b>	<b>(110,702)</b>	<b>(82,920)</b>

Summary	31/03/20 £000	31/03/19 £000
Local Government Pension Scheme	(42,069)	(27,378)
1987 Police Pension Scheme	(1,374,311)	(1,513,779)
Injury Awards	(77,433)	(91,389)
2006 Police Pension Scheme	(49,383)	(49,999)
2015 Police Pension Scheme	(110,702)	(82,920)
	<b>(1,653,898)</b>	<b>(1,765,465)</b>

<b>Asset and Benefit Obligation Reconciliation</b>		
<b>PCC</b>	<b>Local Government Pension Scheme</b>	
	<b>Year to 31/03/20 £000</b>	<b>Year to 31/03/19 £000</b>
<b>Opening Defined Benefit Obligation</b>	<b>14,190</b>	<b>13,660</b>
Current Service Cost	338	248
Interest Cost	349	353
Actuarial losses (gains)	350	67
Losses (gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Estimated benefits paid net of transfers in	(532)	(216)
Past Service Cost	173	0
Contribution by Scheme participants	84	78
<b>Closing Defined Benefit Obligation</b>	<b>14,952</b>	<b>14,190</b>

<b>Opening fair value of Scheme assets</b>	<b>11,341</b>	<b>10,470</b>
Expected return on Scheme assets	281	272
Actuarial gains (losses)	(1,241)	590
Contributions by employer including unfunded benefits	249	147
Contributions by Scheme participants	84	78
Change to Accounting Policies	0	0
Estimated benefits paid including unfunded benefits	(532)	(216)
<b>Fair Value of Scheme Assets at end of Period</b>	<b>10,182</b>	<b>11,341</b>

<b>Opening Surplus / (Deficit)</b>	<b>(2,849)</b>	<b>(3,190)</b>
Current Service Cost	(338)	(248)
Contributions by employer including unfunded benefits	249	147
Contributions by Scheme participants	0	0
Past Service Costs	(173)	0
Interest Costs	(349)	(353)
Expected return on Scheme assets	281	272
Actuarial (losses) gains	(1,591)	523
<b>Fair Value of Scheme Assets/ (Liabilities) at end of Period</b>	<b>(4,770)</b>	<b>(2,849)</b>

#### Estimated Pension Expense in Future Periods

<b>PCC</b>	<b>Local Government Pensions</b>	<b>Local Government Pensions</b>
	<b>Year to 31/03/20</b>	<b>Year to 31/03/21</b>
	<b>£000s</b>	<b>£000s</b>
Service cost	338	348
Net Interest cost	108	115
<b>Total</b>	<b>446</b>	<b>463</b>

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 19/20	-0.1% p.a.
<b>1987 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	1,349,573	1,374,311	1,400,423
% change in present value of total obligation	-1.8%		1.9%
Projected Service Costs (£000's)	4,823	4,947	5,071
Approx % Change in Projected Service Cost	-2.5%		2.5%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	1,377,060	1,374,311	1,371,562
% change in present value of total obligation	0.2%		-0.2%
Projected Service Costs (£000's)	5,016	4,947	4,883
Approx % Change in Projected Service Cost	1.4%		-1.3%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	1,396,300	1,374,311	1,352,322
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	5,006	4,947	4,888
Approx % Change in Projected Service Cost	1.2%		-1.2%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	1,418,289	1,374,311	1,330,333
% change in present value of total obligation	3.2%		-3.2%
Projected Service Costs (£000's)	5,150	4,947	4,749
Approx % Change in Projected Service Cost	4.1%		-4.0%
<b>2006 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	47,655	49,383	51,161
% change in present value of total obligation	-3.5%		3.6%
Projected Service Costs (£000's)	243	250	243
Approx % Change in Projected Service Cost	-2.7%		2.7%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	50,173	49,383	48,593
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	253	250	247
Approx % Change in Projected Service Cost	1.3%		-1.3%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	50,272	49,383	48,494
% change in present value of total obligation	1.8%		-1.8%
Projected Service Costs (£000's)	247	250	254
Approx % Change in Projected Service Cost	1.4%		-1.4%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	50,963	49,383	47,803
% change in present value of total obligation	3.2%		-3.2%
Projected Service Costs (£000's)	261	250	239
Approx % Change in Projected Service Cost	4.3%		-4.3%

<b>Injury Awards :-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	75,962	77,433	78,904
% change in present value of total obligation	-1.9%		1.9%
Projected Service Costs (£000's)	1,686	1,733	1,780
Approx % Change in Projected Service Cost	-2.7%		2.7%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	77,665	77,433	77,201
% change in present value of total obligation	0.3%		-0.3%
Projected Service Costs (£000's)	1,750	1,733	1,716
Approx % Change in Projected Service Cost	1.0%		-1.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	78,672	77,433	76,194
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	1,762	1,733	1,704
Approx % Change in Projected Service Cost	1.7%		-1.7%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	79,911	77,433	74,955
% change in present value of total obligation	3.2%		-3.2%
Projected Service Costs (£000's)	1,788	1,733	1,678
Approx % Change in Projected Service Cost	3.2%		-3.2%
<b>2015 Police Pension Scheme :-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	106,938	110,702	114,687
% change in present value of total obligation	-3.4%		3.6%
Projected Service Costs (£000's)	20,988	21,794	22,622
Approx % Change in Projected Service Cost	-3.7%		3.8%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	110,702	110,702	110,702
% change in present value of total obligation	0.0%		0.0%
Projected Service Costs (£000's)	21,794	21,794	21,794
Approx % Change in Projected Service Cost	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	114,687	110,702	106,938
% change in present value of total obligation	3.6%		-3.4%
Projected Service Costs (£000's)	22,622	21,794	20,988
Approx % Change in Projected Service Cost	3.8%		-3.7%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	114,244	110,702	107,160
% change in present value of total obligation	3.2%		-3.2%
Projected Service Costs (£000's)	22,666	21,794	20,922
Approx % Change in Projected Service Cost	4.0%		-4.0%



Funded LGPS benefits : Group	Sensitivity Analysis			Sensitivity Analysis			Sensitivity Analysis		
	PCC			Cleveland Police			Group		
	+0.1% p.a.	Base 19/20	-0.1% p.a.	+0.1% p.a.	Base 19/20	-0.1% p.a.	+0.1% p.a.	Base 19/20	-0.1% p.a.
<b>Discount Rate Assumptions</b>									
Present Value of total obligation (£000's)	14,621	14,952	15,291	107,206	109,787	112,430	121,827	124,739	127,721
% change in present value of total obligation	-2.2%		2.3%	-2.4%		2.4%	-2.3%		2.4%
Projected Service cost (£000's)	325	338	351	5,203	5,408	5,620	5,528	5,746	5,971
Approx % change in projected service cost	-3.7%		3.8%	-3.8%		3.9%	-3.8%		3.9%
<b>Rate of General increase in Salaries</b>									
Present Value of total obligation (£000's)	15,000	14,952	14,904	110,190	109,787	109,390	125,190	124,739	124,294
% change in present value of total obligation	0.3%		-0.3%	0.4%		-0.4%	0.4%		-0.4%
Projected Service cost (£000's)	338	338	338	5,408	5,408	5,408	5,746	5,746	5,746
Approx % change in projected service cost	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>									
Present Value of total obligation (£000's)	15,239	14,952	14,672	112,127	109,787	107,505	127,366	124,739	122,177
% change in present value of total obligation	1.9%		-1.9%	2.1%		-2.1%	2.1%		-2.1%
Projected Service cost (£000's)	351	338	325	5,620	5,408	5,203	5,971	5,746	5,528
Approx % change in projected service cost	3.8%		-3.7%	3.9%		-3.8%	3.9%		-3.8%
<b>Post retirement mortality assumption</b>									
Present Value of total obligation (£000's)	15,436	14,952	14,473	113,342	109,787	106,267	128,778	124,739	120,740
% change in present value of total obligation	3.2%		-3.2%	3.2%		-3.2%	3.2%		-3.2%
Projected Service cost (£000's)	352	338	324	5,619	5,408	5,199	5,971	5,746	5,523
Approx % change in projected service cost	4.1%		-4.1%	3.9%		-3.9%	3.9%		-3.9%

## 22. LEASED ASSETS – RENTALS

The PCC entered into a Finance Lease for 125 years in 2006/07 in relation to the land on which the Kirkleatham PFI building is situated. The PCC also entered into a 999 year lease in 2009/10 in relation to the land on which the Road Policing Unit is situated. There are no additional obligations in respect of these transactions. The Leases are recorded within the asset register of the PCC Group.

## 23. OFFICERS' EMOLUMENTS

During the financial year 2019/2020, the numbers of police officers and staff whose remuneration, excluding employers' pension contributions and compensation for loss of office, was £50,000 or more in bands of £5,000 were: (note the analysis only includes those bands which contain employees.)

### Group

Remuneration Band	Number of Employees 2019/20			2018/19
	Police Officers	Support Staff	Total	
£50,000 - £54,999	106	6	112	89
£55,000 - £59,999	69	3	72	41
£60,000 - £64,999	15	1	16	7
£65,000 - £69,999	11	0	11	6
£70,000 - £74,999	7	3	10	6
£75,000 - £79,999	3	2	5	5
£80,000 - £84,999	5	0	5	1
£85,000 - £89,999	1	2	3	5
£90,000 - £94,999	2	1	3	2
£95,000 - £99,999	1	0	1	2
£100,000 - £104,999	0	1	1	1
£110,000 - £114,999	0	0	0	3
£115,000 - £119,999	1	0	1	0
£120,000 - £124,999	0	2	2	0
£150,000 - £154,999	1	0	1	0
£155,000 - £159,999	0	0	0	1
<b>Total</b>	<b>222</b>	<b>21</b>	<b>243</b>	<b>169</b>

This table includes senior employees and relevant police officers (as per the requirements of LAAP bulletin 85) which are disclosed by position or name (as required) below:

### Group Remuneration Disclosure 2019/20:

The remuneration disclosures, only includes a classification of payment when costs have been incurred. As a result bonus payments, compensation for loss of office and other payments have been excluded as no costs have been incurred.

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 19/20	Pension Contributions
	£	£	£	£	£
<b>Chief Constable - R Lewis : Note 1</b>	160,881	153,286	7,200	160,486	47,519
<b>The PCC</b>	71,400	72,683	0	72,683	11,339
<b>DCC : Note 1</b>	120,633	67,061	0	67,061	0
<b>ACC 1</b>	109,662	72,430	596	73,026	20,946
<b>ACC 2</b>	116,313	118,722	35	118,757	0
<b>ACO</b>	95,988	71,014	0	71,014	11,078
<b>CFO: CC</b>	105,000	100,268	93	100,361	15,641
<b>CFO : PCC</b>	94,164	124,146	119	124,265	19,366
<b>Chief of Staff-PCC</b>	92,655	121,686	596	122,282	18,983

- 1) The following appointments / promotions / were made during 2019-2020:-
  - a. The Chief Constable was appointed on the 28<sup>th</sup> April 2019
  - b. The DCC was appointed on the 23<sup>rd</sup> September 2019
  - c. The ACC 1 was appointed on the 1<sup>st</sup> September 2019
- 2) The following roles were seconded to the Force during the financial reporting period:-
  - a. Mr Freeman (CC) was a temporary secondment from Humberside Police and was in post for the period 1<sup>st</sup> April 2019 to the 28<sup>th</sup> April 2019. The total costs incurred in 19/20 were £17,046.
  - b. A DCC was a temporary secondment from Northumbria Police and was in post for the period 5<sup>th</sup> August 2019 to the 31<sup>st</sup> March 2020. The total costs incurred in 19/20 were £96,622.
  - c. A DCC was a temporary secondment from North Yorkshire Police and was in post for the period 5 May 2019 to 5<sup>th</sup> August 2019. The total costs incurred in 19/20 were £45,810.
  - d. A ACC was a temporary secondment from Humberside Police and was in post for the period 5<sup>th</sup> May 2019 to 29<sup>th</sup> August 2019. The total costs incurred in 19/20 were £15,906.
  - e. An ACC was a temporary secondment from Northumbria Police and was in post for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> May 2019. The total costs incurred in 19/20 were £29,036.
- 3) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2019/20 the remuneration costs recharged to the North Yorkshire PFCC totalled £79,728.
- 4) A collaboration agreement was put in place from the 1st April 2019, and continues to be in place, for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC. All costs incurred in provided this service to North Yorkshire are recharged. During 2019/20 the remuneration costs recharged to the North Yorkshire PFCC totalled £73,312.

## Group Remuneration Disclosure 2018/19:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Benefits in Kind	Total Remuneration excluding Pension Contribution 18/19	Pension Contributions
	£	£	£	£	£	£
Chief Constable -M Veale : Note 1	155,397	157,493	0	0	157,493	28,817
The PCC	71,400	70,000	0	0	70,000	10,220
DCC : Note 1	117,690	103,039	0	1,151	104,190	22,719
ACC 1	113,475	113,814	1,520	0	115,334	26,600
ACC 2	113,475	116,226	1,576	0	117,802	20,853
ACO	93,645	94,406	86	0	94,492	13,770
CFO: CC	93,645	94,406	370	0	94,776	13,770
CFO : PCC	91,866	110,538	450	0	110,988	16,123
Chief of Staff-PCC	90,393	96,097	548	0	96,645	13,976

Notes:-

- The following appointments / promotions / were made during 2018-2019:-
  - Mr Veale left the organisation in January 2019.
  - Mr Freeman (CC) is a temporary secondment for Humberside Police from January 2019 and remains in post as at 31<sup>st</sup> March 2019. The total costs incurred in 18/19 were £34,893 (inclusive of pension contributions).
  - DCC : Left the organisation in February 2019.
  - An ACC is on secondment from Northumbria Police undertaking the role of DCC which commenced in October 2018 and remains in post as 31<sup>st</sup> March 2019. The total costs incurred in 18/19 were £60,983 (inclusive of pension contributions)
- A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2018/19 the remuneration costs recharged to the North Yorkshire PFCC totalled £61,153.

## PCC

Remuneration Band	Number of Employees 2019/20			2018/2019
	Police Officers	Support Staff	Total	
£50,000 - £54,999	0	1	1	1
£55,000 - £59,999	0	1	1	1
£65,000 - £69,999	0	0	0	1
£70,000 - £74,999	0	1	1	0
£95,000 - £99,999	0	0	0	1
£110,000 - £114,999	0	0	0	1
£120,000 - £124,999	0	2	2	0
<b>Total</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>5</b>

Note: The analysis only includes those bands which contain employees.

## PCC Remuneration Disclosure 2019/2020:

The remuneration disclosures, only includes a classification of payment when costs have been incurred. As result bonus payments, compensation for loss of office, benefits in kind and other payments have been excluded as no costs have been incurred.

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 19/20	Pension Contributions
	£	£	£	£	£
The PCC	71,400	72,683	0	72,683	11,339
CFO: PCC	94,164	124,146	119	124,265	19,366
Chief of Staff- PCC	92,655	121,686	596	122,282	18,983

- 1) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2019/20 the remuneration costs recharged to the North Yorkshire PFCC totalled £79,728.
- 2) A collaboration agreement was put in place from the 1<sup>st</sup> April 2019, and continues to be in place, for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC. All costs incurred in provided this service to North Yorkshire are recharged. During 2019/20 the remuneration costs recharged to the North Yorkshire PFCC totalled £73,312.

## PCC Remuneration Disclosure 2018/19:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 18/19	Pension Contributions
	£	£	£	£	£
The PCC	71,400	70,000	0	70,000	10,220
CFO: PCC	91,866	110,538	450	110,988	16,123
Chief of Staff- PCC	90,393	96,097	548	96,645	13,976

- 1) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2018/19 the remuneration costs recharged to the North Yorkshire PFCC totalled £61,153.

## 24. TERMINATION BENEFITS

In the financial year the PCC group paid a termination benefit to the value of £0.185m of which all related to the Force. (£0.102m 2018/19).

Group and PCC  Banding	Number of staff			
	Number Compulsory Redundancies	Number of Other departures	Total Number of departures	Total cost of Exit package each band
£20,001 - £40,000	1	0	1	£20,666
£60,001 - £80,001	1	0	1	£70,715
£80,001 - £100,000	1	0	1	£93,728
<b>Total</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>£185,109</b>

## 25. MEMBERS ALLOWANCES

Approved allowances paid to members of the Independent Audit Committee of the PCC Group were as follows:

Group and PCC	2019/2020 £000	2018/2019 £000
Allowances for approved duties	10	10
Other Allowances	6	4
<b>Total Members Allowances</b>	<b>16</b>	<b>14</b>

## 26. RELATED PARTIES

### Group and PCC

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

There were no related party transactions involving the PCC, his Chief Officers or the chief officers of the Force.

Middlesbrough Borough Council administers the Teesside Pension Fund of which the Office of the PCC is a member as a Corporate Body.

Central Government has effective control over the general operations of the PCC Group – it is responsible for providing the statutory framework within which the PCC Group operates and provides the majority of its funding in the form of Grants. During the year material transactions with related parties arose as follows and are included within the Income and Expenditure account:

<b>Government Departments</b>	
	<b>£000's</b>
<b>Income</b>	
Police Grant	46,497
NNDR	38,756
Pension Top up Grant	28,374
Local Council Tax Support	6,868
PFI Grant	4,106
Capital Grant & Contributions	526
Grant in Lieu of Council Tax	800
Dedicated Security Posts Funding	227
Ministry of Justice Victim & Witness Grant	651
Capital Financing Grant	1,213
Incentivisation Grant	206
Police Transformation Fund	152
	<b>128,375</b>
<b>Expenditure</b>	
Home Office: National Law Enforcement ICT Charges	859
	<b>859</b>

During 2019/20 no-one has declared related parties interests.

## 27. PRIVATE FINANCE INITIATIVE

### Group and PCC

As at the end of 2019/20 the PCC Group has 2 long term contracts under the Private Finance Initiative.

- 1) The contract for the Tactical Training Centre for Uxley Nook (referred as Uxley Nook) was entered into in April 2000 with payments commencing in April 2001.
  - The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.
  - At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Support Services (Cleveland) Ltd..
  - The SPA contains rights for the PCC and Support Services (Cleveland) Ltd. to terminate the SPA, and these include: --
    - Termination and compensation rights for default by either party
    - Termination and compensation rights under a 'force majeure' event
    - Rights for voluntary termination by the PCC only

The contract expires in 2025/26.
- 2) During 2006/07 the contract for the Centralised Cell Accommodation and District HQ facilities (referred to as Action Stations) commenced with payments beginning in January 2007.
  - The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.

- At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Cleveland FM Services.
- The SPA contains rights for the PCC and Cleveland FM services Ltd to terminate the SPA, and these include: --
  - Termination and compensation rights for default by either party
  - Termination and compensation rights under a 'force majeure' event
  - Rights for voluntary termination by the PCC only

The contract expires in 2031/32.

The contracts are accounted for in accordance with IFRIC 12 and details of the movement in assets and liabilities, plus information regarding future payments is shown below:

2019/2020	Urlay Nook		Action Stations		Total	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	4,171	(3,498)	24,253	(19,740)	28,424	(23,238)
Movements:						
Depreciation	(124)	0	(754)	0	(878)	0
Lifecycle maintenance	0	0	0	0	0	0
Revaluation / Reclassification	0	0	0	0	0	0
Principal repayment	0	368	0	1,215	0	1,583
<b>Balance c/f</b>	<b>4,047</b>	<b>(3,130)</b>	<b>23,499</b>	<b>(18,525)</b>	<b>27,546</b>	<b>(21,655)</b>

2018/2019	Urlay Nook		Action Stations		Total	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	5,173	(3,832)	23,937	(20,911)	29,110	(24,743)
Movements:						
Depreciation	(135)	0	(719)	0	(854)	0
Lifecycle maintenance	0	0	0	0	0	0
Revaluation / Impairment	(868)	0	1,036	0	168	0
Principal repayment	0	334	0	1,171	0	1,505
<b>Balance c/f</b>	<b>4,171</b>	<b>(3,498)</b>	<b>24,253</b>	<b>(19,740)</b>	<b>28,424</b>	<b>(23,238)</b>

	Urlay Nook		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	767	731	390
2 to 5 years	3,208	2,602	2,063
6 to 10 years	833	540	677
11 to 15 years	0	0	0

	Action Stations		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	2,893	1,838	807
2 to 5 years	11,282	6,933	4,736
6 to 10 years	15,939	6,306	8,394
11 to 15 years	5,420	1,820	4,588
16 to 20 years	0	0	0

## 28. AUDIT COSTS

In 2019/20 the PCC Group incurred the following fees for external audit services:

### Group Audit Fees

	2019/2020 £000	2018/2019 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	38	38
<b>Total Audit Costs</b>	<b>38</b>	<b>38</b>

### PCC Audit Fees

	2019/2020 £000	2018/2019 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	26	26
<b>Total Audit Costs</b>	<b>26</b>	<b>26</b>

## 29. CAPITAL EXPENDITURE IN THE YEAR AND SOURCES OF FINANCE

### Group and PCC

Capital Expenditure and Financing	31 March 2020 £000	31 March 2019 £000
<b>Capital Investment:</b>		
Property, Plant and Equipment	4,059	5,263
Intangible Assets	554	323
Capital expenditure not adding to asset values	696	23
<b>Total Capital Investment</b>	<b>5,309</b>	<b>5,609</b>
<b>Sources of Finance:</b>		
Capital Receipts	(71)	(2,600)
Government Grants and Contributions	-	-
Other Grants and Contributions	-	(9)
Direct Revenue Contributions	(4,208)	-
Internal Borrowing	(1,030)	-
Supported Borrowing	-	-
Unsupported Borrowing	-	(3,000)
<b>Total Finance</b>	<b>(5,309)</b>	<b>(5,609)</b>

Capital Financing Requirement	31 March 2020 £000	31 March 2019 £000
<b>Opening Capital Financing Requirement</b>	<b>59,734</b>	<b>58,996</b>
Additions in Year	5,309	5,609
Sources of Finance (Excluding Borrowing)	(4,279)	(2,609)
Minimum / Voluntary Revenue Provision	(2,584)	(2,262)
<b>Closing Financing Requirement</b>	<b>58,179</b>	<b>59,734</b>



### 30. BORROWING

#### Group and PCC

Interest rates vary between 1.64% and 4.52%. The weighted average rate is 3.16%

	31 March 2020 £000	31 March 2019 £000
<b>Public Works Loans Board</b>		
Due in the next Financial Year	(3,272)	(2,772)
Long Term Loans	(25,020)	(28,292)
<b>Total Borrowing</b>	<b>(28,292)</b>	<b>(31,064)</b>

Maturity Period	31 March 2020 £000	31 March 2019 £000
1/2 years	(4,000)	(3,272)
2/5 years	(6,260)	(9,500)
5/10 years	(760)	(1,520)
Over 10 years	(14,000)	(14,000)
<b>Total Long Term Loans</b>	<b>(25,020)</b>	<b>(28,292)</b>

### 31. AGENCY SERVICES

#### Consortium Charges

The PCC Group has an agency agreement with the North East Fingerprint Bureau to provide fingerprinting services. Payments in 2019/20 amounted to £0.368m (£0.337m in 2018/19).

#### National Police Air Service (NPAS)

The PCC group has an agency agreement with the National Police Air Service (effective from 1<sup>st</sup> April 2013) to provide Helicopter support services. The annual contribution in 2019/20 was £0.313m. (£0.352m 2018/19).

#### Other National Police Services

The PCC Group made a subscription payment to the Home Office for a range of National Law Enforcement ICT services. Annual cost for 2019/20 was £0.859m. (£0.783m in 2018/19).

## 32. USABLE RESERVES

### Group and PCC

Description of Reserve	31 March 2018 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2019 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2020 £000
Earmarked Reserves	(7,242)	(4,047)	1,349	(9,941)	(4,455)	5,205	(9,191)
Revenue Grants Unapplied Reserve	(136)	0	0	(136)	0	37	(100)
Capital Grants Unapplied Reserve	(1,002)	(515)	0	(1,517)	(526)	0	(2,042)
Capital Receipts Unapplied Reserve	0	(2,632)	2,632	0	(71)	71	(0)
General Fund	(6,074)	(868)	950	(5,992)	0	950	(5,042)
<b>Total Usable Reserves</b>	<b>(14,455)</b>	<b>(8,062)</b>	<b>4,931</b>	<b>(17,586)</b>	<b>(5,052)</b>	<b>6,263</b>	<b>(16,375)</b>

**Earmarked Reserves** – Please see Note 9 for a detailed analysis

**Revenue Grants Unapplied Reserve** – These revenue grants are those which either have no specified conditions or the conditions have been met. They will be matched to relevant expenditure as incurred.

**Capital Grants Unapplied Reserve** – These capital grants are those which have been received but expenditure has not yet been incurred. They will be matched to relevant expenditure as incurred.

**Capital Receipts Unapplied Reserve** – These capital receipts have been received from the disposal of non-current assets with any balance yet to applied to fund capital expenditure.

**General Fund** – This balance is available in order to support the future operations of the organisation should the need arise due to unforeseen circumstances.

## 33. UNUSABLE RESERVES

### Group

Description of Reserve	31 March 2018 £000	Additions in Year £000	Reductions in Year £000	31 March 2019 £000	Additions in Year £000	Reductions in Year £000	31 March 2020 £000
Revaluation Reserve	(6,961)	(2,110)	2,556	(6,515)	0	79	(6,436)
Capital Adjustment Account	(14,043)	9,454	2,370	(2,219)	(3,584)	3,159	(2,644)
Pension Reserve	1,667,736	(12,801)	110,531	1,765,466	(17,144)	(94,423)	1,653,899
Collection Fund Adjustment Account	(238)	(300)	238	(300)	(28)	300	(28)
Accumulated Absence Reserve	2,353	2,298	(2,353)	2,298	2,626	(2,298)	2,626
<b>Total Unusable Reserves</b>	<b>1,648,847</b>	<b>(3,458)</b>	<b>113,341</b>	<b>1,758,730</b>	<b>(18,130)</b>	<b>(93,183)</b>	<b>1,647,417</b>

**Revaluation Reserve** – contains gains made by the PCC Group from increases in the value of its non-current assets since 1<sup>st</sup> April 2007, which is when the reserve was created.

**Capital Adjustment Account** – absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. This account also contains any revaluation gains prior to 1<sup>st</sup> April 2007. Further information can be found in Note 34.

**Pension Reserve** – absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Further information can be found in Note 20: Pensions.

**Collection Fund Adjustment Account** – manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

**Accumulated Absence Reserve** – absorbs the differences that would otherwise arise on the General fund balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact on the General Fund balance is neutralised by transfers to/from the account. The reduction in year represents the settlement of prior year liability and the addition in year reflects the liability as the 31<sup>st</sup> March 2020.

#### PCC

Description of Reserve	31 March 2018 £000	Additions in Year £000	Reductions in Year £000	31 March 2019 £000	Additions in Year £000	Reductions in Year £000	31 March 2020 £000
Revaluation Reserve	(6,961)	(2,110)	2,556	(6,515)	0	80	(6,435)
Capital Adjustment Account	(14,043)	9,454	2,370	(2,219)	(3,584)	3,159	(2,644)
Pension Reserve	3,190	601	(942)	2,849	687	1,234	4,770
Collection Fund Adjustment Account	(238)	(300)	238	(300)	(28)	300	(28)
Accumulated Absence Reserve	2,353	2,298	(2,353)	2,298	2,626	(2,298)	2,626
<b>Total Unusable Reserves</b>	<b>(15,699)</b>	<b>9,944</b>	<b>1,868</b>	<b>(3,886)</b>	<b>(299)</b>	<b>2,474</b>	<b>(1,711)</b>

## 34. CAPITAL ADJUSTMENT ACCOUNT

#### Group and PCC

Group and PCC	31 March 2020 £000	31 March 2019 £000
<b>Balance at 1 April</b>	<b>(2,219)</b>	<b>(14,043)</b>
Transfer to Non Operational Assets	-	-
Capital expenditure not adding to asset values	696	294
In year adjustment	-	-
In Year adjustment	-	-
Revaluation / Impairment adjustments	-	12,039
Partnership financing of Capital Expenditure	-	(10)
Revenue contribution to capital	(4,209)	(237)
MRP less Depreciation	3,007	2,153
Transfer from Government Grants Deferred	-	-
Capital Receipts Applied	(71)	(2,632)
Disposals	152	217
Write out of Government Grants Deferred	-	-
<b>Balance at 31 March</b>	<b>(2,644)</b>	<b>(2,219)</b>

## 35. GRANT INCOME

### Group and PCC

ANALYSIS OF GRANTS	31 March 2020 £000	31 March 2019 £000
<b>Credited to Taxation and Non specific Grant Income:</b>		
National Non Domestic Rates	(38,756)	(37,992)
Police Grant	(47,297)	(46,308)
Precepts	(38,512)	(34,644)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(526)	(524)
	<b>(131,960)</b>	<b>(126,336)</b>
<b>Credited to services:</b>		
PFI - Urlay Nook	(941)	(941)
Dedicated Security Posts Funding	(227)	(224)
PFI - Action Stations	(3,165)	(3,165)
Capital Financing Grant	(1,213)	(576)
Incentivisation Grant	(206)	(187)
PCC Victim & Witness	(651)	(656)
Special Grant	(3,195)	(2,945)
Police Transformation Fund	(152)	(433)
Violence against Women	(164)	(222)
Female Offender Grant	(156)	(48)
Youth intervention Fund	(224)	(314)
Cyber Grant	(113)	
Heroin & Crack Action Grant	(43)	(32)
Uplift Grant	(345)	
Partnership Grants	-	(29)
	<b>(10,795)</b>	<b>(9,772)</b>
<b>Total Grant Income</b>	<b>(142,754)</b>	<b>(136,108)</b>

These grants have all been recognised within the Income and Expenditure Statement; however £154k (£154K prior year) sits within creditors as income in advance as there is the potential this may have to be returned to the originating organisation.

## 36. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

The Cleveland Police Force has four strategic collaborative arrangements that are classified as Joint Operations under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

They are:

1. Cleveland Durham Special Operations Unit (CDSOU)
2. Cleveland Durham North Yorkshire Integrated Dog Support Unit
3. North East Regional Special Operations Unit (NERSOU)
4. Cleveland North Yorkshire Major Incident Team (CNYMIT)

In line with the new requirements under IFRS 3, 10, 11 and 12 as well as IAS27 and 28 and in line with the CIPFA Code of Practice the following notes must be disclosed in the annual statements.

## 1 Cleveland Durham Special Operations Unit (CDSOU)

CDSOU is a joint unit staffed by both the Cleveland and Durham Police Forces to provide firearms operations and training, together with road policing both in area and district, and strategic road policing including collision investigation, traffic management and safety cameras.

In accordance with the CIPFA Code of Practice mechanism it was determined that the arrangement be classified as a Joint Operation therefore there are no group accounting considerations only single entity statements are required.

The governance of the Joint Operation is managed through a Section 22A agreement whereby both forces have a 50:50 financial obligation in terms of the joint operations income and expenditure and have equal voting rights in terms of decisions made about the unit.

CDSOU operates across the Durham and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2019/2020 as required under the Section 22A agreement. There are no joint assets or liabilities held within the unit only annual revenue costs. Both forces hold their assets and liabilities separately within their individual group accounts.

Cleveland and Durham Specialist Operations Unit				
	Total Costs £000's	Apportionment	Durham 2019/20 £000's	Cleveland 2019/20 £000's
<b>Road Policing</b>				
Employees Costs	9,436	50%	4,718	4,718
Non Pay Costs	860	50%	430	430
Income	(278)	50%	(139)	(139)
	10,018		5,009	5,009
<b>Tactical Training Unit</b>				
Employees Costs	888	50%	444	444
Non Pay Costs	1,404	50%	702	702
Income	(214)	50%	(107)	(107)
	2,078		1,039	1,039
<b>Total Unit Costs</b>	12,096	-	6,048	6,048
<b>Reserve as 31st March</b>	<b>Total Reserves</b>			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

Cleveland and Durham Specialist Operations Unit				
	Total Costs £000's	Apportionment	Durham 2018/19 £000's	Cleveland 2018/19 £000's
<b>Road Policing</b>				
Employees Costs	8,861	50%	4,430	4,430
Non Pay Costs	889	50%	444	444
Income	(232)	50%	(116)	(116)
	9,518		4,759	4,759
<b>Tactical Training Unit</b>				
Employees Costs	784	50%	392	392
Non Pay Costs	1,302	50%	651	651
Income	(235)	50%	(117)	(117)
	1,852		926	926
<b>Total Unit Costs</b>	11,370	-	5,685	5,685
<b>Reserve as 31st March</b>	<b>Total Reserves</b>			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

## 2 Cleveland Durham North Yorkshire Integrated Dog Support Unit

The Integrated Dog Support Unit is staffed by Cleveland, North Yorkshire and Durham Police Forces to provide an efficient and effective dog support function.

It formed part of the Evolve programme and commenced in August 2016. It should be noted the collaboration ceased on the 31<sup>st</sup> December 2019.

In accordance with the CIPFA Code of Practice mechanism it was determined that the arrangement be classified as a Joint Operation therefore there are no group accounting considerations only single entity statements are required.

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit. The Force allocation is borne in proportion to Net Revenue Expenditure (NRE) irrespective of how much each force makes use of the service. For the financial period April 2019 to March 2020 the funding contributions made were Cleveland 33.02%, Durham 30.12% and North Yorkshire 36.86%.

Cleveland Durham North Yorkshire Integrated Dog Support Unit operates across the Durham, North Yorkshire and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2019/20 as required under the Section 22A agreement. All Forces hold their assets and liabilities separately within their individual group accounts.

<b>Three Force Integrated Dog Unit (Period 1/4/2019 - 31/12/2019)</b>				
	<b>Total Costs Apportionment £000's</b>	<b>Durham 2019/20 30.12% £000's</b>	<b>Cleveland 2019/20 33.02% £000's</b>	<b>North Yorkshire 2019/20 36.86% £000's</b>
Employees Costs	1,726	520	570	636
Non Pay Costs	255	77	84	94
Income	-	-	-	-
<b>Total Unit Costs</b>	<b>1,981</b>	<b>597</b>	<b>654</b>	<b>730</b>
<b>Reserve as 31st March Integrated Dogs Unit</b>	<b>Total Reserves</b>			
	-	-	-	-
	-	-	-	-

<b>Three Force Integrated Dog Unit</b>				
	<b>Total Costs Apportionment £000's</b>	<b>Durham 2018/19 30.12% £000's</b>	<b>Cleveland 2018/19 33.02% £000's</b>	<b>North Yorkshire 2018/19 36.86% £000's</b>
Employees Costs	2,347	707	775	865
Non Pay Costs	248	75	82	91
Income	(9)	(3)	(3)	(3)
<b>Total Unit Costs</b>	<b>2,586</b>	<b>779</b>	<b>854</b>	<b>953</b>
<b>Reserve as 31st March Integrated Dogs Unit</b>	<b>Total Reserves</b>			
	-	-	-	-
	-	-	-	-

### **3 North East Regional Special Operations Unit (NERSOU)**

NERSOU is a joint unit staffed by the Cleveland, Durham and Northumbria Police Forces to deliver an increased response to tackling serious and organised crime that transcends Force borders in the region. It comprises a number of highly specialised teams of officers and staff from the three Forces who work with embedded partners from Her Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to effectively tackle serious and organised crime across the region.

In accordance with the CIPFA Code of Practice mechanism it was determined that the arrangement be classified as a Joint Operation therefore there are no group accounting considerations only single entity statements are required.

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit but the funding is through a combination of Home Office Grants and Force contributions. The Force allocation is based on Home Office Core Grant allocations and for the financial period April 2019 to March 2020 the funding contributions made were Cleveland 24.62%, Durham 22.80% and Northumbria 52.58%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £308K (NBV) of which Cleveland's share is valued at £99K. The unit has reserves of £669K of which Cleveland's share is £160K (Prior year £146K).

NERSOU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2019/20 as required under the Section 22A agreement.

North East Regional Special Operations Unit				
	Apportionment Total Costs	Durham 2019/20 22.80% £000's	Cleveland 2019/20 24.62% £000's	Northumbria 2019/20 52.58% £000's
Employees Costs	9,255	2,110	2,279	4,866
Non Pay Costs	1,699	387	418	893
Income	(3,320)	(757)	(817)	(1,746)
	7,634	1,741	1,879	4,014
<b>Contributions / Reserve</b>				
Durham	1,757	1,757		
Cleveland	1,898		1,898	
Northumbria	4,053			4,053
<b>Reserve movements</b>	(59)	(13)	(15)	(31)
	7,649	1,744	1,883	4,022
<b>Reserve as 31st March</b>	669	149	160	360

North East Regional Special Operations Unit				
	Apportionment Total Costs	Durham 2018/19 22.86% £000's	Cleveland 2018/19 24.75% £000's	Northumbria 2018/19 52.39% £000's
Employees Costs	8,788	2,009	2,175	4,604
Non Pay Costs	1,438	329	356	753
Income	(3,459)	(791)	(856)	(1,812)
	6,767	1,547	1,675	3,546
<b>Contributions / Reserve</b>				
Durham	1,656	1,656		
Cleveland	1,793		1,793	
Northumbria	3,796			3,796
<b>Reserve movements</b>	(478)	(109)	(118)	(251)
	6,767	1,547	1,675	3,545
<b>Reserve as 31st March</b>	610	136	146	328

#### 4 Cleveland North Yorkshire Major Incident Team (CNYMIT)

The CNYMIT is staffed by Cleveland and North Yorkshire Police Forces to provide a joint major incident team. It provides an opportunity for exploiting and maximising economies of scale whilst at the same time providing the resilience both forces require in terms of managing and supporting major incidents. It formed part of the Evolve programme and commenced in November 2016.

In accordance with the CIPFA Code of Practice mechanism it was determined that the arrangement be classified as a Joint Operation therefore there are no group accounting considerations only single entity statements are required.

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the two Forces have equal voting rights in terms of decision made about the unit. The Force allocation was agreed as part of the section 22A agreement. The funding contributions made were Cleveland 51.5% and North Yorkshire 48.5%.

CNYMIT operates across the North Yorkshire and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2019/20 as required under the Section 22A agreement. All Forces hold their assets and liabilities separately within their individual group accounts.



Cleveland and North Yorkshire Major Incident Team			
	Apportionment Total Costs	Cleveland 2019/20 51.50% £000's	North Yorkshire 2019/20 48.50% £000's
Employees Costs	3,410	1,756	1,654
Non Pay Costs	147	76	71
Income	0	0	0
	3,557	1,832	1,725
<b>Contributions</b>			
Cleveland		1,832	
North Yorkshire			1,725
	3,557	1,832	1,725

Cleveland and North Yorkshire Major Incident Team			
	Apportionment Total Costs	Cleveland 2018/19 51.50% £000's	North Yorkshire 2018/19 48.50% £000's
Employees Costs	3,273	1,686	1,587
Non Pay Costs	95	49	46
Income	0	0	0
	3,368	1,735	1,633
<b>Contributions</b>			
Cleveland		1,735	
North Yorkshire			1,633
	3,368	1,735	1,633

### 37. CONTINGENT LIABILITIES / ASSETS

#### Contingent Liabilities:-

##### Municipal Mutual Insurance (MMI)

Due to the potential liabilities that the force may face in regards to the on-going requirements to pay long standing claims against MMI it is prudent to identify a contingent liability in the statement of accounts.

It is an unknown amount and has an unknown longevity due to the nature of the claims. However, for further unknown levies it is not possible to clearly state any future amounts in terms of timeframe or indeed financial magnitude. Therefore it is necessary to identify this as a contingent liability in the accounts.

### 38. POST BALANCE SHEET EVENT

There are no post balance sheet events to report.

### 39. AUTHORISATION OF ACCOUNTS

The Chief Finance Officer of the Police and Crime Commissioner for Cleveland has set and authorised the date of issue for the Statement of Accounts as the 5th October 2020. This is the date up to which events after the Balance Sheet date have been considered



# **PENSION FUND**

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

<b>PENSION FUND ACCOUNT</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>£000</b>	<b>£000</b>
<b>Contributions Receivable</b>		
From Employer		
Normal	(13,526)	(9,244)
Capital contribution due to Ill Health Early Retirement	(791)	(820)
From Members	(5,915)	(5,885)
<b>Transfers In</b>		
Individual Transfers in from Other Schemes	(195)	(807)
<b>Benefits Payable</b>		
Pensions	39,125	37,255
Commutations and Lump Sum Retirement Benefits	7,545	9,609
Lump Sum death benefits	133	183
Ill Health Lump Sum Benefits	1,510	1,444
<b>Payments to and on Account of Leavers</b>		
Refunds of Contributions	19	3
Inter Authority Adjustments	257	231
Individual Transfers out to Other Schemes	259	0
<b>Sub-Total for the year before transfer from the PCC to fund the deficit for the year</b>	<b>28,421</b>	<b>31,969</b>
<b>Additional funding payable to the PCC to fund the deficit for the year (Home Office)</b>	<b>(28,374)</b>	<b>(30,710)</b>
<b>Additional funding payable by the PCC to fund the deficit for the year</b>	<b>(47)</b>	<b>(1,259)</b>
<b>Net Amount Payable/Receivable for the Year</b>	<b>0</b>	<b>0</b>

<b>NET ASSETS STATEMENT</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current Assets</b>		
Debtors:-		
Other Local Authorities	467	348
Bodies External to General Government	202	221
<b>Total Current Assets</b>	<b>669</b>	<b>569</b>
<b>Long Term Assets</b>		
Bodies External to General Government	0	0
<b>Total Long Term Assets</b>	<b>0</b>	<b>0</b>
<b>Current Liabilities</b>		
Creditors :-		
Other Local Authorities	467	348
Bodies External to General Government	202	221
<b>Total Current Liabilities</b>	<b>669</b>	<b>569</b>
<b>Long Term Liabilities</b>		
Bodies External to General Government	0	0
<b>Total Long Term Liabilities</b>	<b>0</b>	<b>0</b>
<b>Net Assets</b>	<b>0</b>	<b>0</b>
<b>PENSION FUND ACCOUNT</b>	<b>0</b>	<b>0</b>

## Notes to the Pension Fund

The Pension Fund Accounts have been prepared in accordance with the Code of Practice and on an accruals basis. This means that sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historical cost.

The funding arrangements for the Police Pension scheme in England and Wales changed on 1<sup>st</sup> April 2006. Before 1<sup>st</sup> April 2006 the scheme did not have a percentage of pensionable pay type of employer's contribution, rather each Police Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as individual entities are concerned. Entities will no longer meet the pension outgoings directly; instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each entity is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the Pension Fund are specified by regulation.

The Pension fund has no investment assets and the fund is balanced to nil each year by a transfer to/from the Police Fund. Benefits payable are funded by contributions from employers (31.0%) and employees (in a range of 11.9% to 15.05%) and any difference is met by a top-up grant from the Home Office.

Employers are also required to make payments into the Pension fund in respect of ill health retirements as they are granted.

Transfer values are those sums payable by or received from, other pension schemes for individuals only and relate to periods of previous pensionable employment. Transfers are accounted for on a receipts and payments basis.

The Pension Fund was established and is controlled under the Police Pension Fund Regulations 2009 (SI 2009 No 2060).

The Fund is administered by the entity.

The accounting policies detailed in this Statement of Accounts have been followed in dealing with items which are judged material in accounting for, or reporting on, the transactions and net assets of the fund. No significant estimation techniques have been adopted.

The Net Assets Statement does not include liabilities to pay pension and other benefits after the Balance Sheet date. The liabilities of the Pension scheme are accounted for under IAS19 and details can be found above.

Details of the long-term pension fund obligation are provided in Notes 20 and 21 of the main statements.

## **GLOSSARY OF TERMS**

This Glossary of Terms is designed to aid interpretation of the PCC's Group Statement of Accounts.

**ACCRUAL:** The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

**ACCRUED BENEFITS:** The benefits for service up to a given point in time, whether vested rights or not.

**ACTUARIAL GAINS AND LOSSES:** For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

**ACTUARIAL VALUATION:** A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

**AGENCY SERVICES:** The provision of services by a Police and Crime Commissioner or Chief Constable (the agent) on behalf of another Police and Crime Commissioner or Chief Constable, which is legally responsible for providing those services. The responsible Police and Crime Commissioner or Chief Constable reimburses the Police and Crime Commissioner or Chief Constable providing the service.

**AMORTISED COST:** The cost of an intangible asset after amortisation, which is the systematic allocation of the depreciable amount of an asset over its useful life.

**APPROPRIATIONS:** Amounts transferred to or from revenue or capital reserves.

**ASSET:** An item which has a value; for example, land and buildings, vehicles, equipment, cash.

**BALANCES:** The total general balances available are the accumulated surplus of income over expenditure which enable operation without borrowing until the first precept and grant payments are received in the early part of the financial year. Balances are also used to cover any unexpected expenditure during the financial year.

**BALANCE SHEET:** This sets out the financial position of an organisation on a particular date. It shows the balances and reserves at the organisation's disposal, its long-term indebtedness, the fixed and net current assets employed in its operations and summarised information on the fixed assets held.

**BUDGET:** A statement of an organisation's plans in financial terms. A budget is prepared and approved before the start of each financial year and is used to monitor actual expenditure throughout the year.

**CAPITAL ADJUSTMENT ACCOUNT:** The account through which all financing of fixed assets is charged.

**CAPITAL EXPENDITURE:** Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

**CAPITAL FINANCING CHARGES:** The repayment of loans and interest used to pay for capital projects.

**CAPITAL GRANT:** Grant from Central Government used to finance specific schemes in the capital programme. Where capital grants are receivable these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

**CAPITAL RECEIPTS:** The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

**CAPITAL RESERVE:** Created to provide an alternative source of financing for capital expenditure and to ensure some stability in the level of capital programmes that can be financed.

**CASH FLOW STATEMENT:** This summarises the cash receipts and payments of the Group arising from transactions for both revenue and capital purposes.

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA):** This is the main professional body for accountants working in the public services.

**COLLECTION FUND:** A fund administered by each District Council in which individuals' council tax payments are paid. The Police and Crime Commissioner raises a precept on the fund to finance part of their net revenue expenditure.

**COLLECTION FUND ADJUSTMENT ACCOUNT:** The account through which to implement the accruals basis for recording the precept in these accounts without affecting the bottom line for taxpayers.

**COMPONENT ACCOUNTING:** Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and thus improves the measurement of operating results. It also facilitates accounting for replacements.

**CONTINGENCY:** The sum of money set aside to meet unforeseen expenditure or liability.

**COUNCIL TAX:** The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

**CREDITORS:** Individuals or organisations to whom money is owed at the end of the financial year.

**CURRENT ASSETS AND LIABILITIES:** Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short term.

**CURRENT SERVICE COSTS (PENSIONS):** The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employee service in the current period.

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

**DEBTORS:** Individuals or organisations from whom money is owed at the end of the financial year.

**DEFERRED LIABILITIES:** Liabilities which, by arrangement, are payable beyond the next year, at some point in the future or paid off by an annual sum over a period of time.

**DEFERRED PENSIONS:** Individuals who have ceased to be active members but are entitled to benefits payable at a later date.

**DEFINED BENEFIT SCHEME:** A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

**DEPRECIATION:** An annual charge to reflect the extent to which an asset has been worn out or consumed during the financial year.

**DIRECT REVENUE FINANCING:** Resources provided from the revenue budget to finance the cost of capital projects.

**DISCRETIONARY BENEFITS:** Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under discretionary powers.

**EARMARKED RESERVES:** These reserves represent monies set aside that can only be used for a specific purpose.

**EXPECTED RATE OF RETURN ON PENSION ASSETS:** For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**EXTRAORDINARY ITEMS:** Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside ordinary activities and are not expected to recur.

**FINANCE AND OPERATING LEASE:** A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service revenue account.

**FINANCIAL REGULATIONS:** A written code of procedures approved by the Police and Crime Commissioner, intended to provide a framework for proper financial management.

**GAD:** The Government Actuaries Department. They provide estimates of the liabilities of the Police Pension Scheme.

**GOING CONCERN:** The concept that an organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

**GOVERNMENT GRANTS:** Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**IMPAIRMENT:** A reduction in the value of an asset from the balance sheet value occurring as a result of a change in the condition and consumption of the asset or as a result of market conditions.

**INCOME AND EXPENDITURE ACCOUNT:** This summarises the resources generated and consumed for the year and shows how the costs have been financed.

**INTEREST INCOME:** The money earned from the investment of surplus cash.

**INTEREST COSTS (PENSIONS):** For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS):** Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

(a) International Financial Reporting Standards;

(b) International Accounting Standards; and

(c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

**INVESTMENTS (PENSION FUND):** The investments of a Pension Fund will be accounted for in the statements of that Fund. However, sponsoring bodies are also required to disclose, as part of disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**MINIMUM REVENUE PROVISION (MRP):** The statutory minimum amount which a Police and Crime Commissioner is required to set aside on an annual basis as a provision to redeem debt.

**NET BOOK VALUE:** The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**NET CURRENT REPLACEMENT COST:** The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**NATIONAL NON-DOMESTIC RATES (NNDR):** The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a central government pool that is then distributed according to resident population.

**NON-OPERATIONAL ASSETS:** Non-operational assets are fixed assets held but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

**OPERATIONAL ASSETS:** Fixed assets held and occupied, used or consumed in the direct delivery of those services for which they have either a statutory or discretionary responsibility.

**OUTTURN:** The actual amount spent in the financial year.

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

**PAYMENTS IN ADVANCE:** These represent payments prior to 31 March for supplies and services received by the Group after 1 April.

**PENSION FUND:** A fund which makes pension payments on retirement of its participants.

**POLICE GRANT:** A grant paid by the government to Police and Crime Commissioners as a proportion of the Formula Spending Share or FSS.

**PRECEPT:** The income which the Police and Crime Commissioner requires the District Council to raise from Council Tax on behalf of the Police and Crime Commissioner.

**PROJECTED UNIT METHOD:** An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners, and their dependents, allowing where appropriate for future increases and
- the accrued benefits for members in service at the valuation date.



**PROVISION:** An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise are uncertain.

**PUBLIC WORKS LOAN BOARD (PWLb):** A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

**RECEIPTS IN ADVANCE:** These represent income received prior to 31 March for supplies and services provided by the Group after 1 April.

**RESERVES:** Monies set aside by the Group that do not fall within the definition of provisions.

**RETIREMENT BENEFITS:** All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE CONTRIBUTIONS TO CAPITAL:** Contribution from the Comprehensive Income and Expenditure Statement to finance capital expenditure and thus reduce the requirement to borrow.

**REVENUE SUPPORT GRANT (RSG):** General government grant support towards expenditure.

**REVALUATION RESERVE:** This account represents the difference between the current valuation of fixed assets and the historic costs of those assets. This Account came into effect 1 April 2007.

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

**SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP):** A CIPFA guide to accounting for best value which provides a consistent and comparable calculation of the cost of services.

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

**STATEMENT OF ACCOUNTING POLICIES:** This explains the basis of the figures in the accounts. The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years have been clearly shown.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS:** This explains the responsibilities of both the Police and Crime Commissioner and Police and Crime Commissioner's Chief Finance Officer in respect of the Statement of Accounts.

**TRANSFER VALUES:** Payment made by one pension scheme to another in respect of accrued pension rights when a member of a scheme changes pensionable employment.

**TREASURY MANAGEMENT POLICY (TMP):** This is a policy adopted to manage investments, cash flows, and banking transactions. It governs the control of risks associated with these activities and the pursuit of optimum investment return balanced with security of investment.