

Chief Constable of Cleveland

STATEMENT OF ACCOUNTS – 2019/20

CONTENTS

CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE INTRODUCTION	3
1. CHANGES TO ACCOUNTING POLICIES	3
2. FURTHER INFORMATION	3
STATEMENT OF RESPONSIBILITIES	4
INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CLEVELAND	5
NARRATIVE STATEMENT (PERFORMANCE/FINANCIAL REVIEW)	9
1. INTRODUCTION	9
2. THE STATEMENT OF ACCOUNTS	9
3. THE CHIEF CONSTABLE FOR CLEVELAND REVENUE POSITION	11
4. CAPITAL	12
5. PENSIONS	13
6. CHANGE FROM 2018/19 POSITION	13
7. NON FINANCIAL PERFORMANCE DATA	13
8. EVENTS AFTER THE REPORTING PERIOD	18
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2020.....	19
MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2020	20
MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2019	20
BALANCE SHEET AT 31st MARCH 2020	21
CASHFLOW STATEMENT 2019/2020	22
NOTES TO THE CORE FINANCIAL STATEMENTS	23
1. ACCOUNTING POLICIES	23
A) OVERHEADS AND SUPPORT SERVICES	23
B) VALUE ADDED TAX	23
C) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS	23
D) REVENUE RECOGNITION	23
E) PENSIONS	23
F) RESERVES	24
G) POST BALANCE SHEET EVENTS	24
H) CONTINGENT LIABILITIES	24
I) CONTINGENT ASSETS	24
J) JOINT CONTROLLED OPERATIONS	24
K) FAIR VALUE	24
2. EXPENDITURE & FUNDING ANALYSIS	25
3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED	27
4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES	27
5. ASSUMPTIONS MADE ABOUT THE FUTURE & OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	27
6. MATERIAL ITEMS OF INCOME AND EXPENSE	28
7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS	28
8. FINANCING AND INVESTMENT INCOME & EXPENDITURE	29
9. OFFICERS' EMOLUMENTS	29
10. TERMINATION BENEFITS	31
11. RELATED PARTIES	31

12. AUDIT COSTS.....	31
13. PENSIONS	32
14. PENSIONS LIABILITY	33
15. UNUSABLE RESERVES	39
16. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS.....	39
17. CONTINGENT LIABILITIES / ASSETS	44
18. POST BALANCE SHEET EVENT	44
19. AUTHORISATION OF ACCOUNTS	44
POLICE PENSION FUND	45
GLOSSARY OF TERMS.....	47

CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE

INTRODUCTION

1. CHANGES TO ACCOUNTING POLICIES

There are no changes to accounting policies for the accounting period 2019/2020.

2. FURTHER INFORMATION

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The dates for which the accounts are available for inspection have been published on the Force website.

Further information may be obtained from the Chief Finance Officer to the Chief Constable at Cleveland Police, Shared Service Centre, Ash House, III Acres, Princeton Drive, Thornaby, Stockton on Tees TS17 6AJ

Joanne Gleeson BA Hons ACMA
CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE

STATEMENT OF RESPONSIBILITIES

The Chief Constable's Responsibilities

The Chief Constable as a Corporation Sole is required to:

- Make arrangements for the proper administration of the Force's financial affairs and to ensure that one of the Force's officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer of the Chief Constable;
- Manage the Force's affairs to secure economic, efficient and effective use of resources and safeguard the assets under his operational control.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer of the Chief Constable is responsible for the preparation of the Chief Constable'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.

DECLARATION

The Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as a Corporation Sole at the accounting date and the Force's income and expenditure for the year ended 31st March 2020.

Signature:

Date:

CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE

Signature:

Date:

Chief Constable for Cleveland Police

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CLEVELAND

Report on the financial statements

Opinion

We have audited the financial statements of Chief Constable for Cleveland (CC) for the year ended 31 March 2020, which comprise the CC Movement in Reserves Statement, the CC Comprehensive Income and Expenditure Statement, the CC Balance Sheet, the CC Cash Flow Statement, the 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 Chief Constable for Cleveland as at 31st March 2020 and of the Chief Constable for Cleveland'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 Chief Constable for Cleveland in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 Chief Constable for Cleveland'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 Chief Constable for Cleveland 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 Chief Constable for Cleveland 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. 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 Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable 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.

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 Chief Constable for Cleveland

The Chief Constable 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 Chief Constable 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 Chief Constable 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 Chief Constable for Cleveland, 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 Chief Constable for Cleveland, 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 Chief Constable 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 Chief Constable for Cleveland's arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Barker

NARRATIVE STATEMENT (PERFORMANCE/FINANCIAL REVIEW)

1. INTRODUCTION

This Foreword provides an overview of the accounting arrangements of the Police and Crime Commissioner for Cleveland and the Chief Constable (CC) of Cleveland Police.

In November 2012 the office of elected Police and Crime Commissioner (PCC) was established. At the same time the CC was established in law as a separate Corporation Sole.

The primary function of the PCC is to ensure an efficient and effective police service and to hold the CC to account on behalf of the public. The PCC is the recipient of all funding relating to policing and crime reduction, including government grant, precept and all other sources of income.

In turn the CC is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The CC holds office under the Crown but is appointed by the PCC. The CC operates within an annual budget set by the PCC in consultation with him. A scheme of consent is in operation between the two determining their respective responsibilities.

On the 1st April 2014 the PCC transferred designated staff to the employment of the CC under Stage 2 of the Police Reform and Social Responsibility Act.

The accounting arrangements between the PCC and CC during the financial year 2019/20 are that the accounts of the CC are integrated into the group accounts of the PCC. The PCC is responsible for the finances of the whole group and controls all assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the group.

2. THE STATEMENT OF ACCOUNTS

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 and the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The CC spends funds on providing Policing Services on behalf of the PCC. To prepare the annual statements of the CC as a Corporation Sole within the overall group accounts of the PCC, two critical judgements in the application of accounting policies have been made and applied in respect of assets.

Firstly, within group accounts one entity must have 'control' over another. The PCC is, therefore, deemed to have 'control' over the CC and, hence, the substance of the asset control sits with the PCC. This is distinct from the operational control exercised by the CC. As a consequence all assets are shown in the accounts of the PCC rather than those of the CC.

Secondly, an asset is an item from which economic benefit is expected to flow to the entity. Economic benefit within the public sector has to be measured by a change in General Fund balance due to the absence of profit making activities. As the General Fund must be held by the PCC, and therefore, all movements shown in the Movement on Reserves Statement of the PCC, then any economic benefit must be deemed to be flowing to him.

In addition, with regard to assets, the following apply:

- The CC is not allowed to borrow or have bank accounts and, therefore, these must sit with the PCC. Neither, can the CC hold any reserves and, therefore, under the matching concept, assets funded by borrowing and reserves should be in same set of books.
- Under legislation land must be owned and accounted for by the PCC. By controlling the land and, therefore, its sale, the PCC can be deemed to control the building which is located upon it.
- All contracts including PFI contracts are held by the PCC and, therefore, the assets and liabilities associated must be owned and accounted for by the PCC.

This results in 'nil' values for the above within the financial statements of the CC.

With regard to employees, the following judgement has also been made:

- In accordance with International Accounting Standard (IAS) 19 – Employee Benefits (IAS19), pension costs in respect of Police Officers and Police Staff employed by the CC are recorded in the accounts of the CC. These are then reversed out via the Movement on Reserves Statement. The CC also records the value of pension liability in the Balance sheet.

In order to show a cost associated with the overall operational activities of the Force, a Comprehensive Income & Expenditure Account is shown with an allocation of costs from the PCC being offset by funding provided by the PCC to an equal and opposite amount. The Net cost of service represents the IAS19 charges which are funded by the PCC on consolidation.

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 both the allocation of funding from the PCC and costs incurred by the Force in discharging its functions. In practice all funding is received, and the respective payments made, by the PCC. The balance on the comprehensive income and expenditure statement represents the impact of the pension obligations in line with accounting standard IAS19.

Movement in Reserves Statement – This statement shows the movement in the year on the different reserves. The CC holds the reserves in respect of pension liability and the movements are included within this statement in line with the accounting standard IAS19.

Balance Sheet – The Balance Sheet shows the value of the assets and liabilities as at 31st March 2020. These are the assets or liabilities in respect of the Police Pension Fund / Scheme and Local Government Pension Scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are held in the PCC's accounts and are charged for in the Comprehensive Income and Expenditure Statement.

Cash Flow Statement – The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. However, as the PCC receives all income and funding and makes all payments for the Group from the PCC Police Fund, there are no cash flows for the CC. The costs of the operational activities undertaken by the CC are detailed in the Comprehensive Income and Expenditure Statement.

3. THE CHIEF CONSTABLE FOR CLEVELAND REVENUE POSITION

The Annual Statement of Accounts includes statutory technical adjustments that are not required to be reported against during the financial year such as IAS 19 Pension adjustments. It is therefore necessary to provide an audit trail of how the annual statements relate to the financial position reported throughout the year in the Corporate Financial Monitoring Reports. These reports are published throughout the year on the OPCC website following reviews by the Force's Executive Management Board and scrutinised at the PCC's scrutiny, delivery and performance meeting.

The following tables illustrate the difference between the two reporting mechanisms for transparency.

1) Management Accounts summary of the final outturn position of the CC : Table 1 below:-

	Original 2019/20 Budget	Revised 2019/20 Budget	Year End 2019/20 Position	Outturn
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
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
Total Planned Expenditure	128,215	132,039	132,551	512

2) Reconciliation of the Total Comprehensive Income and Expenditure Statement for CC and the Management Accounts outturn summary:-

	£000's
Total Comprehensive Income and Expenditure	(113,488)
Actuarial Gains / /loss on Pension Schemes:-	
Local Government Pension Scheme	(9,301)
Police Pension 1987	165,626
Injury Awards	15,357
Police Pension 2006	2,104
Police Pension 2015	775
(Surplus) or Deficit on Provision of Service	61,073
Net change in Pension Liability	(75,720)
Employers Pension Contributions	14,647
Additional Resources Provided by the PCC	512
Outturn	512

The outturn position prior to the provision of additional resources by the OPCC is for over spend of £512k. The revised position is breakeven.

The overspend on Police pay and allowances of £1,660k comprises a £239k overspend on Police pay, mainly relating to the additional 0.5% on the core police pay rise, £90k cost of HIU Officers working on Force Operations and not attracting grant funding, plus increase in the "holiday pay" allowance (Bear Scotland legal case) as a result of the overspend on Police overtime.

The pressure on Police overtime is reported as £1,421k. The key drivers for this overspend continue to be the costs incurred on Major incidents there were a total of 27 incidents in the financial period.

The costs in relation to Policing the Teesport Protests, specialist operations for local policing, continued additional cost associated with additional resources provided by Cleveland to support the demand within Cleveland and North Yorkshire Major Investigation Team collaboration and the use of Police Officers to support the Force Control room operations due to the delay in recruitment into the 41 vacant staff posts. This is an area of concern and will require close scrutiny in 2020/21. A series of financial reviews are planned with the Force Control Room manager throughout the new financial year.

The underspend on PCSO's relates to delays in the recruitment to the vacant posts (£444k), the decision not to undertake any recruitment for the remainder of this financial year and the movement of PCSO's into Police office roles. Plus a (£3K) underspend on overtime.

The (£1,089k) underspend on Staff pay and allowances is due in the main to the revised recruitment profile within the Force Control room. The savings resulting for these delays (£880K) have been utilised to offset the pressures incurred from the increase in the pay rise (Police and Staff), for overtime incurred in the continuation of the work on the previous year's CNYMIT operations where Cleveland Police Officers were used due to capacity issues within the unit and on Staff / Police overtime relating to the Force Control Room operations.

The outturn on Non-Pay budgets is £388k. The main areas of overspend includes Covid-19 expenditure related to PPE and supplies of £100k. Other areas of increased expenditure in the period are professional fees, Major incidents and Pathology costs.

In addition the outturn also includes costs associated with the Governments agenda to increase the number of Police Officers by 20,000 nationwide. This uplift programme within Cleveland has been accelerated with the support of the OPCC to ensure that the benefit to the Force and impact on communities is delivered as soon as is practicable. This has resulted in an additional 72 Officers, growth in support staff and associated non pay costs to facilitate front line policing. The cost of this uplift was £660K for Police Officers and this funding has been provided by the OPCC. Additional non pay cost amounting to £130k has also been funded by the OPCC via the uplift grant.

Table 1 also highlights that the majority of both the budgeted as well as actual spend is made against pay (71.65% of budgeted expenditure in 2019/20). The Force has an annual budgeted establishment of both police officers and police staff (which includes Police Community Support Officers). The following table illustrates the budgeted establishments for both the 2019/20 and 2018/19 financial years against its available workforce as at the 31st March 2020 and the 31st March 2019.

	Budgeted Establishment 2019/20	Available Workforce @ 31/3/20	Variance to Budget 2019/2020	Budgeted Establishment 2018/19	Available Workforce @ 31/3/19	Variance to Budget 2018/19
	FTE	FTE	FTE	FTE	FTE	FTE
Police Officers	1,263	1,336	73	1,236	1,209	-27
Police Staff	683	589	-94	465	448	-17
Total	1,946	1,925	-21	1,701	1,657	-44

4. 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.

5. PENSIONS

As part of the terms and conditions of employment of its officers and designated staff, the CC offers retirement benefits. Although these will not actually be payable until employees retire, the CC has a commitment to make the payments. This is a requirement of IAS19. The commitment, therefore, needs to be recognised at the time that employees earn their future entitlement. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the CC. A Pension liability of £1,649m is recorded in the Balance sheet of the CC.

6. CHANGE FROM 2018/19 POSITION

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

Comprehensive Income & Expenditure Statement

Net Cost of Services (NCOS) has reduced by £27.299m. This is comprised of a reduction in the technical accounting adjustments to record the potential pension liability as at the end of the accounting period of £36.960m and a Net increase in expenditure of £9.601m

Balance Sheet

The increase in the Balance sheet of £113.488m reflects the decreased Pension liability as reported by the actuary.

7. NON FINANCIAL PERFORMANCE DATA

Performance framework review

Following NPCC guidelines, the Force has recently reviewed the approach to performance management and developed a new performance management strategy and associated measurement performance framework. The new framework is outcome driven and has been built around our strategic vision to 'deliver outstanding policing for our communities' by prioritising:

- Our communities
- Vulnerability
- Tackling crime and ASB
- Our people.

Within our performance framework we have identified a number of key performance questions, these are the questions we will ask during our performance conversations. We will answer these questions by tracking and monitoring around 150 quantifiable performance indicators alongside additional qualitative evidence and insight. Through our analysis of this data we will be able to evidence the progress we have made and identify where further improvements are still required.

HMIC Inspection

In September 2019, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) graded the Force as 'inadequate'.

During the 2019 IPA (PEEL) inspection, HMICFRS identified 6 causes of concern which have resulted in the Force being issued with 30 recommendations. The Force has also been given 7 new areas for improvement and have a further 10 which remain outstanding from previous inspections - a total of 17. In addition to this, the Force also has 9 national recommendations to deliver that relate to a national

cause of concern for 'all forces' - a total of 56 individual elements of service improvement to deliver relating to the IPA inspection.

The causes of concern are in the following areas:

- Prevention- Cleveland Police doesn't appropriately prioritise crime prevention. There is a lack of strategic direction, and the force doesn't allocate enough resources to prevention work. Staff who carry out prevention work lack an understanding of the priorities they should be tackling.
- Protecting vulnerable people- Cleveland Police is failing to respond appropriately to vulnerable people, including children. It is missing opportunities to safeguard them and is exposing them to risk.
- Understanding demand and strategic planning - Cleveland Police doesn't adequately understand the demand it faces. A thorough understanding of demand is required to underpin all strategic planning. This failure means it doesn't have coherent workforce and financial plans to meet demand and deliver the necessary outcomes.
- Public engagement, communication and scrutiny- Cleveland Police doesn't adequately engage with local communities. This lack of engagement means that public expectations don't sufficiently influence force priorities and changes to the services it provides. The public also has a limited role in scrutinising the force and helping it to improve.
- Ethical behaviour and culture- Many senior leaders (superintending and chief officer ranks, and senior police staff managers) aren't consistently exhibiting ethical behaviour. The inappropriate behaviour of senior leaders within Cleveland Police is so profound that it is affecting the efficiency and effectiveness of the Force.
- Workforce engagement and communication/ treating the workforce fairly- Cleveland Police does not consistently treat its workforce with fairness and respect. It does not effectively communicate with or engage its workforce, its processes are not perceived to be fair and it doesn't understand its workforce well enough to support them.

In order to address these areas of concern, the Force has embarked upon a Service Improvement Programme. We are monitoring and evidencing the progress we make in those areas of service delivery identified by HMICFRS as causes of concern. In order to do this, we have firstly identified the outcomes we are seeking to achieve and then map any relevant performance measure from local frameworks to each of the causes of concern. Using May 2019 as our baseline position, for each measure within the framework, we have identified what we aim to achieve (the desired level of performance) and when we aim to achieve it by (the associated delivery timescales).

Our desired level of performance is dependent on the individual indicator in question. For example, for some we will be seeking an improvement on our own performance, when compared to the baseline. For others we will be seeking to achieve a level of performance which is in-line with or better than that of our most similar force group or the national average for England and Wales (or where appropriate the expected national standard).

Whilst we continue to monitor various aspects of performance on a daily, weekly and monthly basis, our formal review and assessment of progress is documented as a monthly Strategic Performance Review and presented for discussion at the Strategic Performance Improvement Board. This review takes into account both a directional assessment i.e. a comparison of performance over time and a delivery assessment i.e. a comparison against our desired level of performance. Where an issue or concern is identified in relation to either of these assessments, a formal performance exception will be raised and further action agreed where appropriate.

The Chief Constable and the Police and Crime Commissioner attend a national PPOG (Police Performance and Oversight Group) which monitors the performance in relation to the HMICFRS report and the Group is chaired by the HMICFRS Chief Inspector. The progress that is being made under the Service Improvement programme is reported to and scrutinised at this meeting.

COVID 19 Performance Impact

The performance figures provide a high level summary of some aspects of performance over the last 12 months. While the impact of COVID-19 was minimal in the financial period covered by these financial

accounts it is important for the Force 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. We are aware that the ongoing situation relating to COVID-19, has and will continue to have an impact on these figures for a number of months to come, particularly in relation to those aspects of performance which rely on the public reporting things to us. For example, over recent weeks we have seen a reduction in the number of recorded crimes, specifically in relation to theft, incidents of antisocial behaviour and reports of domestic abuse. For this reason, daily and weekly performance updates are prepared with enhanced levels of monitoring and scrutiny in relation to issues involving the highest risk (e.g. domestic abuse, hate crime and incidents involving a vulnerable person).

Provision of Services

A COVID-19 plan which sets out the 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 and 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 devices were given out 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.

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 for this time of year. 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 usage 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 significant 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.

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 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.

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.

Overall Public Confidence and Perceptions of Police Performance

In order to deliver outstanding policing to our communities, we need to ensure a high level of public confidence. Both public confidence and perceptions of police performance are measured via the Crime Survey for England and Wales.

In the Cleveland area overall public confidence is at 78% set against 72% in the previous year. Although the figure has increased, the difference is not considered to be statistically significant and therefore performance is seen as stable although improving over the past year. The Force's performance can be reviewed against the national average for England and Wales which is 75%. Perceptions of police performance are slightly lower with 54% of the local residents perceiving that the Cleveland Force does a good or excellent job compared to 57% last year. Once again the difference is not considered to be statistically significant decrease. This again can be compared to the national average in England and Wales which is 57%.

It should be noted that figures from the Crime Survey for England and Wales are based on interviews undertaken in the 12 months to the end of September 2019, with comparisons for the previous year based on interviews undertaken in the 12 months ending September 2018.

Victim Satisfaction

The Force aims to place victims at the centre of everything that we do, achieving a high level of victim satisfaction is therefore a key performance outcome. Following a review of our survey activity, we have recently introduced a new online Victim Experience Survey. Research has shown that this is the preferred option providing a less instructive approach which allows service users to provide their feedback at a time and location that is convenient to them.

In addition to changes to the way we ask for feedback, we have also reviewed the nature and scope of the questions we ask, consulting with victims of crime, victim support workers and officers in order to understand the type of questions we should be asking, based on the issues that matter to them. As a result, we have developed a new question set, designed in a way which seeks to answer a number of key performance questions:

Is Cleveland Police an accessible and responsive organisation?

Is Cleveland Police effectively explaining the type of response we will provide and are we effectively managing expectations?

Are our officers and staff providing the victim with all of the information they need and are they carrying out all of the activities we need and expect them to? (VCOP)

Does the attitude and behaviour of our officers and staff meet the standard we expect from them?

Do victims of crime have confidence in Cleveland Police and are they satisfied with the quality of service they receive?

By designing the question set in this way, we will be able to assess whether or not we are delivering a service which meets the needs of the victims and addresses the issues which matter to them. Our new survey was introduced in January 2020 and we are currently in the process of capturing feedback in order to establish a baseline level of performance against which to track future progress.

Recorded Crime

In 2019/20 the number of recorded crimes (as reported by the public) fell slightly, down 1% (or 751 fewer offences) when compared to the previous year. The observed decrease can be attributed to a reduction in offences of theft (down 12%) and more specifically, shoplifting (down 19%). That said, despite a headline reduction, there has been a notable increase in some offence types including violence (up 7%) and specifically crimes 'without injury' (up 14%) and stalking and harassment (up 6%), mirroring the trend observed elsewhere across the country. There has also been an increase in robbery (up 18%) and sexual offences (up 5%) although the volume is comparatively small.

Whilst there is some evidence of an increase in offending behaviour, particularly in relation to more serious offences involving weapons, a number of other factors continue to have a negative impact on the level of violent crime. For example, the continual growth in cyber enabled harassment through the inappropriate use of social media. In addition, the Force has taken steps to improve the quality of its

crime data integrity, identifying and recording a higher number of offences involving non-physical violence such as harassment and ensuring it is captured and recorded appropriately. The Force recognises it has more work to do in this area and in January 2020 a Chief Officer led Gold group was established in order to progress this particular area of performance.

Anti-Social Behaviour Incidents (ASB)

In 2019/20 overall ASB decreased by 20%, with the Force receiving 26,941 such reports (compared to 33,510 in 2018/19). There was an 11% reduction in nuisance incidents and a 43% reduction in the number of incidents carrying a higher level of risk i.e. those of a personal nature.

Sickness Absence

Sickness levels are monitored via the Strategic Performance Improvement Board, the People and Wellbeing Delivery and Assurance Group and periodically by the PCC at Finance, Resource & Policy Scrutiny Meetings. Sickness absence continues to place an additional pressure on limited and reducing resources. Whilst performance in this area is relatively stable, absence rates remain comparatively high when compared to other forces. For example, in the 12 months ending March 20 the national average for sickness absence was 4.4% of contractual hours lost for police officers and 4.6% for police staff. This compares to local rates of 6.6% and 6.9% for officers and staff respectively. Sickness absence comparisons to last year are shown below.

	Days lost 19/20	Days lost 18/19	% change
Officer	6.6%	5.6%	+1.1% pts
Staff	6.9%	4.2%	+2.7% pts

With an average absence of 107 hours lost per officer and 102 hours lost per police staff member, this is the equivalent to almost £5,000,000 the equivalent of 68 Officers and 31 Members of Police Staff.

8. EVENTS AFTER THE REPORTING PERIOD

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31st MARCH 2020

This statement shows both the allocation of funding from the PCC and costs incurred by the Force in discharging its functions. In practice all funding is received, and the respective payments made, by the PCC. 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. The balance on the Comprehensive Income and Expenditure Statement represents the impact of the pension obligations in line with the accounting standard IAS19.

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	0	89,776	121,448	0	121,448
Police Community Support Officer Pay Costs	4,546	0	4,546	5,173	0	5,173
Police Staff Support Pay Costs	20,165	0	20,165	13,818	0	13,818
Police Non Pay Costs	37,408	0	37,408	38,992	0	38,992
Undistributed Costs	320	0	320	83		83
Net Cost of Services	152,215	0	152,215	179,514	0	179,514
Intra Group Funding		(132,761)	(132,761)	0	(123,160)	(123,160)
Net Cost of Services	152,215	(132,761)	19,454	179,514	(123,160)	56,354
Financing & Investment Income & Expenditure (Note 8)			41,619			42,696
(Surplus) or Deficit on Provision of Service			61,073			99,050
Re-measurement of the defined benefit liability (Note 14)			(174,561)			(979)
Other Comprehensive Income and Expenditure			(174,561)			(979)
Total Comprehensive Income and Expenditure			(113,488)			98,071

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

This statement shows the movement in the year on the different reserves. The CC 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 CC Reserves £000
Balance at 31st March 2019	0	0	0	0	0	0	1,762,616	1,762,616
(Surplus) or deficit on provision of services (accounting basis)	61,073	0	0	0	0	61,073	0	61,073
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(174,561)	(174,561)
Total Comprehensive Expenditure and Income	61,073	0	0	0	0	61,073	(174,561)	(113,488)
Total Adjustments between accounting basis & funding basis under regulations	(61,073)	0	0	0	0	(61,073)	61,073	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	(113,488)	(113,488)
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	(113,488)	(113,488)
Balance at 31 March 2020	0	0	0	0	0	0	1,649,128	1,649,128

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 CC Reserves £000
Balance at 31st March 2018	0	0	0	0	0	0	1,664,545	1,664,545
(Surplus) or deficit on provision of services (accounting basis)	99,050	0	0	0	0	99,050	0	99,050
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(979)	(979)
Total Comprehensive Expenditure and Income	99,050	0	0	0	0	99,050	(979)	98,071
Total Adjustments between accounting basis & funding basis under regulations	(99,050)	0	0	0	0	(99,050)	99,050	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	98,071	98,071
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	98,071	98,071
Balance at 31 March 2019	0	0	0	0	0	0	1,762,616	1,762,616

BALANCE SHEET AT 31st MARCH 2020

The Balance Sheet shows the value of the assets and liabilities as at 31st March 2020. These are the assets or liabilities in respect of the Police Pension Fund and the Local Government Pension scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are charged for in the Comprehensive Income and Expenditure Statement.

	Notes	31 March 2020 £000	31 March 2019 £000
Property, Plant and Equipment		-	-
Investment Property		-	-
Intangible Assets		-	-
Long Term Investments		-	-
Long Term Debtors		-	-
Total Long Term Assets		-	-
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories		-	-
Short Term Debtors		-	-
Cash and Cash Equivalents		-	-
Total Current Assets		-	-
Total Assets		-	-
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing		-	-
Short Term Creditors		-	-
Provisions		-	-
Total Current Liabilities		-	-
Long Term Creditors		-	-
Provisions		-	-
Long Term Borrowing		-	-
Other Long Term Liabilities : PFI		-	-
Pensions Liability	13	(1,649,128)	(1,762,616)
Total Long Term Liabilities		(1,649,128)	(1,762,616)
Total Liabilities		(1,649,128)	(1,762,616)
Net Assets		(1,649,128)	(1,762,616)
Usable Reserves		-	-
Unusable Reserves	15	1,649,128	1,762,616
Total Reserves		1,649,128	1,762,616

CASHFLOW STATEMENT 2019/2020

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. However, as the PCC receives all income and funding and makes all payments for the Group from the PCC Police Fund. There are no cash flows for the CC. The costs of the operational activities undertaken by the CC are detailed in the Comprehensive Income and Expenditure Statement.

	2019/2020 £000	2018/2019 £000
OPERATING ACTIVITIES		
<u>Cash Outflows</u>	-	-
<u>Cash Inflows</u>	-	-
Operating Activities Net Cash Flow	-	-
INVESTING ACTIVITIES		
<u>Returns on Investments and Servicing of Finance</u>		
<u>Capital Activities</u>	-	-
Investing Activities Net Cash Flow	-	-
Net Cash Outflow/(Inflow) before financing	-	-
FINANCING ACTIVITIES		
<u>Management of Liquid Resources</u>		
<u>Financing</u>		
Financing Activities Net Cash Flow	-	-
Net (Increase)/Decrease in cash	-	-
Cash brought forward		
Cash carried forward		
Net (Increase)/Decrease in cash	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A) 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:

- Undistributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

The 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.

B) VALUE ADDED TAX

VAT is included in the accounts only if it is irrecoverable from Her Majesty Revenue Customs (HMRC). There have been no significant VAT issues in 2019/20.

C) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS

Exceptional and Extraordinary items, of which the CC has none in 2019/20, would be disclosed on the face of the Comprehensive Income & 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.

D) 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.

E) PENSIONS

The PCC group participates in two different pension schemes, which meet the needs of police officers and police staff. The schemes provide members with defined benefits related to pay and service. Employees' and employers' contribution levels are based on percentages of pensionable pay and are subject to triennial review. The accounts of the CC record the transactions relating to police officers and police staff employed by the CC. Details of the scheme are detailed below:

- The CC meets the pension payments by the payment of an employer's pension contribution for Officers and Staff based on a percentage of pay into the pension fund.

- The Police Pension Fund is balanced to nil each year by a transfer to/from the Home Office 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.
- Local Government Pension Scheme is subject to triennial review of the assets and liabilities and these assets and liabilities are reflected in the accounts of the CC.

F) RESERVES

The CC records the impact of future pension liabilities in the unusable section of reserves. This is offset by a long term liability.

G) POST BALANCE SHEET EVENTS

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

H) 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.

I) 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.

J) JOINT CONTROLLED OPERATIONS

CC Cleveland engages in collaborative working arrangements with the Northumbria, North Yorkshire and Durham 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 16 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 CC also engages in collaborative working in partnership with North Yorkshire and Durham Forces (Evolve). This Collaboration is monitored by a Joint Governance Board.

K) 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 of the Force is consumed and the resources provided by the PCC in comparison with those resources consumed or earned by the Force in accordance with generally accepted accounting practice.

	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
Funding						
Police Officer Pay Costs	73,210	(16,566)	89,776	67,997	(53,451)	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
Police Non Pay Costs	37,408	0	37,408	38,992	0	38,992
Undistributed Costs	320	0	320	83	0	83
Net Cost of Services	132,761	(19,454)	152,215	123,160	(56,354)	179,514
Intra Group Funding	(132,761)	0	(132,761)	(123,160)	0	(123,160)
Net Cost of Services	0	(19,454)	19,454	0	(56,354)	56,354
Other Operating Expenditure (Note 9)	0	0	0	0	0	0
Financing & Investment Income & Expenditure (Note 8)	0	(41,619)	41,619	0	(42,696)	42,696
Taxation & Non-Specific Grant Income (Note 11)	0	0	0	0	0	0
(Surplus) or Deficit on Provision of Service	0	(61,073)	61,073	0	(99,050)	99,050

	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
Notes to Funding Analysis 2019/2020				
Police Officer Pay Costs	(16,566)	0	(16,566)	0
Police Community Support Officer Pay Costs	(531)	0	(531)	0
Police Staff Support Pay Costs	(2,357)	0	(2,357)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(19,454)	0	(19,454)	0
Financing & Investment Income & Expenditure (Note 8)	(41,619)	0	(41,619)	0
(Surplus) or Deficit on Provision of Service	(61,073)	0	(61,073)	0

	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
Notes to Funding Analysis 2018/2019				
Police Officer Pay Costs	(53,451)	0	(53,451)	0
Police Community Support Officer Pay Costs	(791)	0	(791)	0
Police Staff Support Pay Costs	(2,112)	0	(2,112)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(56,354)	0	(56,354)	0
Financing & Investment Income & Expenditure (Note 8)	(42,696)	0	(42,696)	0
(Surplus) or Deficit on Provision of Service	(99,050)	0	(99,050)	0

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 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 NDR 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.

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 POLICES

In applying the accounting policies set out in Note 1, the CC 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 & OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the CC 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.

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 and mortality rates. A firm of consulting actuaries is engaged to provide the CC with expert advice about the assumptions to be applied. Details of which are contained within Note: 13 Pension. The overall pension liability at the 31st March 2020 is £1,649m.

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. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

FOR THE YEAR ENDED 31ST 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	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(75,720)	0	0	0	0	(75,720)	75,720	0
	(75,720)	0	0	0	0	(75,720)	75,720	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	14,647	0	0	0	0	14,647	(14,647)	0
	14,647	0	0	0	0	14,647	(14,647)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(61,073)	0	0	0	0	(61,073)	61,073	0

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 CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(109,569)	0	0	0	0	(109,569)	109,569	0
	(109,569)	0	0	0	0	(109,569)	109,569	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	10,519	0	0	0	0	10,519	(10,519)	0
	10,519	0	0	0	0	10,519	(10,519)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(99,050)	0	0	0	0	(99,050)	99,050	0

8. FINANCING AND INVESTMENT INCOME & EXPENDITURE

	2019/2020 £000	2018/2019 £000
Interest payable and similar charges	0	0
Pension interest cost & expected return on pension assets	41,619	42,696
Interest receivable and similar income	0	0
Total Finance and Investment Income and Expenditure	41,619	42,696

9. OFFICERS' EMOLUMENTS

During the financial year the numbers of police officers and staff whose remuneration, excluding employers' pension contributions, was £50,000 or more in bands of £5,000 were: **(Note:-** the analysis in the table below includes only those bands which contain employees.)

Remuneration Band	Number of Employee 2019/20			2018/19
	Police Officers	Support Staff	Total	
£50,000 - £54,999	106	5	111	88
£55,000 - £59,999	69	2	71	40
£60,000 - £64,999	15	1	16	7
£65,000 - £69,999	11	0	11	5
£70,000 - £74,999	7	2	9	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	1
£100,000 - £104,999	0	1	1	1
£110,000 - £114,999	0	0	0	2
£115,000 - £119,999	1	0	1	0
£150,000 - £154,999	1	0	1	0
£155,000 - £159,999	0	0	0	1
Total	222	16	238	164

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

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	Benefits in Kind	Total Remuneration excluding Pension Contribution 19/20	Pension Contributions
	£	£	£	£	£	£
Chief Constable - R Lewis : Note 1	160,881	153,286	7,200	0	160,486	47,519
DCC : Note 1	120,633	67,061	0	0	67,061	0
ACC 1	109,662	72,430	596	0	73,026	20,946
ACC 2	116,313	118,722	35	0	118,757	0
ACO	95,988	71,014	0	0	71,014	11,078
CFO: CC	105,000	100,268	93	0	100,361	15,641

Notes:-

- 1) The following appointments / promotions / were made during 2019-2020:-
 - a. The Chief Constable was appointed on the 28th April 2019
 - a. The DCC was appointed on the 23rd September 2019
 - b. The ACC 1 was appointed on the 30th August 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 1st April 2019 to the 28th April 2019. The total costs incurred in 19/20 were £17,046.
 - b. A ACC was a temporary secondment from Northumbria Police and was in post for the period 5th August 2019 to the 31st 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 5th 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 5th May 2019 to 29th August 2019. The total costs incurred in 19/20 were £15,906.
 - e. A DCC was a temporary secondment from Northumbria Police and was in post for the period 1st April 2019 to 31st May 2019. The total costs incurred in 19/20 were £29,036.

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
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

Notes:-

- 1) The following appointments / promotions / were made during 2018-2019:-
 - a. Mr Veale left the organisation in January 2019.
 - b. Mr Freeman (CC) is a temporary secondment for Humberside Police from January 2019 and remains in post as at 31st March 2019. The total costs incurred in 18/19 were £34,893 (inclusive of pension contributions).
 - c. DCC: Left the organisation in February 2019.
 - d. An ACC is on secondment from Northumbria Police undertaking the role of DCC which commenced in October 2018 and remains in post as 31st March 2019. The total costs incurred in 18/19 were £60,983 (inclusive of pension contributions)

Key:-

DCC = Deputy Chief Constable

ACC = Assistant Chief Constable
CFO (CC) = Chief Finance Officer of the Chief Constable

10. TERMINATION BENEFITS

In the financial year the following termination benefits of £0.185m were paid. (£0.079m 2018/19).

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

11. RELATED PARTIES

The CC is required to disclose material transactions with related parties (bodies or individuals that have the potential to control or influence the entity or to be controlled or influenced by the entity). Disclosure of these transactions allows readers to assess the extent to which the entity 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 CC.

Central Government has effective control over the general operations of the CC – it is responsible for providing the statutory framework within which the CC operates and provides the majority of its funding in the form of Grants (via the PCC Group) and prescribes the terms of many of the transactions the CC has with other parties. Grants received by the Group from Government Departments are included within the Intra Group funding on the face of the CIES.

All transactions with other public bodies were made with the PCC and are disclosed in the Group and PCC financial statements.

There were no related party transactions involving the CC, or chief officers of the Force.

The Police and Crime Commissioner for Cleveland (PCC) primary function is to ensure an efficient and effective police service and to hold the CC to account on behalf of the public. The PCC is the recipient of all funding relating to policing and crime reduction, including government grant, precept and all other sources of income. The PCC provides all the funding to the CC for the delivery of Policing function.

12. AUDIT COSTS

The CC incurred the following fees totalling £12k relating to external audit:

	2019/2020 £000	2018/2019 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	12	12
Total Audit Costs	12	12

13. PENSIONS

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

The CC participates in two Pension schemes namely:

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.

The **Local Government Pension Scheme** for police staff, Teesside Pension Fund administered by XPS Pensions Group – this is a funded scheme, meaning that the employer 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.

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 and 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:

	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
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	5,417	3,497	28,645	22,077	34,062	25,574
Past service cost	39	1,186	-	40,113	39	41,299
Financing and Investment Income and Expenditure						
Interest cost	2,548	2,478	41,038	42,081	43,586	44,559
Expected return on assets	(1,967)	(1,863)	-	-	(1,967)	(1,863)
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	6,037	5,298	69,683	104,271	75,720	109,569
Other post employment Benefit Charged to the CIES						
Return on Plan assets	8,462	(4,033)	-	-	8,462	(4,033)
Actuarial (gains) /losses : Financial Assumptions	47	4,293	(33,893)	95,885	(33,846)	100,178
Actuarial (gains) /losses: Demographic assumptions	(3,065)	(3,982)	(9,153)	(61,275)	(12,218)	(65,257)
Actuarial (gains) /losses : liability experience	3,857	187	(108,372)	2,515	(104,515)	2,702
Total Post Employment Benefit Charged to the CIES	15,338	1,763	(81,735)	141,396	(66,397)	143,159
Movement in Reserves Statement:						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(6,037)	(5,298)	(69,683)	(104,271)	(75,720)	(109,569)
Actual amount charged against General fund balances for pensions in the year:						
Contribution in year	2,568	1,780	12,080	8,739	14,648	10,519

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

	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19	31/03/20	31/03/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Estimated funded liabilities in scheme	109,787	102,177	-	-	-	-	-	-	-	-	109,787	102,177
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
Less :Estimated assets in scheme	72,794	77,988	-	-	-	-	-	-	-	-	72,794	77,988
Net Liability	37,299	24,529	1,374,311	1,513,779	77,433	91,389	49,383	49,999	110,702	82,920	1,649,128	1,762,616

Note 14 contains details of the assumptions made in estimating the figures included in this note.

14. PENSIONS LIABILITY

Note 1E of the accounting policies contains details of the CC's participation in the Police Pension Scheme and Local Government Pension Scheme in providing police officers and designated staff with retirement benefits.

The underlying assets and liabilities for retirement benefits attributable to the CC at 31st March 2020 are as follows.

- The liabilities show the underlying commitments that the PCC has in the long run to pay retirement benefits. The total liability of £1,649m has a substantial impact on the net worth of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £1,649m. However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.
- 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. The Police Pension Scheme Fund and Local Government Pension Scheme liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, with estimates for the CC being based on the latest full valuation of the scheme as at 31st March 2020.

The main assumptions used in their calculations are detailed below:

	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%	2.1%	2.3%	3.5%
Rate for discounting scheme liabilities	2.3%	2.5%	2.3%	2.4%

Mortality Assumptions				
	Local Government Pension Scheme		All Police Pension Schemes	
	Males	Females	Males	Females
Retiring today	21.80	23.50	22.20	24.20
Retiring in 20 years	23.20	25.30	23.80	26.00

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:

	Assets at 31 March 2019		Assets at 31 March 2020		Asset Split as at 31 March 2020	
	£000	%	£000	%	Quoted	Unquoted
Equities	56,073	71.9%	52,921	72.7%	72.0%	0.7%
Property	7,175	9.2%	6,479	8.9%	1.4%	7.5%
Cash	13,102	16.8%	9,754	13.4%	13.4%	0.0%
Other	1,638	2.1%	3,640	5.0%	2.7%	2.3%
Total	77,988	100.0%	72,794	100.0%	89.5%	10.5%

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

	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
Actual Return Less Expected return on Pension Scheme Assets	(8,462)	4,033	32,444	34,569	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(839)	(498)	133,182	(28,859)	15,357	(1,992)	2,104	(2,843)	775	(3,431)
Actuarial Gain/(Loss) in Pension Plan	(9,301)	3,535	165,626	5,710	15,357	(1,992)	2,104	(2,843)	775	(3,431)
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	(9,301)	3,535	165,626	5,710	15,357	(1,992)	2,104	(2,843)	775	(3,431)

Summary of Costs recognised in Other Comprehensive Income:-

	31/03/20 £000	31/03/19 £000
Local Government Pension Scheme	(9,301)	3,535
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)
Total	174,561	979

Asset and Benefit Obligation Reconciliation										
	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	102,517	95,734	1,513,779	1,465,076	91,389	87,529	49,999	45,114	82,920	42,280
Current Service Cost	5,417	3,497	4,894	7,024	1,604	1,788	248	245	21,899	13,020
Interest Cost	2,548	2,478	35,628	37,499	2,165	2,248	1,200	1,181	2,045	1,153
Actuarial losses (gains)	839	498	(133,182)	28,859	(15,357)	1,992	(2,104)	2,843	(775)	3,431
Losses (gains) on curtailments		0		0		0		0		0
Liabilities extinguished on settlements		0		0		0		0		0
Liabilities assumed in a business combination		0		0		0		0		0
Estimated benefits paid net of transfers in	(2,326)	(1,682)	(48,045)	(47,638)	(2,368)	(2,168)	(42)	543	(227)	70
Past Service Cost	39	1,186		21,213		0		0		18,900
Contribution by Scheme participants	1,059	806	1,237	1,746		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
Closing Defined Benefit Obligation	110,093	102,517	1,374,311	1,513,779	77,433	91,389	49,383	49,999	110,702	82,920

Opening fair value of Scheme assets	77,988	71,188	0	0	0	0	0	0	0	0
Expected return on Scheme assets	1,967	1,863		0		0		0		0
Actuarial gains (losses)	(8,462)	4,033	32,444	34,569		0		0		0
Contributions by employer including unfunded benefits	2,568	1,780	14,364	11,323	2,368	2,168	(40)	(616)	(4,613)	(4,136)
Contributions by Scheme participants	1,059	806	1,237	1,746		0	82	73	4,840	4,066
Change to Accounting Policies	0	0		0		0		0		0
Estimated benefits paid including unfunded benefits	(2,326)	(1,682)	(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
Fair Value of Scheme Assets at end of Period	72,794	77,988	0	0	0	0	0	0	0	0

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(24,529)	(24,546)	(1,513,779)	(1,465,076)	(91,389)	(87,529)	(49,999)	(45,114)	(82,920)	(42,280)
Current Service Cost	(5,417)	(3,497)	(4,894)	(7,024)	(1,604)	(1,788)	(248)	(245)	(21,899)	(13,020)
Contributions by employer including unfunded benefits	2,568	1,780	14,364	11,323	2,368	2,168	(40)	(616)	(4,613)	(4,136)
Contributions by Scheme participants	0	0	0	0	0	0	0	0	0	0
Past Service Costs	(39)	(1,186)	0	(21,213)	0	0	0	0	0	(18,900)
Interest Costs	(2,548)	(2,478)	(35,628)	(37,499)	(2,165)	(2,248)	(1,200)	(1,181)	(2,045)	(1,153)
Expected return on Scheme assets	1,967	1,863	0	0	0	0	0	0	0	0
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	0	0	0	0	0	0	0	0	0	0
Actuarial (losses) gains	(9,301)	3,535	165,626	5,710	15,357	(1,992)	2,104	(2,843)	775	(3,431)
Fair Value of Scheme Assets/ (Liabilities) at end of Period	(37,299)	(24,529)	(1,374,311)	(1,513,779)	(77,433)	(91,389)	(49,383)	(49,999)	(110,702)	(82,920)

Summary Reconciliation of Closing Net Obligation			31/03/20 £000	31/03/19 £000
Local Government Pension Scheme			(37,299)	(24,529)
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)
Total			(1,649,128)	(1,762,616)

The table below provides details of estimated Pension expenses in future periods:-

	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
Funded: -				
Service cost	28,724	29,641	5,408	5,565
Net Interest cost	36,549	36,990	823	911
Total	65,273	66,631	6,231	6,476

	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
UnFunded :-				
Service cost	-	-	-	-
Net Interest cost	-	-	7	6
Total	-	-	7	6

Funded LGPS benefits : Cleveland Police	Sensitivity Analysis		
	+0.1% p.a.	Base 19/20	-0.1% p.a.
Discount Rate Assumptions			
Present Value of total obligation (£000's)	107,206	109,787	112,430
% change in present value of total obligation	-2.4%		2.4%
Projected Service cost (£000's)	5,203	5,408	5,620
Approx % change in projected service cost	-3.8%		3.9%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	110,190	109,787	109,390
% change in present value of total obligation	0.4%		-0.4%
Projected Service cost (£000's)	5,408	5,408	5,408
Approx % change in projected service cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	112,127	109,787	107,505
% change in present value of total obligation	2.1%		-2.1%
Projected Service cost (£000's)	5,620	5,408	5,203
Approx % change in projected service cost	3.9%		-3.8%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	113,342	109,787	106,267
% change in present value of total obligation	3.2%		-3.2%
Projected Service cost (£000's)	5,619	5,408	5,199
Approx % change in projected service cost	3.9%		-3.9%

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 19/20	-0.1% p.a.
1987 Police Pension Scheme:-			
Discount Rate Assumptions			
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%
Rate of General increase in Salaries			
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%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
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%
Post retirement mortality assumption			
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%
2006 Police Pension Scheme:-			
Discount Rate Assumptions			
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%
Rate of General increase in Salaries			
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%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
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%
Post retirement mortality assumption			
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%

Injury Awards :-			
Discount Rate Assumptions			
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%
Rate of General increase in Salaries			
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%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
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%
Post retirement mortality assumption			
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%
2015 Police Pension Scheme :-			
Discount Rate Assumptions			
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%
Rate of General increase in Salaries			
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%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
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%
Post retirement mortality assumption			
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%

15. UNUSABLE RESERVES

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
Pension Reserve	1,664,545	(20,669)	118,740	1,762,616	(195,828)	82,340	1,649,128
Total Unusable Reserves	1,664,545	(20,669)	118,740	1,762,616	(195,828)	82,340	1,649,128

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 13: Pensions.

16. 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 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 2019/20 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
Road Policing				
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
Tactical Training Unit				
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
Total Unit Costs	12,096	-	6,048	6,048
Reserve as 31st March	Total Reserves			
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
Road Policing				
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
Tactical Training Unit				
Employees Costs	784	50%	392	392
Non Pay Costs	1,302	50%	651	651
Income	(235)	50%	(117)	(117)
	1,852		926	926
Total Unit Costs	11,370	-	5,685	5,685
Reserve as 31st March	Total Reserves			
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 that the collaboration ceased on the 31st 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 December 2019 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.

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

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

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
Contributions / Reserve				
Durham	1,757	1,757		
Cleveland	1,898		1,898	
Northumbria	4,053			4,053
Reserve movements	(59)	(13)	(15)	(31)
	7,649	1,744	1,883	4,022
Reserve as 31st March	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
Contributions / Reserve				
Durham	1,656	1,656		
Cleveland	1,793		1,793	
Northumbria	3,796			3,796
Reserve movements	(478)	(109)	(118)	(251)
	6,767	1,547	1,675	3,545
Reserve as 31st March	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 is borne in proportion to Net Revenue Expenditure (NRE) and demand and for the financial period April 2019 to March 2020 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
Contributions			
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
Contributions			
Cleveland		1,735	
North Yorkshire			1,633
	3,368	1,735	1,633

17. CONTINGENT LIABILITIES / ASSETS

There are no contingent Liabilities or assets as at the balance sheet date.

18. POST BALANCE SHEET EVENT

There are no post balance sheet events to report.

19. AUTHORISATION OF ACCOUNTS

The Chief Finance Officer of the Chief Constable for Cleveland Police 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.

POLICE PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

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

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

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 1st April 2006. Before 1st 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%) 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 13 and 14 of the main statements.

GLOSSARY OF TERMS

This Glossary of Terms is designed to aid interpretation of the CC's 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.

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

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.

CASH FLOW STATEMENT: This summarises the cash receipts and payments 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.

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

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.

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

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.

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

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.

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 after 1 April.

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

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.

RESERVES: Monies set aside 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.

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.