

Chief Constable of Cleveland
STATEMENT OF ACCOUNTS – 2016/17
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CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE **INTRODUCTION**

1. CHANGES TO ACCOUNTING POLICIES

There are no changes to accounting policies for the accounting period 2016/2017.

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 2017.

Signature:

Date:

21 September 2017

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

Signature:

Date:

21 September 2017

**Iain Spittal
Chief Constable for Cleveland Police**

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CLEVELAND

Opinion on the financial statements

We have audited the financial statements of the Chief Constable for Cleveland for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the Police Pension Fund Statement and Net Assets Statement and the related notes. 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 2016/17.

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 as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Cleveland for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Cleveland as at 31 March 2017 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

Opinion on other matters

In our opinion, the information given in the Narrative Statement for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the Annual Governance Statement does not comply with Delivering Good Governance in Local Government: Framework (2016);
- 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 the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Chief Constable and the auditor

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

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Chief Constable has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.


We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the Comptroller and Auditor General, and had regard to relevant guidance. 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 had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General, we are satisfied that in all significant respects, the Chief Constable has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the Chief Constable in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.


Cameron Waddell
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham DH1 5TS

21 September 2017

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 Chief Constable 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 Chief Constable 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 Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC. The Chief Constable 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 Chief Constable under Stage 2 of the Police Reform and Social Responsibility Act.

The accounting arrangements between the PCC and Chief Constable during the financial year 2016/17 are that the accounts of the Chief Constable 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 2017 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 2016/17. The 2015/16 figures in the Comprehensive Income and expenditure Statement and accompanying notes have been restated to reflect the revised presentation required by the 2016/17 code.

The Chief Constable spends funds on providing Policing Services on behalf of the PCC. To prepare the annual statements of the Chief Constable 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 Chief Constable and, hence, the substance of the asset control sits with the PCC. This is distinct from the operational control exercised by the Chief Constable. As a consequence all assets are shown in the accounts of the PCC rather than those of the Chief Constable.

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 Chief Constable is not allowed to borrow or have bank accounts and, therefore, these must sit with the PCC. Neither, can the Chief Constable 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 Chief Constable.

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

- In accordance with International Accounting Standard (IAS) 19 – Employee Benefits (ISA19), 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 ISA19 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 2016/17 (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 2017. These are the assets or liabilities in respect of the Police Pension Fund in line with the accounting standard IAS19. Assets used by the Chief Constable 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 Chief Constable. The costs of the operational activities undertaken by the Chief Constable 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 quarterly on the OPCC website following reviews by the Force's Management Board and the PCC's scrutiny panel.

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

- 1) Management Accounts summary of the final outturn position of the Chief Constable (Table 1 below):-

	Original 2016/17 Budget	Revised 2016/17 Budget	Year End 2016/17 Position	Outturn
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Pay	66,769	66,923	67,319	396
Police Overtime	1,575	1,777	2,055	278
Police Community Support Officer Pay	4,077	4,077	3,841	(236)
Staff Pay	7,949	8,978	9,106	128
Non-Pay	39,040	38,810	41,336	2,526
Total Planned Expenditure	119,410	120,565	123,657	3,092

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

Total Comprehensive Income and Expenditure	£000's
Actuarial Gains / /loss on Pension Schemes:-	272,560
Local Government Pension Scheme	(3,190)
Police Pension 1987	(188,011)
Injury Awards	(12,887)
Police Pension 2006	(9,649)
Police Pension 2015	(7,434)
(Surplus) or Deficit on Provision of Service	51,389
Net change in Pension Liability	(62,611)
Employers Pension Contributions	11,221
Additional Resources Provided by the PCC	3,092
Rounding	1
Outturn	3,092

From Table 1 it can be seen that the overall position for the Force as at the 31st March 2017 was an overspend of £3,092k. Overall this represents a total overspend of 2.56% against the 2016/17 revenue budget. The overspend was due to the costs of investigating the unprecedented number of homicides in April 2016, costs associated with settled legal claims and the requirement to provide for the possible future costs of employee related remuneration claims.

Table 1 also highlights that the majority of both the budgeted as well as actual spend is made against pay (67% of budgeted expenditure in 2016/17). 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 2016/17 and 2015/16 financial years against its available workforce as at the 31st March 2017 and the 31st March 2016.

	Budgeted Establishment 2016/17	Available WorkForce as at 31/3/17	Variance to Budget 2016/17	Budgeted Establishment 2015/16	Available WorkForce as at 31/3/16	Variance to Budget 2015/16
Police Officers (FTE)	1,292	1,284	(8)	1,351	1,270	(81)
Police Staff (FTE)	360	396	36	340	341	1
Total	1,652	1,680	28	1,691	1,611	(80)

4. CAPITAL

The Group funded an annual capital budget for the 2016/17 financial year of £10,458k (inclusive of Lifecycle costs of £955k associated with the PFI's). The Group did not spend all of its capital allocation largely due to slippage in relation to the Community Safety Hub (£1.4M) several ICT projects (£2.6M), which are planned to be completed during 2017/18. The amount of underspend against the capital budget was £4.478M (£1.638M underspend 2015/16).

The Group spent £6.523m on capital projects during the year. The programme was fully financed from 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 £1,603m is recorded in the Balance sheet of the CC.

6. CHANGE FROM 2015/16 POSITION

The 2016/17 statements highlight the following areas of change from the 2015/16 position:

Comprehensive Income & Expenditure Statement

Net Cost of Services (NCOS) has decreased by £3.024m.

Balance Sheet

The increase in the Balance sheet of £0.273m reflects the increased Pension liability as reported by the actuary.

7. NON FINANCIAL PERFORMANCE DATA

The Force's Balanced Scorecard has been devised to show very quickly what the Force's main performance outcomes are and how it is working towards them during the year in order for it to be able to provide the evidence that it is achieving its core objective.

The Force's core objective for the financial year 2016/17 was:

- Making our communities safer, helping them to be stronger.

The scorecard illustrates:

- Overall Public Confidence and Perceptions of Police Performance
- Victim Satisfaction
- Recorded Crime
- Anti-Social Behaviour Incidents

Overall Public Confidence and Perceptions of Police Performance

In order to make our communities safer and help them to be stronger 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 71% set against 74% in the previous year. Although technically the figure has decreased, the difference is not considered to be statistically significant and therefore performance is seen as stable for the past year. The Force's performance can be reviewed against the national average for England and Wales which is 78%.

However perceptions of police performance are slightly lower with only 57% (based on data for the 12 months ending September 2015) of the local residents perceiving that the Cleveland Force does a good or excellent job (61% 2014/15). This again can be compared to the national average in England and Wales which is 62%.

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 2016, with comparisons for the previous year based on interviews undertaken in the 12 months ending September 2015.

Victim Satisfaction

The Force aims to place victims at the centre of everything that we do, achieving a high level of victim satisfaction is a key performance outcome. It is measured via the Victim Satisfaction Survey that is conducted amongst victims of violent crime, house burglary and vehicle crime. The Force's overall satisfaction level for the financial year 2016/17 is 83%. This represents a significant increase when compared to 2015/16 when it was 75%.

Over the past 12 months the Force has invested a significant amount of effort in order to improve the quality of service received throughout a 'victims journey'. For example, a review of local policing provision has enabled the force to realign its resources to better match demand, providing officers with the time needed to support victims and provide advice and guidance in accordance with their individual needs, including timely feedback. Furthermore, the force has actively sought to increase staff awareness in relation to the procedural justice and where necessary challenge unacceptable behaviour, highlighting the importance of their actions and the impact this can have on a victim.

Recorded Crime

In 2016/17 overall crime (as reported by the public) increased by 9%. The observed increase is largely attributable to a rise in violence (up 18%) and specifically crimes 'without injury' (up 28%), mirroring the trend observed elsewhere across the country. Whilst the increase in vehicle crime is also a concern (up 13%), burglary has fallen ('house' down 2%, 'other' down 15%).

The increase in violence can be attributed to a number of factors. For example, the introduction of new offences such as malicious communications and the growing trend in cyber enabled harassment through the inappropriate use of social media. In addition, the force continues to improve the quality of its crime data integrity, ensuring that all lower level offending, including non-physical violence such as harassment, is captured and recorded appropriately.

Anti-Social Behaviour Incidents (ASB)

Overall ASB is relatively stable. Over the last 12 months the Force has received 42,877 such reports (compared to 42,837 in 2015/16). Nuisance behaviour continues to account for almost two thirds of the ASB. These lower level incidents have risen by 5% when compared to the previous year. Conversely, there has been a significant reduction in the number of incidents carrying a higher level of risk i.e. those of a personal nature, which have fallen by 22%.

Sickness levels are monitored via the Tactical Performance Group and Strategic Performance Group and assessed periodically by the PCC at Finance, Resource & Policy Scrutiny Meetings. The sickness data as at end of March 2017 and March 2016 were as follows:

	Total Working Days Lost 2016/17	Total Working Days Lost 2015/16
Police Officers	14,480	13,572
Police Staff	3,883	2,948

Both Police Officer and Police Staff sickness has increased over the last 12 month period. Work is continuing with several Human Resources work streams being undertaken to try to reduce the days lost and enhance the wellbeing of the workforce.

8. EVENTS AFTER THE REPORTING PERIOD

No adjusting post balance sheet events have been identified for the period accounting period 2016/17.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT **FOR THE YEAR ENDED 31st MARCH 2017**

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	2016/2017			2015/2016		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	76,974	0	76,974	77,406	0	77,406
Police Community Support Officer Pay Costs	4,066	0	4,066	3,893	0	3,893
Police Staff Support Pay Costs	9,640	0	9,640	7,777	0	7,777
Police Non Pay Costs	39,560	0	39,560	41,742	0	41,742
Undistributed Costs	27	0	27	22	0	22
Net Cost of Services	130,266	0	130,266	130,840	0	130,840
Intra Group Funding		(123,462)	(123,462)	0	(121,012)	(121,012)
Net Cost of Services	130,266	(123,462)	6,804	130,840	(121,012)	9,828
Financing & Investment Income & Expenditure (Note 8)			44,585			38,189
(Surplus) or Deficit on Provision of Service			51,389			48,017
Re-measurements of the defined benefit liability (Note 14)			221,171			65,456
Other Comprehensive Income and Expenditure			221,171			65,456
Total Comprehensive Income and Expenditure			272,560			113,473

EXPENDITURE & FUNDING ANALYSIS YEAR ENDING **31st MARCH 2017**

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.

Funding	2016/2017			2015/2016		
	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
Police Officer Pay Costs	70,929	(6,045)	76,974	68,345	(9,061)	77,406
Police Community Support Officer Pay Costs	3,839	(227)	4,066	3,893	0	3,893
Police Staff Support Pay Costs	9,108	(532)	9,640	7,010	(767)	7,777
Police Non Pay Costs	39,560	0	39,560	41,742	0	41,742
Undistributed Costs	27	0	27	22	0	22
Net Cost of Services	123,462	(6,804)	130,266	121,012	(9,828)	130,840
Intra Group Funding	(123,462)	0	(123,462)	(121,012)	0	(121,012)
Net Cost of Services	0	(6,804)	6,804	(0)	(9,828)	9,828
Financing & Investment Income & Expenditure (Note 8)	0	(44,585)	44,585	0	(38,189)	38,189
(Surplus) or Deficit on Provision of Service	0	(51,389)	51,389	(0)	(48,017)	48,017

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

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 2016	0	0	0	0	0	0	1,329,963	1,329,964
(Surplus) or deficit on provision of services (accounting basis)	51,389	0	0	0	0	51,389	0	51,389
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	221,171	221,171
Total Comprehensive Expenditure and Income	51,389	0	0	0	0	51,389	221,171	272,560
Total Adjustments between accounting basis & funding basis under regulations	(51,389)	0	0	0	0	(51,389)	51,389	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	272,560	272,560
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	272,560	272,560
Balance at 31 March 2017	0	0	0	0	0	0	1,602,524	1,602,524

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

	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 2015	0	0	0	0	0	0	1,216,490	1,216,490
(Surplus) or deficit on provision of services (accounting basis)	48,017	0	0	0	0	48,017	0	48,017
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	65,456	65,456
Total Comprehensive Expenditure and Income	48,017	0	0	0	0	48,017	65,456	113,473
Total Adjustments between accounting basis & funding basis under regulations	(48,017)	0	0	0	0	(48,017)	48,017	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	113,473	113,473
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	113,473	113,473
Balance at 31 March 2016	0	0	0	0	0	0	1,329,963	1,329,963

BALANCE SHEET AT 31st MARCH 2017

The Balance Sheet shows the value of the assets and liabilities as at 31st March 2017. 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 Chief Constable in the delivery of policing services are charged for in the Comprehensive Income and Expenditure Statement.

	Notes	31 March 2017 £000	31 March 2016 £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	(1,602,524)	(1,329,963)
Total Long Term Liabilities		(1,602,524)	(1,329,963)
Total Liabilities		(1,602,524)	(1,329,963)
Net Assets		(1,602,524)	(1,329,963)
Usable Reserves		-	-
Unusable Reserves	15	1,602,524	1,329,963
Total Reserves		1,602,524	1,329,963

CASHFLOW STATEMENT 2016/17

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 Chief Constable. The costs of the operational activities undertaken by the Chief Constable are detailed in the Comprehensive Income and Expenditure Statement.

	2016/2017 £000	2015/2016 £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 2016/17 (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:

- Non Distributed 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 2016/17.

C) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS

Exceptional and Extraordinary items, of which the Chief Constable has none in 2016/17, would be disclosed on the face of the Operating Cost Statement 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 Chief Constable 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 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