APPENDIX 1

GROUP AND PCC STATEMENT OF ACCOUNTS – 2015/2016

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NARRATIVE STATEMENT (PERFORMANCE /FINANCIAL REVIEW)

1. INTRODUCTION

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

All of the financial transactions incurred during 2015/16 for policing in Cleveland have been recognised within this Statement of Accounts, which sets out the overall position of the Cleveland PCC Group for the year ended 31st March 2016. The Group position 'PCC Group' reflects the consolidated accounts of the PCC and the Chief Constable. This Foreword provides an overview of the accounting arrangements and outlines the financial performance of the PCC Group during 2015/16.

2. THE STATEMENT OF ACCOUNTS

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

This Statement of Accounts covers the financial year ended 31st March 2016 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) are detailed below along with the objective of each statement:

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

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

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

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

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

Balance Sheet – The Balance Sheet shows the value as at 31st March 2016 of the assets and liabilities recognised by the PCC Group.

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

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

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

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

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC Group are funded by way of precept and grant income or from the recipients of services provided by the PCC Group.
Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC Group's future service delivery.

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

The 2015/16 statements highlight the following areas of change from the 2014/15 position:

Group Comprehensive Income & Expenditure Statement:

- Net Cost of Services (NCOS) has decreased by £0.3m.

- The deficit on the Provision of Service has moved from a £53.1m deficit to a £48.6m deficit. This is predominately as the impact of a reduction in Grant and Taxation income of £3.9m, and a decrease in Pension Financing costs of £7.15m and a reduction in the loss on disposal of non-current assets.

- Other Comprehensive Income and Expenditure has decreased by £7.3m due to changes in actuarial assumptions relating to the Pension Fund offset by surplus on the revaluation of Group fixed assets.

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Group Balance Sheet:

- Property, Plant. Equipment, Intangible Assets and Assets held for sale have decreased by £2.1m which comprises spend of £4.5m , revaluation of £0.292m. These increases are offset by in year deprecation charges of £3.8m and Net disposals of £2.9m.

- The value of Debtors (long and short term) has decrease by £3.7m, primarily due to a the payment of a debtor of £4.2m in respect of the reimbursement of the costs associated with the GAD V Milne case. The balance is offset by an increase in pre-payments of £1.6m and a further reduction of in "other Debtors "of £1m.

- The value of Creditors (short and long term) has decreased by £3.3m, primarily as a result of the payments of £4.2m relating to the GAD v Milne case. This has been offset by an increase in "Sundry Creditors" of £0.9m.

- Provisions have increased by £1.8m, primarily as the result of the creation of additional provisions to address the costs associated with Strategic Contract Change and movements on the two Insurance provisions in line with Insurers assessment of outstanding case liability.

- During the year the PCC has repaid £1.100m of loans no new ones were taken out, current borrowing is well within the limits approved by the PCC.

- The Pension Liability and Reserves have both increased mainly as a result of changes in actuarial assumptions as detailed within the notes to the accounts.

- The Usable Reserves of the PCC Group has a net increase of £0.9m; £2.9m transfers in, of which £2.0m related to Direct Revenue Funding of Capital and £2.2m out, of which £1.4m related to Injury Pension / Early / voluntary retirement payments. A detailed breakdown of the earmarked reserves number can be found at Note 8 of the accounts.

Group and PCC Cashflow:

- The Group had a Net increase in cash in the year of £2.5m. This primarily relates to the first instalment of the Capital receipt from the sale of land at Ladgate Lane (Police Headquarters

PCC Comprehensive Income & Expenditure Statement:

- Net Cost of Services (NCOS) has increased by £1.0m, primarily due to the reduction in Gross Income of £0.8m and an increase in inter Group funding of £0.5m as a result of increase in pension liability.

- The deficit on the Provision of Service has moved from a £3.9m surplus to a £0.5m deficit. This is predominately as the impact of a reduction in Grant and Taxation income of £3.9m and a reduction in the loss on disposal of non-current assets.

- Other Comprehensive Income and Expenditure has moved from a deficit of £0.561m to a surplus of (£0.515m) due to changes in actuarial assumptions relating to the Pension Fund £0.8m and an in year revaluation surplus of £0.3m.

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PCC Balance Sheet:

- The overall movement on the PCC balance sheet is a reduction in Net assets and total Reserves of £0.02m. The only variation from those reported in the Group Balance sheet above relates to the Pension Liability. The PCC only records Pensions for the PCC staff and this balance has moved by £0.01m.

3. THE POLICE & CRIME COMMISSIONER REVENUE BUDGET FOR 2015/2016

The following table shows the 2015/2016 budget and the final outturn:

	Original 2015/16 Budget	Revised 2015/16 Budget	Year End 2015/16 Position	Outturn
Police Grant	(47,883)	(46,417)	(46,417)	0
RSG/National Non Domestic Rate	(37,287)	(38,753)	(38,753)	0
Government Grant	**(85,170)**	**(85,170)**	**(85,170)**	**0**
Council Tax Precept	(30,590)	(30,590)	(30,210)	380
Collection Surplus Increase Appropriated to Reserves	0	0	(380)	(380)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	0
Precept related Funding	**(38,258)**	**(38,258)**	**(38,258)**	**0**
Specific Grants	(6,239)	(6,287)	(6,078)	209
Victims and Witness Funding	0	0	0	0
Partnership Income/Fees and Charges	(2,153)	(3,823)	(4,564)	(741)
Total Funding	**(131,820)**	**(133,538)**	**(134,070)**	**(532)**

Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s
Staff Pay	585	585	733	148
Non Pay Expenditure	305	305	276	(29)
Income	(40)	(40)	(172)	(132)
Total Planned Expenditure	**850**	**850**	**837**	**(13)**
Central Services	£000s	£000s	£000s	£000s
Staff Pay	195	195	188	(7)
Non Pay Expenditure	40	40	89	49
PFI	6,805	2,149	2,119	(30)
Asset Manangement	1,950	5,802	5,767	(35)
	8,990	**8,186**	**8,163**	**(23)**
Proposed Community Safety Expenditure	£000s	£000s	£000s	£000s
Total Community Safety Initiatives	**1,410**	**1,234**	**1,047**	**(187)**
Victims and Witnesses Initiatives	**715**	**662**	**612**	**(50)**
Office of the PCC Planned Expenditure	**(119,855)**	**(122,606)**	**(123,411)**	**(805)**
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Police Pay	67,133	67,100	66,296	(804)
Police Overtime	1,582	1,913	2,051	138
Police Community Support Officer Pay	3,770	3,770	3,635	(135)
Staff Pay	6,740	7,001	7,268	267
Non-Pay	37,980	41,185	41,789	604
Total Planned Expenditure	**117,205**	**120,969**	**121,039**	**70**

	£000s	£000s	£000s	£000s
(Surplus)/Deficit	**(2,650)**	**(1,637)**	**(2,372)**	**(735)**
Transfers to/(from) General Fund	760	(530)	(217)	313
Transfers to Capital Reserves	0	1,993	1,993	0
Transfers from Earmarked Reserves	0	(1,946)	(1,946)	0
Transfers to Earmarked Reserves	1,890	2,120	2,542	422
Net (Surplus)/Deficit After Reserves	**0**	**0**	**0**	**0**

The Annual Statement of Accounts has to make statutory technical adjustments that are not required to be reported against during the financial year such as depreciation charges and IAS19 Pensions adjustments. Therefore it is necessary to provide an audit trail of how the annual statements relate to the financial position reported throughout the year through the Corporate Financial Report and the Quarterly Budgetary Monitoring Report.
The following table reconciles the difference between the (Surplus) / Deficit in the Group management accounts (£735k) and the Total Comprehensive Income and Expenditure Statement £113,497K as reported in the Group CIES:-

Total Comprehensive Income and Expenditure	**113,497**
Minimium Revenue Provision	1,870
Depreciation & Amortisation	(3,878)
Loss/(Gain) on the sale of non current assets	(40)
Net change in Pension Liability	(58,915)
Employers Pension Contributions	10,665
Recognition of capital grants	1,003
Movement in Accumulated Absences creditor	(248)
Movement in Precept debtor	(380)
Other transfers (to)/from reserves	(267)
Other transfers (to)/from reserves	1,855
(Surplus)/Deficit on Revaluation of PPE	292
General Fund Movements less surplus	(952)
Rounding	(3)
Acturial Gains / /loss on Pension Schemes:-	
Local Government Pension Scheme	2,686
Police Pension 1987	(89,530)
Injury Awards	4,115
Police Pension 2006	16,813
Police Pension 2015	684
Outturn	**(735)**

As can be seen from the table above the overall position for the Group as at the 31st March 2016 was a £735k underspend. Overall this represents a total underspend of 0.56% against the group budget (0.90% 2014/15).

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

There were no periods of unknown cash restrictions during the financial year and the OPCC is not expecting any issues with the Cashflow during the 2016/17 financial period.

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The following table shows the 2015/2016 budget and the final outturn for the PCC:

	Original 2015/16 Budget	Revised 2015/16 Budget	Year End 2015/16 Position	Outturn
Police Grant	(47,883)	(46,417)	(46,417)	0
RSG/National Non Domestic Rate	(37,287)	(38,753)	(38,753)	0
Government Grant	**(85,170)**	**(85,170)**	**(85,170)**	**0**
Council Tax Precept	(30,590)	(30,590)	(30,210)	380
Collection Surplus Increase Appropriated to Reserves	0	0	(380)	(380)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	0
Precept related Funding	**(38,258)**	**(38,258)**	**(38,258)**	**0**
Specific Grants	(6,239)	(6,287)	(6,078)	209
Victims and Witness Funding	0	0	0	0
Partnership Income/Fees and Charges	(2,153)	(3,823)	(4,564)	(741)
Total Funding	**(131,820)**	**(133,538)**	**(134,070)**	**(532)**

Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s
Staff Pay	585	585	733	148
Non Pay Expenditure	305	305	276	(29)
Income	(40)	(40)	(172)	(132)
Total Planned Expenditure	**850**	**850**	**837**	**(13)**
Central Services	£000s	£000s	£000s	£000s
Staff Pay	195	195	188	(7)
Non Pay Expenditure	40	40	89	49
PFI	6,805	2,149	2,119	(30)
Asset Manangement	1,950	5,802	5,767	(35)
	8,990	**8,186**	**8,163**	**(23)**
Proposed Community Safety Expenditure	£000s	£000s	£000s	£000s
Total Community Safety Initiatives	**1,410**	**1,234**	**1,047**	**(187)**
Victims and Witnesses Initiatives	**715**	**662**	**612**	**(50)**
Office of the PCC Planned Expenditure	**(119,855)**	**(122,606)**	**(123,411)**	**(805)**

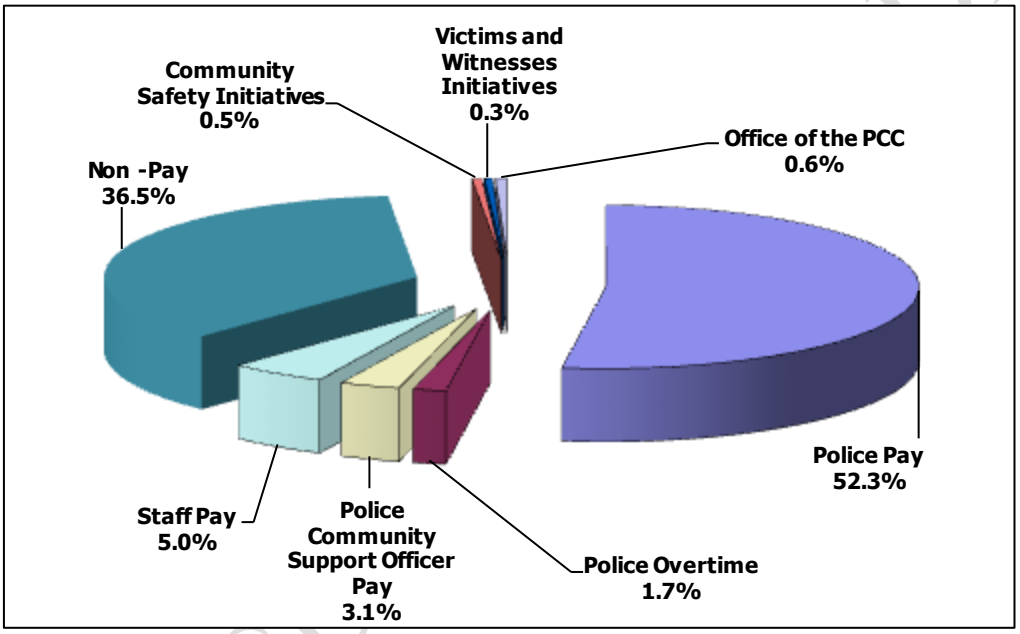
The following table reconciles the difference between the (Surplus) / Deficit in the OPCC management accounts (£805k) and the Total Comprehensive Income and Expenditure Statement £24K as reported in the OPCC CIES:-

Total Comprehensive Income and Expenditure	**24**
Minimium Revenue Provision	1,870
Depreciation & Amortisation	(3,878)
Loss/(Gain) on the sale of non current assets	(40)
Net change in Pension Liability	(335)
Employers Pension Contributions	102
Recognition of capital grants	1,003
Movement in Accumulated Absences creditor	(248)
Movement in Precept debtor	(380)
Other transfers (to)/from reserves	(267)
Other transfers (to)/from reserves	1,855
(Surplus)/Deficit on Revaluation of PPE	292
General Fund Movements less surplus	(1,022)
Rounding	(2)
Acturial Gains / /loss on Pension Schemes:-	
Local Government Pension Scheme	223
Outturn	**(805)**

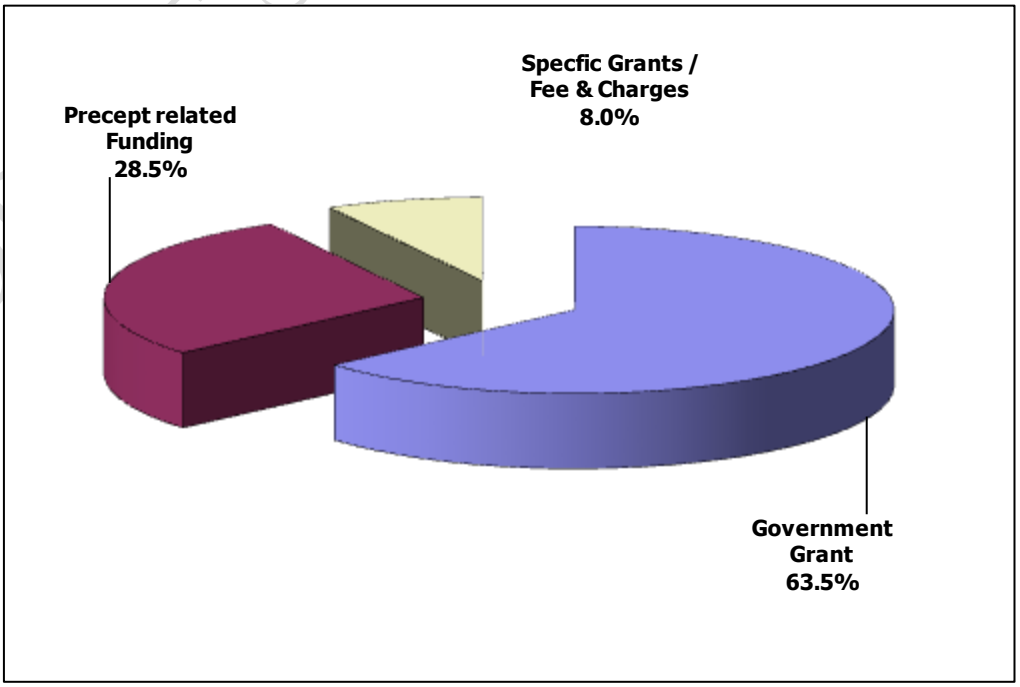
4. POLICE & CRIME COMMISSIONER GENERAL REVENUE BALANCES

	2015/2016 £000	2014/2015 £000
Opening Balance	**(8,844)**	**(7,031)**
Budgeted transfer (into)/from balances	952	(602)
Planned Position	(7,892)	(7,633)
(Surplus) or Deficit on Years activities	(735)	(1,211)
Available balance at 31 March	**(8,627)**	**(8,844)**

WHERE THE MONEY GOES TO:



WHERE THE MONEY COMES FROM:



5. CAPITAL

The Group funded an annual capital budget for the 2015/16 financial year of £5,993k (inclusive of Lifecycle costs of £804k associated with the PFI's) . The Group did not spend all of its capital allocation largely due to four ICT projects being delayed and falling into the first quarter of 2016/17. The amount of underspend against the capital budget was £1,638k (£1,945k underspend 2014/15).

The Group spent £4.355m on capital projects during the year. The programme was fully financed from capital resources in the year.

6. PENSIONS

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these will not actually be payable until employees retire, the PCC Group has a commitment to make the payments, which need to be recognised at the time that employees earn their future entitlement. This is a requirement of International Accounting Standard (IAS) 19 – Employee Benefits.

In 2015/16 the Home Office implemented a new Police Officer pension scheme for all new entrants and existing Officers dependant on level of service.

7. CHANGES TO ACCOUNTING POLICIES

There are no changes in accounting policies for the 2015/16 financial year.

8. EVENTS AFTER THE REPORTING PERIOD

No adjusting post balance sheet events have been identified for 2015/16.

9. BORROWING FACILITIES

The PCC currently has £18.160m worth of borrowing taken out with the Public Works Loan Board (PWLB), the repayment of these loans are phased over the next 7 years and have been taken out to fund the PCC's capital programme. The PCC undertook no new borrowing and repaid £1.100m in the 2015/16 financial year.

10. NON FINANCIAL PERFORMANCE DATA

The Groups non-financial priorities for the financial year 2015/16 are directed from the priorities set within the Police & Crime Plan 2015-17 for the Cleveland Area.
They were:

- Retaining and Developing Neighbourhood Policing,
- Ensuring a Better Deal for Victims & Witnesses,
- Diverting People from Offending, with a focus on Rehabilitation and the Prevention of Re-offending,

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- Developing Better Co-ordination, Communication and Partnership between Agencies - to make the Best Use of Resources,
- Working for Better Industrial and Community Relations.

Priority 1: Retain and Develop Neighbourhood Policing

In order to measure the delivery of this priority the following was monitored:

- Levels of Publicly Reported Crime
- Levels of Antisocial Behaviour (ASB)
- Local Public Confidence Survey / Crime Survey for England & Wales outcomes.

Levels of Publicly Reported Crime

For the last twelve months (April 2015 – March 2016), the Force showed an increase of 16.2% (6,142 more offences) in publicly reported crime. Reductions were seen in homicide, business robbery, domestic burglary and bicycle theft. All other crime types showed an increase. Publicly Reported Crime in Local Policing Areas (LPAs) was as follows: Hartlepool (+12.9%, 851 offences), Middlesbrough (+12%, 1,518 offences), Redcar & Cleveland (21%, 1,758 offences) and Stockton (+19.5%, 2,015 offences).

Levels of Antisocial Behaviour (ASB)

In the last twelve months (April 2015 - March 2016), Antisocial Behaviour across Cleveland reduced by 2% (892 incidents) against recorded levels in 2014/15. Hartlepool experienced the largest ASB reduction (-13.1%, 1,012 offences) which is followed by Stockton (-3.5%, 436 less offences). Slight increases in ASB incidents were observed in Redcar & Cleveland (+1.9%, 193 incidents) and Middlesbrough (+2.5%, 331 incidents).

Local Public Confidence Survey / Crime Survey for England & Wales Outcomes

The Local Public Confidence Survey provides a structured means of obtaining feedback from local residents about the problems they face in their neighbourhood and their perception of how Cleveland Police are dealing with these problems. Interviews are conducted with a selection of residents from across the Force area, providing a statistically significant and representative baseline sample from each of the four Local Policing Areas.

The latest levels of Local Public Confidence are for the 12 months ending March 2016 compared with the 12 months ending December 2015 show:

- **65.8%** think that Cleveland Police do a 'good' or 'excellent' job **(down 0.4% points)**. This measure is **up 1.2% points** against the rate recorded in March 2015.
- **16.3%** feel that their quality of life is affected by the fear of crime or Antisocial Behaviour **(down 0.4% points)** and **no change** against March 2015.
- **68.4%** think that the Police and Local Authority are dealing with the crime and antisocial behaviour issues that matter locally **(down 0.6% points)** and down 1.6% points against March 2015.
- **5.3%** perceive there to be a high level of ASB in their area **(up 0.3% points)** and **no change** against March 2015.

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- **16%** of people perceive drug dealing or usage to be a problem in their local area **(up 0.4% points)** and **up 1% points** against March 2015.

- **86.4%** of people have confidence in the police in this area **(up 0.8% points)** and **up 2.6%** against March 2015.

It is important to note that this is a survey of residents selected at random as opposed to a survey of residents who have in the past been a victim of a reported crime and therefore the results provide information on general public perception and not a measure of satisfaction on services provided by Cleveland Police.

The Crime Survey for England & Wales measures the extent of crime by asking people whether they have experienced any crime in the past year. The crime survey records crimes that may not have been reported to the police and is used alongside the police recorded crime figures to show a more accurate picture of the level of crime in the country. The latest results of the Crime Survey of England and Wales for the 12 months to the end of December 2015 show:

- **58%** of people think that Cleveland Police and Local Authority are dealing with the crime and ASB issues that matter locally. This level is **down 0.4% points** against previous quarter levels (12 months ending September 2015). This measure is **down 3.1% points** against the rate recorded for the 12 months ending December 2014. The average for England and Wales is 61.3%.

- **60.5%** of people think that Cleveland Police in this area are dealing with the issues that matter locally. This level is **down 0.4% points** against the previous quarter and **up 0.5% points** against December 2014. The average for England and Wales is 61.7%.

- **58.3%** of people think that Cleveland Police are doing a good or excellent job. This level is **down 2.2% points** against the previous quarter and **down 2.7%** against December 2014. The average for England and Wales is 62.7%.

- **71.9%** of people, taking everything into account, have confidence in Cleveland Police. This level is **down 2.5% points** against the previous quarter and **down 2% points** against December 2014. The average for England and Wales is 78%.

In order to ensure delivery of this priority the following was undertaken by the PCC:

- Weekly accountability meetings with Chief Constable,

- Monthly Crime Performance Monitoring,

- Hold Quarterly Performance Scrutiny Meetings with the Force,

- Attendance at the Force's Tactical (monthly) and Strategic (quarterly) Performance Groups,

- Attend at least one local area meeting in each of Cleveland's neighbourhood police team areas every year

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Weekly Meetings with the Chief Constable

The PCC meets weekly with Temporary Chief Constable Iain Spittal to consider current and future issues, including performance management, via a structured agenda. The actions from each meeting are recorded and published on the Force Accountability page of the Commissioner's website.

Monthly Crime Performance Monitoring

Monthly police performance data is available for a large number of strategic policing and organisational areas. The Office of the PCC continually reviews statistics across a range of crime categories, antisocial behaviour levels, stop and search data, vulnerability as well as the Force's national and Most Similar Group (MSG) positions. Other information such as local public confidence and victim satisfaction levels are made available when published quarterly. Supplementary attendance at Force Performance Groups provides the Commissioner with added context to understand the areas of policing which require improvement and what decisions are being made operationally to tackle them.

Quarterly Performance Scrutiny Meetings with the Force

Every month, the PCC holds themed scrutiny meetings with the Force Executive Team and/or partners. The first month involves scrutiny of crime performance and consultation with month two assessing corporate health indicators, primarily financial and that of human resource. The third month details commissioning and partnerships activity, and then the cycle repeats.

At Performance Scrutiny Meetings, focussed questions are posed of the Force regarding crime data, ASB statistics and public satisfaction levels together with a review of the latest Performance Exception Report. Despite these meetings being held in private, agendas, minutes and relevant papers are retrospectively posted on the PCC's website to aid transparency.

Attendance at Tactical and Strategic Performance Groups

The PCC attends both the quarterly Strategic Performance Group (SPG) and the monthly Tactical Performance Group (TPG), which are chaired by the Force Executive and attended by senior operational personnel, reviewing the latest performance statistics and associated operational activity. The PCC publishes public versions of SPG Performance Dashboards on the performance page of the PCC's website on a quarterly basis.

Attend at Least One Local Area Meeting in each of Cleveland's Neighbourhood Police Team Areas

The 'Your Force Your Voice' initiative represents Barry Coppinger's personal pledge to attend at least one community meeting in every one of Cleveland's Neighbourhood Police Team areas, as well as meeting with all specialist policing units. It provides a chance for local residents to raise directly with the Commissioner, issues that affect their local neighbourhood and livelihood. The Office of the PCC compiles consultation reports which contain all issues raised at community meetings which are presented to be disseminated by the Force at the Performance Scrutiny Meetings.

Priority 2:Ensure a Better Deal for Victims and Witnesses

In order to measure the delivery of this priority the following was monitored:

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- Victim Satisfaction Survey outcomes,
- Develop and deliver key actions identified through engagement with victims, through the PCC's Victims and Witnesses Planning Group.

Victim Satisfaction Survey

The Victim Satisfaction Survey provides a structured means of obtaining feedback from victims of crime who have had direct experience of the service provided by Cleveland Police. The survey is conducted via telephone interviews amongst four specific victim groups: domestic burglary, vehicle crime, violent crime and racist incidents. The latest victim satisfaction levels relate to the 12 months ending March 2016, were as follows:

- **95.3%** of people were satisfied with how easy it was to contact someone who could assist them **(down 0.5% points)** based against the 12 months ending December 2015. This measure is also down 0.1% points against the rate recorded for the 12 months ending March 2015.
- **75.6%** of people were satisfied with the actions taken by police **(up 0.9% points)**. This measure is down 0.6% points against the rate recorded for the 12 months ending March 2015.
- **66.2%** of people were satisfied with how well they were kept informed in relation to progress **(down 1.5% points)**. This measure is up 0.1% points against the rate recorded for the 12 months ending March 2015.
- **90.6%** of people who are satisfied with the way they were treated by the police officers and staff who dealt with them **(up 1% points)**. This measure is up 2.3% points against the rate recorded for the 12 months ending March 2015.
- **79%** of people, taking everything into account, were satisfied with the service provided by the police **(up 1.1% points)**. There is no change against the rate recorded for the 12 months ending March 2015.

Develop and deliver key actions identified through engagement with victims through the PCC's Victims and Witnesses Planning Group

The Teesside Victims' and Witnesses Planning Group meets on a quarterly basis to share, discuss, develop and deliver key actions through partnership. The most recent meeting in January 2016 debated victims commissioning, the Soft Intelligence Action Plan, Independent Sexual Violence Advocates (ISVA) and the witness service.

To ensure delivery of this priority the following was also undertaken by the PCC:

- Establish Cleveland-wide groups to embed best practice in the support victims of crime,
- Generate support to influence the future developments and activities with our Force and partner agencies.

Priority 3: Diverting People from Offending, with a focus on Rehabilitation and the Prevention of Re-Offending

In order to measure the delivery of this priority the following was monitored:

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- Monitor Youth and Adult Restorative Justice Interventions.

Youth & Adult Restorative Justice Interventions

Restorative Justice (Level 1 – on street disposal) was launched in Cleveland in April 2013 as an alternative means of disposal for a number of offences committed by individuals who are under 18 years of age. From April 2014, the scheme was extended to incorporate adults who have an appropriate, non offending background, and have been 'clear' of any criminal sanctions for the two years prior to a crime being reported. There were 1040 restorative justice interventions (496 with young people and 544 with adults) from April 2015 – March 2016.

Restorative Justice (Level 2 – face to face conferencing) interventions are managed by Restorative Cleveland. 52 restorative face to face conferences took place during the same period.

To further ensure delivery of this priority the following was also undertaken by the PCC:

- Establish a Young People's Strategic Planning Group to plan and commission services that prevents and diverts young people from becoming involved in crime,
- Established a multi-agency reducing re-offending group for the purposes of setting up a central Integrated Offender Management (IOM) hub,
- Develop a restorative justice approach with the Force and partner agencies.

Establish a Young People's Strategic Planning Group to Plan and Commission Services that Prevents and Diverts Young People from Becoming Involved in Crime

The Young People's Strategic Planning Group meets every six months to discuss youth related crime and antisocial behaviour with an aim to prevent and divert young people from offending. The membership comprises the Office of the Cleveland PCC, Cleveland Police, Youth Offending Teams, representatives from all Local Authorities, Barnardo's SECOS, Thirteen Care and Support, Catalyst, Show Racism the Red Card and Princes Trust. The group last met in January 2016 and discussed the ASB Strategy, the introduction of the E-CINS system, support for young people with parents in custody and VEMT (Vulnerable, Exploited, Missing & Trafficked) issues.

Established a multi-agency reducing re-offending group for the purposes of setting up a central Integrated Offender Management (IOM) hub

The Single Integrated Offender Management Scheme was launched on 22 September 2015.
The Cleveland-wide team is based at Holme House Prison and comprises probation officers (Community Rehabilitation Company/National Probation Service), police and prison officers. Additional agencies involved are Community Safety Partnerships, drug treatment and housing providers, Through the Gate, Courts, Crown Prosecution Service, Youth Offending Service, Restorative Justice Council and Troubled Families.

The IOM framework coordinates partner agencies in a community based joint strategy to prioritise intervention with an identified group of offenders in each of the four local policing areas.

The aims of the scheme are to:

- Improve Partnership Working – alignment of services
- Improve Information Sharing

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- Reduce Re-offending (improve compliance)
- Reduce Crime
- Impact on Offenders Lifestyle (tackling social exclusion)

The benefits of the IOM approach are:

- Targeting the appropriate Cohort of offenders
- Reducing demand on services through a coordinated approach
- Empowering offenders to make positive lifestyle choices
- Reducing Reoffending
- Reducing Victims of Crime
- Improving Public Confidence

Priority 4: Developing Better Co-ordination, Communication and Partnership between Agencies – to make the best use of resources

In order to measure the delivery of this priority the following was monitored:

- Monitor partner performance data to inform the PCC's Objectives.

Monitor Partner Performance Data to Inform the PCC's Objectives

The Office of the PCC is informed by performance data from each of its criminal justice partners, engages individually through regular structured meetings and collectively via the Cleveland & Durham Local Criminal Justice Board.

The Cleveland PCC website contains links to publicly available partner performance data which includes information from Crown Prosecution Service, National Probation Service, Youth Offending Service, Her Majesty's Courts & Tribunals Service and Her Majesty's Prison Service. Links are also provided to overall criminal justice statistics reports which consolidate criminal statistics, sentencing statistics and reprimand, warning or conviction levels for young people aged 10 to 17.

In order to ensure delivery of this priority the following was undertaken by the PCC.

- Improve partnership working with relevant agencies (e.g. criminal justice, advisory groups, voluntary and community sector) and in the use of police volunteers

Improve Partnership Working with Relevant Agencies and in the Use of Volunteers

Since November 2013, the PCC has held three successful annual Criminal Justice Volunteer Fairs, which encourages local people from across Cleveland to consider volunteering within the criminal justice sector. The event allows those interested in volunteering to speak directly to organisations, to see how they can get involved or ask any questions. Each event has seen hundreds of interests in information which have been converted into many volunteer positions within the criminal justice sector.

The PCC also provides a 'Mystery Shopper' initiative which provides scrutiny of the level of customer service experienced by members of the public in Cleveland when dealing with the police. The programme is conducted by a team of four volunteers, including one Mystery Shopper Coordinator, who assigns and coordinates the team's work to ensure that all areas are covered. The team includes a mixture of ages and people from the Black and Minority

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Ethnic (BME) and hearing impaired community to provide scrutiny as to the equal access to services provided by the Force. Mystery Shoppers attend police ward meetings, as advertised through the Cleveland Police website to check whether meetings are well publicised, well attended, and whether officers give relevant and professional presentations.

As mandated, the Cleveland PCC funds an Independent Custody Visiting Scheme. Independent Custody Visitors (ICVs) are volunteer members of the public, who live or work in Cleveland. Their role is to visit police custody suites unannounced to evaluate the welfare of detainees held in the two operational suites in Hartlepool and Middlesbrough.

Priority 5: Working for Better Industrial and Community Relations

In order to measure the delivery of this priority the following was monitored:

- Monitor police human resources data and finance data to ensure organisational stability.

Monitor Police Human Resources Data and Finance Data to Ensure Organisational Stability

The PCC monitors organisational data relating to capital investments, revenue expenditure and treasury management via the Finance, Resource and Policy scrutiny meeting. The PCC also monitors the embedding of equality, diversity and human rights legislation, both as an employer and an emergency service provider, via monthly equality and diversity reports, attendance at equality meetings and staff forums and updates to the Force's Equality & Diversity Action Plan.

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 2016 was as follows: (data as at 13th April 2016)

	Total Working Days Lost
April 2015 – March 2016	
Police Officers	13,572
Police Staff	2,948

Previous reports showed that sickness was reducing during 2015/16 and this has been maintained for the twelve month period. Compared to 2014/15 police officer sickness has reduced by over two thousand working days. This is a reduction of 13.1%. For police staff 695 less sickness days were lost. This represents a reduction of 19.1%

In order to ensure delivery of this priority the following is undertaken by the PCC:

- Establish stability in the Chief Constable's team,
- Develop new ways of working and prepare a balanced budget,
- Emphasise the importance of integrity and openness,
- Fight for the interests of Cleveland Police locally, regionally and nationally.

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11. FURTHER INFORMATION

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

Further information may be obtained from the Chief Finance Officer at The Office of the Police & Crime Commissioner for Cleveland, P O Box 70, Ladgate Lane, Middlesbrough TS8 9EH

M. PORTER,
CHIEF FINANCE OFFICER FOR THE PCC

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STATEMENT OF RESPONSIBILITIES

The PCC's Responsibilities

The PCC is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this PCC's Office that Officer is the Chief Finance Officer to the PCC;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

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

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

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

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

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

The Statement of Accounts give a true and fair view of the financial position of the PCC Group at the accounting date and its income and expenditure for the year ended 31st March 2016.

Date: Signature:

M Porter, Chief Finance Officer to the PCC

The PCC's Responsibilities

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

Date: Signature:

Police & Crime Commissioner for Cleveland

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

To updated following the audit of the Annual Statements of accounts.

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GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

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

	2015/2016			2014/2015		
DETAIL	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
Local Policing	68,311	3,271	65,040	70,573	3,191	67,382
Dealing with the Public	5,436	52	5,384	5,388	50	5,338
Criminal Justice Arrangements	10,951	421	10,530	10,441	325	10,116
Road Policing	3,877	715	3,162	4,628	1,160	3,468
Specialist Operations	8,779	1,706	7,073	9,128	1,775	7,353
Intelligence	10,759	476	10,283	10,868	453	10,415
Specialist Investigation	22,685	1,159	21,526	20,926	1,047	19,879
Investigative Support	3,025	101	2,924	2,990	97	2,893
National Policing	2,992	1,067	1,925	3,658	1,989	1,669
Exceptional Items	0	0	0	0	0	0
Corporate and Democratic Core	3,147	816	2,331	2,425	528	1,897
Undistributed Costs	22	0	22	125	0	125
Net Cost of Services	**139,984**	**9,784**	**130,200**	**141,150**	**10,615**	**130,535**
Other Operating Expenditure (Note 9)			351			652
Financing & Investment Income and Expenditure (Note 10)			42,057			49,915
Taxation & Non-Specific Grant Income (Note 11)			(124,052)			(128,044)
(Surplus) or Deficit on Provision of Service			**48,556**			**53,058**
(Surplus)/Deficit on Revaluation of PPE			(292)			0
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 23)			65,233			72,224
Other Comprehensive Income and Expenditure			**64,941**			**72,224**
Total Comprehensive Income and Expenditure			**113,497**			**125,282**

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PCC COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

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

	2015/2016			2014/2015		
DETAIL	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
Local Policing	0	3,271	(3,271)	0	3,191	(3,191)
Dealing with the Public	0	52	(52)	0	50	(50)
Criminal Justice Arrangements	0	421	(421)	0	325	(325)
Road Policing	0	715	(715)	0	1,160	(1,160)
Specialist Operations	0	1,706	(1,706)	0	1,775	(1,775)
Intelligence	0	476	(476)	0	453	(453)
Specialist Investigation	0	1,159	(1,159)	0	1,047	(1,047)
Investigative Support	0	101	(101)	0	97	(97)
National Policing	0	1,067	(1,067)	0	1,989	(1,989)
Exceptional Items	0	0	0	0	0	0
Corporate and Democratic Core	3,147	816	2,331	2,425	528	1,897
Undistributed Costs	0	0	0	0	0	0
Net Cost of Services before Funding	**3,147**	**9,784**	**(6,637)**	**2,425**	**10,615**	**(8,190)**
Intra Group Funding	**127,009**	**0**	**127,009**	**127,563**	**0**	**127,563**
Net Cost of Services	**130,156**	**9,784**	**120,372**	**129,988**	**10,615**	**119,373**
Other Operating Expenditure (Note 9)			351			652
Financing & Investment income and Expenditure (Note 10)			3,868			4,064
Taxation & Non-Specific Grant Income (Note 11)			(124,052)			(128,044)
(Surplus) or Deficit on Provision of Service			**539**			**(3,955)**
(Surplus)/Deficit on Revaluation of PPE			(292)			0
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 23)			(223)			561
Other Comprehensive Income and Expenditure			**(515)**			**561**
Total Comprehensive Income and Expenditure			**24**			**(3,394)**

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

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
Balance at 31st March 2015	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,726)**	**1,198,035**	**1,183,309**
(Surplus) or deficit on provision of services (accounting basis)	48,556	0	0	0	0	**48,556**	0	**48,556**
Total Comprehensive Expenditure and Income	**48,556**	**0**	**0**	**0**	**0**	**48,556**	**64,941**	**113,497**
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	**(49,924)**	**0**	**0**	**0**	**(313)**	**(50,236)**	**50,236**	**(0)**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(1,368)**	**0**	**0**	**0**	**(313)**	**(1,680)**	**115,177**	**113,497**
Total Transfers to/from Reserves	**1,588**	**(1,051)**	**0**	**267**	**0**	**804**	**(804)**	**0**
(Increase) / Decrease in Year	**220**	**(1,051)**	**0**	**267**	**(313)**	**(876)**	**114,373**	**113,497**
Balance at 31 March 2016	**(8,627)**	**(6,471)**	**0**	**(137)**	**(370)**	**(15,603)**	**1,312,408**	**1,296,805**
Reserves held for:								
Capital purposes		**(2,386)**	**0**		**(57)**	(2,443)		
Reveune Prurpose	**(8,845)**	**(3,034)**		**(404)**		(12,283)		
Total at 31 March 2015	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,726)**		
Capital purposes		**(1,235)**	**0**		**(370)**	(1,605)		
Reveune Purposes	**(8,627)**	**(5,236)**		**(137)**		(13,999)		
Total at 31 March 2016	**(8,627)**	**(6,471)**	**0**	**(137)**	**(370)**	**(15,603)**		

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

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total PCC Reserves £000
Balance at 31st March 2015	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,726)**	**(18,454)**	**(33,179)**
(Surplus) or deficit on provision of services (accounting basis)	539	0	0	0	0	**539**	0	**539**
Total Comprehensive Expenditure and Income	**539**	**0**	**0**	**0**	**0**	**539**	**(516)**	**23**
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	**(1,906)**	**0**	**0**	**0**	**(313)**	**(2,219)**	**2,219**	**0**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(1,367)**	**0**	**0**	**0**	**(313)**	**(1,680)**	**1,703**	**23**
Total Transfers to/from Reserves	**1,588**	**(1,051)**	**0**	**267**	**0**	**804**	**(804)**	**0**
(Increase) / Decrease in Year	**220**	**(1,051)**	**0**	**267**	**(313)**	**(876)**	**899**	**23**
Balance at 31 March 2016	**(8,627)**	**(6,471)**	**0**	**(137)**	**(370)**	**(15,603)**	**(17,555)**	**(33,158)**
Reserves held for:								
Capital purposes		**(2,386)**	**0**		**(57)**	(2,443)		
Reveune Prurpose	**(8,845)**	**(3,034)**		**(404)**		(12,283)		
Total at 31 March 2015	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,726)**		
Capital purposes		**(1,235)**	**0**		**(370)**	(1,605)		
Reveune Purposes	**(8,627)**	**(5,236)**		**(137)**		(13,999)		
Total at 31 March 2016	**(8,627)**	**(6,471)**	**0**	**(137)**	**(370)**	**(15,603)**		

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GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
Balance at 31st March 2014	**(7,031)**	**(6,796)**	**(137)**	**(387)**	**(140)**	**(14,491)**	**1,072,520**	**1,058,029**
Opening Balance Acturial Adjustments 1st April 2014							0	**0**
Adjusted Opening Balance as at 1st April 2014 Restated	**(7,031)**	**(6,796)**	**(137)**	**(387)**	**(140)**	**(14,491)**	**1,072,520**	**1,058,029**
(Surplus) or deficit on provision of services (accounting basis)	53,058	0	0	0	0	**53,058**	0	**53,058**
Total Comprehensive Expenditure and Income	**53,058**	**0**	**0**	**0**	**0**	**53,058**	**72,224**	**125,282**
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	**(54,838)**	**0**	**137**	**0**	**83**	**(54,617)**	**54,617**	**0**
Total Transfers to/from Reserves	**(34)**	**1,376**	**0**	**(17)**	**0**	**1,325**	**(1,325)**	**(720)**
(Increase) / Decrease in Year	**(1,814)**	**1,376**	**137**	**(17)**	**83**	**(235)**	**125,516**	**124,562**
Balance at 31 March 2015 Restated	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,726)**	**1,198,035**	**1,183,309**

PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total PCC Reserves £000
Balance at 31st March 2014	**(7,031)**	**(6,796)**	**(137)**	**(387)**	**(140)**	**(14,491)**	**(1,793)**	**(16,285)**
(Surplus) or deficit on provision of services (accounting basis)	(3,955)	0	0	0	0	(3,955)	0	**(3,955)**
Total Comprehensive Expenditure and Income	**(3,955)**	**0**	**0**	**0**	**0**	**(3,955)**	**(12,939)**	**(16,894)**
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	**2,175**	**0**	**137**	**0**	**83**	**2,395**	**(2,395)**	**0**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(1,780)**	**0**	**137**	**0**	**83**	**(1,559)**	**(15,334)**	**(16,894)**
Total Transfers to/from Reserves	**(34)**	**1,376**	**0**	**(17)**	**0**	**1,325**	**(1,325)**	**0**
(Increase) / Decrease in Year	**(1,813)**	**1,376**	**137**	**(17)**	**83**	**(234)**	**(16,659)**	**(16,894)**
Balance at 31 March 2015	**(8,845)**	**(5,420)**	**0**	**(404)**	**(57)**	**(14,725)**	**(18,454)**	**(33,179)**

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GROUP BALANCE SHEET AT 31st MARCH 2016

The Group Balance Sheet shows the value of the assets and liabilities recognised by the PCC Group as at 31st March 2016.

	Notes	31 March 2016 £000	31 March 2015 £000
Long Term Assets			
Property, Plant and Equipment	12	50,977	50,888
Investment Property		-	-
Intangible Assets	14	5,320	5,046
Assets Held for Sale	19	14,994	17,489
Long Term Investments		-	-
Long Term Debtors	17	1,309	1,309
Total Long Term Assets		**72,600**	**74,732**
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories	16	82	75
Short Term Debtors	17	14,267	18,026
Cash and Cash Equivalents	18	8,860	6,330
Total Current Assets		**23,209**	**24,431**
Total Assets		**95,809**	**99,163**
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing	33	(1,744)	(1,100)
Short Term Creditors	20	(11,472)	(14,762)
Provisions	21	(4,040)	(2,193)
Total Current Liabilities		**(17,256)**	**(18,055)**
Long Term Liabilities			
Long Term Creditors	20	-	-
Provisions		-	-
Long Term Borrowing	33	(16,416)	(18,160)
Other Long Term Liabilities : PFI	29	(26,808)	(27,606)
Pensions Liability	22	(1,332,134)	(1,218,651)
Total Long Term Liabilities		**(1,375,358)**	**(1,264,418)**
Total Liabilities		**(1,392,614)**	**(1,282,473)**
Net Assets		**(1,296,805)**	**(1,183,310)**
Usable Reserves	36	(15,603)	(14,725)
Unusable Reserves	37	1,312,408	1,198,035
Total Reserves		**1,296,805**	**1,183,310**

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PCC BALANCE SHEET AT 31st MARCH 2016

The PCC Balance Sheet shows the value of the assets and liabilities recognised by the PCC as at 31st March 2016.

	Notes	31 March 2016	31 March 2015
		£000	£000
Long Term Assets			
Property, Plant and Equipment	12	50,977	50,888
Investment Property		-	-
Intangible Assets	14	5,320	5,046
Asset Held for Sale	19	14,994	17,489
Long Term Investments		-	-
Long Term Debtors	17	1,309	1,309
Total Long Term Assets		**72,600**	**74,732**
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories	16	82	75
Short Term Debtors	17	14,267	18,026
Cash and Cash Equivalents	18	8,860	6,330
Total Current Assets		**23,209**	**24,430**
Total Assets		**95,809**	**99,163**
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing	33	(1,744)	(1,100)
Short Term Creditors	20	(11,472)	(14,762)
Provisions	21	(4,040)	(2,193)
Total Current Liabilities		**(17,256)**	**(18,055)**
Long Term Liabilities			
Long Term Creditors	20	-	-
Provisions		-	-
Long Term Borrowing	33	(16,416)	(18,160)
Other Long Term Liabilities : PFI	29	(26,808)	(27,606)
Pensions Liability	22	(2,171)	(2,162)
Total Long Term Liabilities		**(45,395)**	**(47,928)**
Total Liabilities		**(62,651)**	**(65,983)**
Net Assets		**33,158**	**33,179**
Usable Reserves	36	(15,603)	(14,725)
Unusable Reserves	37	(17,555)	(18,454)
Total Reserves		**(33,158)**	**(33,179)**

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GROUP & PCC CASHFLOW STATEMENT 2015/16

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

	2015/2016 £000	2014/2015 £000
OPERATING ACTIVITIES		
Cash Outflows		
Cash paid to and on behalf of employees	84,775	86,187
Cash payment to reduce the PFI liability	799	1,059
Cash paid to suppliers of goods and services	58,004	56,764
	143,578	144,010
Cash Inflows		
Precept received	(30,590)	(28,834)
National non-domestic rates	(38,753)	(40,313)
Other grants	(78,083)	(81,466)
Rents	(28)	(36)
Cash received for goods and services	638	(153)
Other operating cash receipts	(4,682)	(2,197)
	(151,498)	(152,999)
Operating Activities Net Cash Flow	**(7,920)**	**(8,989)**
INVESTING ACTIVITIES		
Returns on Investments and Servicing of Finance		
Cash outflows -Interest paid	3,847	4,049
Cash inflows - Interest received	(48)	(46)
	3,799	4,003
Capital Activities		
Cash outflows - Purchase of non current assets	4,355	3,076
Cash inflows - Sale of non current assets	(2,861)	(73)
- Capital grant received	(1,003)	(1,225)
	491	1,778
Investing Activities Net Cash Flow	**4,290**	**5,781**
Net Cash Outflow/(Inflow) before financing	**(3,630)**	**(3,208)**
FINANCING ACTIVITIES		
Management of Liquid Resources		
Net increase/(decrease) in investments	-	-
Net increase/(decrease) in imprests	-	-
	-	-
Financing		
Cash outflows - Repayment of amounts borrowed	1,100	1,340
Cash inflows - New loans raised	-	
	1,100	1,340
Financing Activities Net Cash Flow	**1,100**	**1,340**
Net (Increase)/Decrease in cash	**(2,530)**	**(1,868)**
Cash brought forward	6,330	4,461
Cash carried forward	8,860	6,330
Net (Increase)/Decrease in cash	**(2,530)**	**(1,868)**

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GROUP & PCC NOTES TO THE CORE FINANCIAL STATEMENTS

1. GROUP ACCOUNTING POLICIES

A) PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

Surplus assets are valued at Fair Value

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

Revaluations & Impairment

Assets included in the Balance Sheet at fair value are revalued every five years (revalued as at 31st March 2014), and reviewed annually for impairment. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and a significantly different useful economic life, the components are depreciated separately from 1st April 2010. The PCC Group has undertaken this review and has no significant components in the 2015/16 financial year – this review will be undertaken annually.

Disposals and Non-current Assets Held for Sale

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

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

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

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When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) and any receipts from the disposal are transferred to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts.

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

B) INTANGIBLE ASSETS

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

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

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

Charges to Revenue for Non-Current Assets

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

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

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

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C) DE MINIMIS LEVEL

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

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

D) GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

E) CASH AND CASH EQUIVALENTS

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

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

F) LEASES

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

The PCC Group as Lessee

Finance Leases

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

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

Lease payments are apportioned between:

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

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

The PCC has finance leases relating to PFI (as disclosed in note 29).

Operating Leases

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

G) DEBTORS AND CREDITORS

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

H) VALUATION OF INVENTORIES

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

I) LOANS AND RECEIVABLES

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

J) FINANCIAL INSTRUMENTS

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

K) PROVISIONS

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

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L) RESERVES

The PCC sets aside specific amounts as reserves (Usable) for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to be charged against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.
Certain reserves (Unusable) are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC.

M) SELF-INSURED RISKS

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

N) INVESTMENTS

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

O) EMPLOYEE BENEFITS

Benefits Payable during Employment

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

P) PENSIONS

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

i) Uniformed Police

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

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

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

ii) Support Staff

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

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

Q) OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the PCC's status as a multifunctional, democratic organisation.

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

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

R) PRIVATE FINANCE INITIATIVE

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

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

S) VALUE ADDED TAX

VAT is included in the accounts only if it is irrecoverable from Her Majesty revenue Customs (HMRC). There is an on-going legal challenge in respect of the treatment of VAT on the hammer price of auction vehicles that have been seized. A provision has been created to cover the likely costs of judgement if the case is found in favour of the HMIC.

T) PRECEPT

Precept is accounted for on an agency basis.

U) POST BALANCE SHEET EVENTS

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

V) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS

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

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

W) REVENUE RECOGNITION

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

X) JOINT CONTROLLED OPERATIONS

The PCC Group engages in collaborative working arrangements with the Northumbria 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 40 of the accounts).

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

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

Y) CONTINGENT LIABILITIES

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

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

Z) CONTINGENT ASSETS

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

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

2. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

A number of amendments to accounting standards have been issued that are applicable to periods commencing after 31st March 2016 but not adopted:-

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions);
- Annual Improvements to IFRS' 2010 – 2012 and 2012 -2014 Cycles
- Amendments to IFRS 11 Joint Arrangements (accounting for Acquisitions of Interests in Joint operations)
- Amendments to IAS 16 and Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification on acceptable methods of depreciation and amortisation)
- Amendments to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.
- The Changes to the format of the Pension Fund Account and the Net Assets Statement

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICES

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the PCC Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances and transactions cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the PCC Group's Balance Sheet at 31st March 2016 or which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied. Details of the impact of these assumptions are provided at Note 23: Pension Liability of the accounts.

Employee Benefits: An accrual has been made for employee benefits outstanding at the year end, comprising flexitime, annual leave, Time of in Lieu and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Duty Management system. Approximately 40% of the accrual (£2.336m) relates to Annual Leave and 48% relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of Annual Leave and RDIL owed would change the accrual by £100k.

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

Property, Plant and Equipment: Assets are depreciated over useful lives that are dependent on assumptions about the level of maintenance and repairs that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether current spending on repairs and maintenance will be sustainable, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by £32k for every year that useful lives had to be reduced.

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

5. 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.

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6. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the Balance sheet date to report

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7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

GROUP FOR THE YEAR ENDED 31ST MARCH 2016

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grant Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amortisation of intangible fixed assets	(1,111)	0	0	0	0	(1,111)	1,111	0
Depreciation and Impairment of fixed assets	(2,759)	0	0	0	0	(2,759)	2,759	0
Depreciation on Revaluation	(8)	0	0	0	0	(8)	8	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(39)	0	0	0	0	(39)	39	0
Sale of Assets	0	0	(2,861)	0	0	(2,861)	2,861	(0)
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(58,915)	0	0	0	0	(58,915)	58,915	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	690	690	(690)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	1,003	0	0	0	(1,003)	0.0	0	0
Accumulated Absences Adjustment	(248)	0	0	0	0	(248)	248	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(380)	0	0	0	0	(380)	380	0
	(62,458)	**0**	**(2,861)**	**0**	**(313)**	**(65,632)**	**65,632**	**0**
Statutory provision for the repayment of debt	1,870	0	0	0	0	1,870	(1,870)	0
Capital expenditure charged to the General Fund Balance	0	0	0	0	0	0	0	0
Use of Capital Receipts	0	0	2,861	0	0	2,861	(2,861)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	10,665	0	0	0	0	10,665	(10,665)	0
	12,535	**0**	**2,861**	**0**	**0**	**15,396**	**(15,396)**	**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	**(49,923)**	**0**	**0**	**0**	**(313)**	**(50,236)**	**50,236**	**0**

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PCC FOR THE YEAR ENDED 31ST MARCH 2016

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grant Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amortisation of intangible fixed assets	(1,111)	0	0	0	0	(1,111)	1,111	0
Depreciation and Impairment of fixed assets	(2,759)	0	0	0	0	(2,759)	2,759	0
Depreciation on Revaluation	(8)	0	0	0	0	(8)	8	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(39)	0	0	0	0	(39)	39	0
Sale of Assets	0	0	(2,861)	0	0	(2,861)	2,861	(0)
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(335)	0	0	0	0	(335)	335	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	690	690	(690)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	1,003	0	0	0	(1,003)	0	0	0
Accumulated Absences Adjustment	(248)	0	0	0	0	(248)	248	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(380)	0	0	0	0	(380)	380	0
	(3,878)	**0**	**(2,861)**	**0**	**(313)**	**(7,052)**	**7,052**	**0**
Statutory provision for the repayment of debt	1,870	0	0	0	0	1,870	(1,870)	0
Use of Capital Receipts	0	0	2,861	0	0	2,861	(2,861)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	102	0	0	0	0	102	(102)	0
	1,972	**0**	**2,861**	**0**	**0**	**4,833**	**(4,833)**	**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	**(1,906)**	**0**	**0**	**0**	**(313)**	**(2,219)**	**2,219**	**0**

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GROUP FOR THE YEAR ENDED 31ST MARCH 2015

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grant Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amortisation of intangible fixed assets	(880)	0	0	0	0	(880)	880	0
Depreciation and Impairment of fixed assets	(3,200)	0	0	0	0	(3,200)	3,200	0
Depreciation on Revaluation	(8)	0	0	0	0	(8)	8	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(11)	0	0	0	0	(11)	11	0
Sale of Assets	0	0	(73)	0	0	(73)	73	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(71,651)	0	0	0	0	(71,651)	71,651	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	(62)	0	0	0	1,308	1,246	(1,246)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	1,225	0	0	0	(1,225)	0	0	0
Accumulated Absences Adjustment	(26)	0	0	0	0	(26)	26	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	597	0	0	0	0	597	(597)	0
	(74,016)	**0**	**(73)**	**0**	**83**	**(74,007)**	**74,006**	**0**
Statutory provision for the repayment of debt	2,157	0	0	0	0	2,157	(2,157)	0
Capital expenditure charged to the General Fund Balance	0	0	0	0	0	0	0	0
Use of Capital Receipts	0	0	211	0	0	211	(211)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	14,494	0	0	0	0	14,494	(14,494)	0
	16,651	**0**	**211**	**0**	**0**	**16,861**	**(16,861)**	**0**
Voluntary revenue provision for repayment of debt	2,528	0	0	0	0	2,528	(2,528)	**0**
Total Adjustments between accounting basis & funding basis under regulations	**(54,837)**	**0**	**137**	**0**	**83**	**(54,617)**	**54,617**	**0**

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PCC FOR THE YEAR ENDED 31ST MARCH 2015

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grant Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amortisation of intangible fixed assets	(880)	0	0	0	0	(880)	880	0
Depreciation and Impairment of fixed assets	(3,200)	0	0	0	0	(3,200)	3,200	0
Depreciation on Revaluation	(8)	0	0	0	0	(8)	8	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(11)	0	0	0	0	(11)	11	0
Sale of Assets	0	0	(73)	0	0	(73)	73	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(244)	0	0	0	0	(244)	244	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	(62)	0	0	0	1,308	1,246	(1,246)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	1,225	0	0	0	(1,225)	0	0	0
Accumulated Absences Adjustment	(26)	0	0	0	0	(26)	26	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	597	0	0	0	0	597	(597)	0
	(2,609)	**0**	**(73)**	**0**	**83**	**(2,599)**	**2,599**	**0**
Statutory provision for the repayment of debt	2,157	0	0	0	0	2,157	(2,157)	0
Capital expenditure charged to the General Fund Balance	0	0	0	0	0	0	0	0
Use of Capital Receipts	0	0	211	0	0	211	(211)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	99	0	0	0	0	99	(99)	0
	2,256	**0**	**211**	**0**	**0**	**2,466**	**(2,466)**	**0**
Voluntary revenue provision for repayment of debt	2,528	0	0	0	0	2,528	(2,528)	**0**
Total Adjustments between accounting basis & funding basis under regulations	**2,175**	**0**	**137**	**0**	**83**	**2,395**	**(2,395)**	**0**

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8. TRANSFERS TO / FROM EARMARKED RESERVES

Group and PCC Reserves	Balance at 31 March 2014 £000	Transfers In 2014/15 £000	Transfers Out 2014/15 £000	Balance at 31 March 2015 £000	Transfers In 2015/16 £000	Transfers Out 2015/16 £000	Balance at 31 March 2016 £000
Insurance Fund	(1,675)	(305)	1,980	0	0	0	0
Direct Revenue Funding of Capital	(2,386)	(818)	1,969	(1,235)	(1,993)	0	(3,228)
Injury Pension Reserve	(1,200)	0	0	(1,200)	0	560	(640)
PFI Sinking Fund	(215)	(40)	0	(255)	(40)	0	(295)
Incentivisation Grant	(307)	0	46	(261)	0	68	(193)
Neighbourhood Policing	(16)	0	16	0	0	0	0
Specials	(62)	(16)	0	(78)	0	39	(39)
Urlay Nook TTC	(48)	(33)	0	(81)	0	0	(81)
Development Fund	(12)	0	12	0	0	0	0
Invest to Save	(83)	(19)	102	0	0	0	0
Devolved Budget Carry Forwards	(8)	0	8	0	0	0	0
Estates Reserve	(288)	0	0	(288)	0	115	(173)
Police Property Act Fund	(27)	(6)	37	3	(30)	10	(17)
Job Evaluation Reserve	(292)	0	0	(292)	(258)	0	(550)
NERSOU	0	(88)	0	(88)	0	86	(2)
Innovation Fund	(105)	0	105	0	0	0	0
Victims and Witness Scheme	(75)	0	75	0	0	0	0
Early Retirement / Voluntary	0	(875)	0	(875)	0	875	0
Community Safety Fund	0	(494)	0	(494)	(106)	0	(600)
Road Safety Imitative Reserve	0	(381)	104	(277)	(338)	166	(449)
Collaboration Reserve	0	0	0	0	(204)	0	(204)
Revenue Grants Unapplied	(387)	(28)	11	(404)	(18)	285	(137)
Total	**(7,184)**	**(3,105)**	**4,464**	**(5,824)**	**(2,987)**	**2,203**	**(6,608)**

Insurance Reserve

Following an annual review of the earmarked reserves it was decided that the insurance reserve should be reclassified as a provision in line with the criteria detailed in IAS37. Namely:-

1 The liability is as a result of a past event ie: outstanding insurance claims.
2 If liability is established there will be an outflow of resources to settle the liability;
3 The amount of the obligation / liability is in line with the provision set for each case by our Insurers.

Direct Revenue Funding of Capital

This reserve is held to meet the cost of capital schemes; contributions to and applications of revenue funding for capital schemes have been made in 2015/16.

Injury Pension Reserve

To allow for the variable nature of future injury/medical retirements of Police Officers and the capital equivalent charges incurred. £0.560m was released in 2015/16 to fund 7 medical retirements.

Action Stations PFI Sinking Fund

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

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Incentivisation Grant

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

Neighbourhood Policing

This reserve was released in 2014/ 2015.

Specials

This was an unexpected Government grant awarded late in 2008/09. It can only be used for Specials and is therefore earmarked to be used in future years as the need arises.

Tactical Training Centre

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

Development Fund

This reserve was released in 2014/ 2015.

Invest to Save

Funding set aside to allow the PCC Group to invest in resources or people to generate process improvements that will in turn generate savings in future years.
This reserve was released in 2014/ 2015.

Devolved Budget Carry Forwards

This reserve was released in 2014/ 2015.

Estates Reserve

This reserve is for costs associated with the on-going Estates review.

Police Property Act Fund

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

Job Evaluation Reserve

This reserve has been set up in 2013/14 in order to cover any future costs from the Job Evaluation project. The reserve has been increased by £258k following a review of the likely impact of the proposed Job Evaluation model.

NERSOU

North East Regional Special Operations Unit (NERSO) is collaboration between Northumbria, Durham and Cleveland Forces to address organised and serious crime. At the 31st March 2016 the reserves position was £9K of which Cleveland's share is £2K.

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Innovation Reserve

A reserve set up in 2013/14 to provide funds for costs in relation to the internal costs of the implementation of projects supported by successful Innovation Fund bids. This reserve was released in 2015/2016.

Victims and Witness Scheme

A fund to be released by the PCC as spend is incurred on this initiative. This reserve was released in 2015/2016.

Early Retirement /Voluntary Redundancy

The PCC has established a reserve for the potential costs associated with moving to future structures required to deliver policing services going forward within the expected budgetary constraints. This reserve was released in 2015/2016.

Community Safety Fund

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

Road Safety Initiative Reserve

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

Collaboration Reserve

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

Revenue Grants Unapplied

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

9. OTHER OPERATING EXPENDITURE

Group and PCC	2015/2016 £000	2014/2015 £000
Levies	311	641
Gains/losses on disposal of Non-current Assets	40	11
Total Other Operating Expenditure	**351**	**652**

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10. FINANCING AND INVESTMENT INCOME & EXPENDITURE

Group	2015/2016 £000	2014/2015 £000
Interest payable and similar charges	3,848	4,050
Net interest on defined benefit liability	38,257	45,911
Interest receivable and similar income	(48)	(46)
Total Finance and Investment Income and Expenditure	**42,057**	**49,915**

PCC	2015/2016 £000	2014/2015 £000
Interest payable and similar charges	3,848	4,050
Net interest on defined benefit liability	68	60
Interest receivable and similar income	(48)	(46)
Total Finance and Investment Income and Expenditure	**3,868**	**4,064**

11. TAXATION & NON SPECIFIC GRANT INCOME

Group and PCC	2015/2016 £000	2014/2015 £000
National Non Domestic rates	(38,753)	(40,313)
Police Grants	(47,218)	(50,243)
Precepts	(30,210)	(29,394)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(1,003)	(1,225)
Total Taxation and Non Specific Grant Income	**(124,052)**	**(128,044)**

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12. PROPERTY, PLANT AND EQUIPMENT.

Property, Plant and Equipment 2015/2016

Group and PCC	Land and Buildings	PFI	Vehicles	Plant and Equipment	Non - Operational	Total
	£000	£000	£000	£000	£000	£000
Gross book value at 1 April 2015	12,879	30,106	4,387	22,664	2,736	72,772
Gross Book Prior Year Adjustments		-				-
Accumulated depreciation	(316)	(785)	(2,980)	(17,803)	-	(21,884)
Prior Year Adjustments	-	-	-		-	-
Net Book Value at 1 April 2015	**12,563**	**29,321**	**1,407**	**4,861**	**2,736**	**50,888**
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep			-	-	-	-
Net Book Value at 1 April 2015	**12,563**	**29,321**	**1,407**	**4,861**	**2,736**	**50,888**
Additions	31	804	858	942	1,616	4,251
Reclassification	(40)	-	41	822	(2,105)	(1,282)
Disposals	-	-	(570)	-	-	(570)
Revaluations : Revaluation Reserves	-		-		-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
Assets Reclassified (to)/From Assets Held for sale	-	-	-			-
Book value at 31 March 2016	**12,554**	**30,125**	**1,736**	**6,625**	**2,247**	**53,287**
Depreciation for 2015/16	(310)	(793)	(416)	(1,248)	-	(2,767)
Depreciation on Disposals 2015/16	-	-	457	-		457
Revaluations : Revaluation Reserves	-			-	-	-
Revaluations : Surplus / Deficit	-	-		-		-
Net Book Value at 31 March 2016	**12,244**	**29,332**	**1,777**	**5,377**	**2,247**	**50,977**

Property, Plant and Equipment 2014/2015

Group and PCC	Land and Buildings	PFI	Vehicles	Plant and Equipment	Non - Operational	Total
	£000	£000	£000	£000	£000	£000
Gross book value at 1 April 2014	12,772	29,750	4,509	21,960	1,587	70,578
Transfer Capital Adjustment Account						-
Gross Book Prior Year Adjustments		-				-
Accumulated depreciation	(7)	-	(2,760)	(16,231)		(18,998)
Prior Year Adjustments	-	-	-		-	-
Net Book Value at 1 April 2014	**12,765**	**29,750**	**1,749**	**5,729**	**1,587**	**51,580**
Adjustments to opening balances: Cost	**6**			**(4)**	**(2)**	-
Adjustments to opening balances: Dep			(3)	3	-	-
Net Book Value at 1 April 2014	**12,771**	**29,750**	**1,746**	**5,728**	**1,585**	**51,580**
Additions	101	356	272	633	1,311	2,673
Reclassification	-	-	10	75	(160)	(75)
Disposals	-	-	(405)			(405)
Revaluations : Revaluation Reserves	-					-
Revaluations : Surplus / Deficit	-	-				-
Assets Reclassified (to)/From Assets Held for sale	-	-				-
Book value at 31 March 2015	**12,872**	**30,106**	**1,623**	**6,437**	**2,736**	**53,773**
Depreciation for 2014/15	(309)	(785)	(539)	(1,575)	-	(3,208)
Depreciation on Disposals 2014/15	-	-	323			323
Revaluations : Revaluation Reserves	-			-	-	-
Revaluations : Surplus / Deficit	-	-				-
Net Book Value at 31 March 2015	**12,563**	**29,321**	**1,407**	**4,861**	**2,736**	**50,888**

Depreciation

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

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

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Capital Commitments

As at 31st March 2016, the PCC Group was contractually committed to capital works which amounted to approximately £2.222m (£1.932m at 31st March 2015).

Capital Project	Commitments £000's
Telephone Refresh	707
CCSH Construction Hub	324
Fleet Replacement 2015	259
Fleet Replacement 2016	227
WAN Upgrade	205
PSNP	119
Additional Storage Requirement	109
Golden Nominal	79
Writeoff/Uneconomival repair	60
Tape backup	31
CCSH Extend Resource	15
CCSH Prof Fees	14
Black box replacement	12
Expansion of Storage Network	12
Rewire N Ormsbey	12
Mobile Working	11
Post, Print & Scanner	10
CAID	7
CCSH Pay	6
CCSH Fictures & Fittings	2
Total Commitments	**2,222**

Revaluations

Freehold properties were re-valued as at 31st March 2014 by Sanderson Weatherall, Chartered Surveyors in accordance with the CIPFA Capital Accounting Guidance notes VGM8A and 8B and the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual "The Red Book". The next five yearly revaluations will take place in 2018/19.

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

For Land & Buildings, this is taken care of as part of the revaluation. For Plant & Machinery and Vehicles, all asset lives and residual values were reviewed and therefore any values adjusted accordingly.

13. INVESTMENT PROPERTIES

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

14. INTANGIBLE ASSETS

The PCC Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the

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period that the software is expected to be of use to the PCC Group. The useful lives assigned to the major software suites used by the PCC Group are assessed individually.

Group and PCC	Intangibles
	£000
Balance at 1 April 2015	8,042
Prior Year Adjustments	0
Accumulated Amortisation	(2,997)
Prior Year Adjustments	-
Net Carrying Amount 31st March 2015	**5,045**
Additions	104
Reclassfication	1,282
Disposals	-
Revaluations	-
Amortisation on Disposals	-
Amortisation	(1,111)
Net Carrying amount at 31 March 2016	**5,320**
Gross Carrying Amounts	**9,428**
Accumulated Amortisation	**(4,108)**

15. FINANCIAL INSTRUMENTS

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

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

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

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

Liquidity risk – the possibility that the PCC Group might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the PCC Group as a result of changes in such measures as interest rates.

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

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

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Group and PCC	31 March 2016 £000	31 March 2015 £000
Long Term Assets:		
Long Term Investments	-	-
Long Term Debtors	1,309	1,309
	1,309	**1,309**
Short-Term Assets:		
Short Term Investments	-	-
Cash and Cash Equivalents	8,860	6,330
	8,860	**6,330**
Debtors:		
Government Departments	8,879	8,350
Other Local Authorities	1,216	1,657
Other Debtors	236	5,286
Less provision for doubtful debts	(3)	(4)
	10,328	**15,289**
Short-Term Liabilities:		
Short Term Loans	(1,744)	(1,100)
Bank current Accounts	-	-
	(1,744)	**(1,100)**
Creditors:		
Government Departments	(40)	(58)
Inland Revenue/ Customs and Excise	(1,601)	(1,718)
Other Local Authorities	(743)	(662)
Sundry Creditors	(6,335)	(9,970)
	(8,719)	**(12,408)**
Long Term Liabilities:		
Long Term Creditors		
Long Term Borrowing	(16,416)	(18,160)
PFI Liabilities	(26,808)	(27,606)
	(43,224)	**(45,766)**

	31 March 2016	31 March 2015
Interest Expense	3,848	4,050
Interest Income	(48)	(46)
Net (gain)/loss for the year	**3,800**	**4,004**

Long Term Borrowing Maturity Period	Fair Value 31 March 2016 £000	Cost 31 March 2016 £000
1/2 years	-	-
2/5 years	(6,916)	(6,916)
5/10 years	(9,500)	(9,500)
Over 10 years	-	-
Total Long Term Loans	**(16,416)**	**(16,416)**

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16. INVENTORIES

Group and PCC	31 March 2016 £000	31 March 2015 £000
	Uniforms	Uniforms
Opening Balance	75	80
Purchases	125	89
Recognised in Year	(118)	(94)
Closing Balance	**82**	**75**

17. DEBTORS

Short Term Group and PCC Debtors	31 March 2016 £000	31 March 2015 £000
Government Departments	8,879	8,350
Other Local Authorities	1,993	2,813
Other Debtors	236	5,286
	11,108	**16,450**
Less: Provision for doubtful debts	(3)	(4)
	11,105	**16,445**
Add: Payments in Advance	3,162	1,581
Total Short Term Debtors	**14,267**	**18,026**
Long Term Group and PCC Debtors		
Other Debtors	1,309	1,309
Total Long Term Debtors	**1,309**	**1,309**

18. CASH AND CASH EQUIVALENTS

Group and PCC	31 March 2016 £000	31 March 2015 £000
Cash held by the PCC	75	78
Bank current Accounts	8,785	6,252
Short-term deposits	0	0
Total Cash and Cash Equivalents	**8,860**	**6,330**

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19. ASSETS HELD FOR SALE

Group and PCC	Land and Buildings	Total
	£000	£000
Balance Outstanding 1st April 2015	17,489	17,489
Asset newly classified as held for sale	-	-
Revaluation Losses	-	-
Revaluation Gains	292	292
Impairment Losses		-
Retirements - Part	(2,787)	(2,787)
Balance outstanding at 31st March 2016	**14,994**	**14,994**

20. CREDITORS

Short Term Group and PCC Creditors	31 March 2016 £000	31 March 2015 £000
Government Departments	(40)	(58)
Her Majesty's Revenue & Customs (HMRC)	(1,601)	(1,718)
Other Local Authorities	(743)	(662)
Accumulated Compensated Absences Creditor	(2,336)	(2,088)
Sundry Creditors	(6,335)	(9,970)
Sub total	**(11,055)**	**(14,497)**
Add: Income in Advance	(417)	(264)
Total Creditors	**(11,472)**	**(14,762)**
Long Term Group and PCC Creditors		
Sundry Creditors	-	-
Total Long Term Creditors	**-**	**-**

21. PROVISIONS

Group and PCC Provision Description	Balance at 31 March 2014	Transfers In 2014/15	Transfers Out 2014/15	Balance at 31 March 2015	Transfers In 2015/16	Transfers Out 2015/16	Balance at 31 March 2016
	£000	£000	£000	£000	£000	£000	£000
Staff & PCSO ER/VR	(137)	0	137	0	0	0	0
VAT Provision	-	(63)	0	(63)	0	0	(63)
Holiday Overtime Pay	-	(150)	0	(150)	0	120	(30)
Insurance	(106)	0	106	0	(172)	0	(172)
Insurance Liabilities	0	(1,980)	0	(1,980)	(532)	237	(2,275)
Strategic Contract Changes	0	0	0	0	(1,500)	0	(1,500)
Total	**(243)**	**(2,193)**	**243**	**(2,193)**	**(2,204)**	**357**	**(4,040)**

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Staff Pay & PCSO ER/VR

This provision was set up to fund ER/VR payments. This provision has been released.

VAT Provision

There is an on-going legal challenge in respect of the treatment of VAT on the hammer price of auction vehicles that have been seized. A provision has been created to cover the likely costs of judgement if the case is found in favour of the HMIC.

Holiday Overtime Pay

Following a recent court ruling in respect of holiday pay in regards to regularised overtime payments the PCC has created this provision to address any prior liability associated with this ruling. In 2015/16 we have released the proportion of the provision relating to Police Officers as agreement has been reached between both parties. Negotiations continue with Police staff employees and as a consequence the provision holds a balance for this potential liability.

Insurance

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

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

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

This provision has been increased in 2015/16 by £172K in line with projections provided by the MMI administrators.

Insurance Liabilities

The provision is required to fund the potential liability in respect of current Insurance claims. The potential liability is calculated with reference to the "reserves" set by the Insurers on a case by case basis.

Strategic Contract Changes

The PCC has agreed to some significant changes to two of the Strategic Contracts that the organisation is a party too. These will deliver significant recurring contract price reductions. The changes have been agreed in 2015/16 but with the costs falling due in 2016/17. The costs are predominantly dependent on reductions to the workforces that deliver the contracts and the PCC will pick up the costs that enable these changes to happen. A provision has been established to pay for these costs as the exact costs were not known at the year end.

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22. PENSIONS

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

The PCC Group participates in two pension schemes:

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

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

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

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Group	Local Government Pension Scheme		Police Pension Scheme		Total	
	2015/2016 £000	2014/2015 £000	2015/2016 £000	2014/2015 £000	2015/2016 £000	2014/2015 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	2,086	1,660	18,572	23,987	20,658	25,647
Curtailment/settlements	-	-	-	-	-	-
Past service cost	-	93	-	-	-	93
Change to accounting policies	-	-	-	-	-	-
Financing and Investment Income and Expenditure						
Interest cost	2,670	3,096	37,593	45,293	40,263	48,389
Expected return on assets	(2,006)	(2,478)	-	-	(2,006)	(2,478)
Other investment Income	-	-	-	-	-	-
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	**2,750**	**2,371**	**56,165**	**69,280**	**58,915**	**71,651**
Other post employment Benefit Charged to the CIES						
Return on Plans asest	-	(2,879)	-	-	-	(2,879)
Actuarial (gains) /losses : Financial Asumptions	-	8,500	(44,222)	95,823	(44,222)	104,323
Actuarial (gains) /losses: Demographic assupmtions	-	-	(12,245)	-	(12,245)	-
Actuarial (gains) /losses : liabilty experience	-	(443)	156,035	(8,172)	156,035	(8,615)
Total Post employment Benefit Charged to the CIES	**2,750**	**7,549**	**155,733**	**156,931**	**158,483**	**164,480**
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	(2,750)	(2,371)	(56,165)	(69,280)	(58,915)	(71,651)
Actual amount charged against General fund balances for pensions in the year:						
Contribution in year	1,154	1,223	9,511	13,271	10,665	14,494
Unfunded Pension Payments	-	-	-	-	-	-

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PCC	Local Government Pension Scheme	
	2015/2016 £000	2014/2015 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	267	151
Curtailment/settlements	-	-
Past service cost	-	33
Change to accounting policies	-	-
Financing and Investment Income and Expenditure		
Interest cost	243	283
Expected return on assets	(175)	(223)
Other investment Income	-	-
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	**335**	**244**
Other post employment Benefit Charged to the CIES		
Return on Plans asest	285	(259)
Actuarial (gains) /losses : Financial Asumptions	(507)	820
Actuarial (gains) /losses: Demographic assupmtions	-	-
Actuarial (gains) /losses : liabilty experience	(1)	-
Total Post employment Beneifit Charged to the CIES	**112**	**805**
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	(335)	(244)
Actual amount charged against General fund balances for pensions in the year:		
Contribution in year	102	99
Unfunded Pensions Payments	-	-

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

Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/16 £000	31/03/15 £000	31/03/16 £000	31/03/15 Restated £000	31/03/16 £000	31/03/15 £000	31/03/16 £000	31/03/15 £000	31/03/16 £000	31/03/15 £000	31/03/16 £000	31/03/15 £000
Opening Balance Actuarial Loss Adjustment 1st April 2013				4,228							-	4,228
Estimated funded liabilities in scheme	81,305	83,501	-	-			-	-			81,305	83,501
Estimated unfunded liabilities in scheme	378	408	1,203,110	1,075,758	68,998	71,258	31,121	46,125	8,713	-	1,312,320	1,193,549
Estimated assets in scheme	61,491	62,627	-	-			-	-			61,491	62,627
Net Liability	**20,192**	**21,282**	**1,203,110**	**1,079,986**	**68,998**	**71,258**	**31,121**	**46,125**	**8,713**	**-**	**1,332,134**	**1,218,651**

PCC	Local Government Pension Scheme	
	31/03/16 £000	31/03/15 £000
Estimated funded liabilities in scheme	7,536	7,642
Estimated unfunded liabilities in scheme	-	-
Estimated assets in scheme	5,365	5,480
Net Liability	**2,171**	**2,162**

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Note 23 contains details of the assumptions made in estimating the figures included in this note.

23. PENSIONS LIABILITY

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

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31st March 2015 are as follows:

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £1,332m has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,297m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Scheme and the Teesside Pension Fund liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, with estimates for the PCC Group being based on the latest full valuation of the scheme as at 31st March 2013.

The main assumptions used in their calculations have been:

Group and PCC	**Local Government Pension Scheme**		**Police Pension Scheme**	
	31/03/16	**31/03/15**	**31/03/16**	**31/03/15**
Rate of inflation (RPI)	2.9%	2.9%	2.9%	2.9%
Rate of inflation (CPI)	1.8%	1.8%	1.8%	1.8%
Rate of increase in salaries	3.3%	3.3%	3.3%	3.3%
Rate of increase in pensions	1.8%	1.8%	1.8%	1.8%
Rate for discounting scheme liabilities	3.5%	3.2%	3.4%	3.2%

Group	**Police Pension Schemes**	**Police Pension Schemes**	**Local Government Pensions**	**Local Government Pensions**
	Year to 31/03/17	**Year to 31/03/18**	**Year to 31/03/17**	**Year to 31/03/18**
Funded :-	**£000s**	**£000s**	**£000s**	**£000s**
Current Service cost	17,795	18,382	1,951	2,016
Net Interest cost	43,967	44,781	673	722
Total	**61,762**	**63,163**	**2,624**	**2,738**

Group	**Police Pension Schemes**	**Police Pension Schemes**	**Local Government Pensions**	**Local Government Pensions**
	Year to 31/03/16	**Year to 31/03/17**	**Year to 31/03/17**	**Year to 31/03/18**
UnFunded :-	**£000s**	**£000s**	**£000s**	**£000s**
Current Service cost	-		-	-
Net Interest cost	-		13	12
Total	**-**	**-**	**13**	**12**

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

Group	Assets at 31 March 2015		Assets at 31 March 2016		Asset Split as at 31 March 2016	
	£000	%	£000	%	Quoted	Unquoted
Equities	52,607	84.0%	52,206	84.9%	84.4%	0.5%
Gilts	1,065	1.7%	861	1.4%	1.4%	0.0%
Bonds	2,129	3.4%	984	1.6%	1.6%	0.0%
Property	4,008	6.4%	4,304	7.0%	0.9%	6.1%
Cash	1,566	2.5%	3,136	5.1%	5.1%	0.0%
Other	1,253	2.0%	0	0.0%	0.0%	0.0%
Total	**62,627**	**100.0%**	**61,491**	**100.0%**	**93.4%**	**6.6%**

PCC	Assets at 31 March 2015		Assets at 31 March 2016		Asset Split as at 31 March 2016	
	£000	%	£000	%	Quoted	Unquoted
Equities	4,604	84.0%	4,555	84.9%	84.4%	0.5%
Gilts	93	1.7%	75	1.4%	1.4%	0.0%
Bonds	186	3.4%	86	1.6%	1.6%	0.0%
Property	351	6.4%	376	7.0%	0.9%	6.1%
Cash	137	2.5%	274	5.1%	5.1%	0.0%
Other	110	2.0%	0	0.0%	0.0%	0.0%
Total	**5,481**	**100.0%**	**5,365**	**100.0%**	**93.4%**	**6.6%**

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

Analysis of Amount Recognised in Other Comprehensive Income										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/16 £000	Year to 31/03/15 £000	Year to 31/03/16 £000	Year to 31/03/15 £000	Year to 31/03/16 £000	Year to 31/03/15 £000	Year to 31/03/16 £000	Year to 31/03/15 £000	Year to 31/03/16 £000	Year to 31/03/15 £000
Actual Return Less Expected return on Pension Scheme Assets	(3,265)	2,879	31,826	20,605	0	0	0	0	0	0
Experience Gains and Losses Arising on the Scheme Liabilities	0	0	0	0	0	0	0	0	0	0
Other Experience Gains/(Losses) on Liabilities	0	0	0	0	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	5,951	(8,057)	(121,356)	(76,237)	4,114	(5,255)	16,813	(6,159)	684	0
Actuarial Gain/(Loss) in Pension Plan	**2,686**	**(5,178)**	**(89,530)**	**(55,632)**	**4,114**	**(5,255)**	**16,813**	**(6,159)**	**684**	**0**
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0	0	0	0	0	0
Fall and Other Factors	0	0	0	0	0		0	0	0	0
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	**2,686**	**(5,178)**	**(89,530)**	**(55,632)**	**4,114**	**(5,255)**	**16,813**	**(6,159)**	**684**	**0**
Effect of Change in Accounting Methodology	0	0	0	0			0	0	0	0

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Summary	31/03/16	31/03/15
Local Government Pension Scheme	2,686	(5,178)
1987 Police Pension Scheme	(89,530)	(55,632)
Injury Awards	4,114	(5,255)
2006 Police Pension Scheme	16,813	(6,159)
2015 Police Pension Scheme	684	0
Total Gains/(Loss) Recognised CIES	**(65,233)**	**(72,224)**

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

PCC	Local Government Pension Scheme	
	Year to 31/03/16 £000	Year to 31/03/15 £000
Actual Return Less Expected return on Pension Scheme Assets	(285)	259
Experience Gains and Losses Arising on the Scheme Liabilities	0	0
Other Experience Gains/(Losses) on Liabilities	0	0
Changes in Demographic/Financial Assumptions Underlying the Scheme Liabilities	508	(820)
Actuarial Gain/(Loss) in Pension Plan	**223**	**(561)**
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0
Fall and Other Factors	0	0
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	**223**	**(561)**
Effect of Change in Accounting Methodology	0	0

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Asset and Benefit Obligation Reconciliation										
Group	**Local Government Pension Scheme**		**1987 Police Pension Scheme**		**Injury Awards**		**2006 Police Pension Scheme**		**2015 Police Pension Scheme**	
	Year to 31/03/16	**Year to 31/03/15**	**Year to 31/03/16**	**Year to 31/03/15**	**Year to 31/03/16**	**Year to 31/03/15**	**Year to 31/03/16**	**Year to 31/03/15**	**Year to 31/03/16**	**Year to 31/03/15**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Opening Defined Benefit Obligation	83,909	72,908	1,079,986	975,441	71,258	63,140	46,125	35,732	0	0
Current Service Cost	2,086	1,660	10,442	20,039	1,592	2,137	239	1,811	6,299	0
Interest Cost	2,670	3,096	33,819	41,064	2,249	2,674	1,477	1,555	48	0
Actuarial losses (gains)	(5,951)	8,057	121,356	76,237	(4,114)	5,255	(16,813)	6,159	(684)	0
Losses (gains) on curtailments	0	0	0	0	0	0				
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0	0	0
Liabilities assumed in a business combination	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid net of transfers in	(1,650)	(2,502)	(45,738)	(38,604)	(1,987)	(1,948)	0	7	23	0
Past Service Cost	0	93	0	0	0	0	0	0	0	0
Contribution by Scheme participants	619	597	3,245	5,809	0	0	93	861	3,027	0
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	**81,683**	**83,909**	**1,203,110**	**1,079,986**	**68,998**	**71,258**	**31,121**	**46,125**	**8,713**	**0**
Opening fair value of Scheme assets	62,628	57,953	0	0	0	0	0	0	0	0
Expected return on Scheme assets	2,006	2,478	0	0	0	0	0	0	0	0
Actuarial gains (losses)	(3,265)	2,879	31,826	20,605	0	0	0	0	0	0
Contributions by employer including unfunded benefits	1,154	1,223	10,667	12,190	1,987	1,948	(93)	(868)	(3,050)	0
Contributions by Scheme participants	619	597	3,245	5,809	0	0	93	861	3,027	0
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(1,650)	(2,502)	(45,738)	(38,604)	(1,987)	(1,948)	0	7	23	0
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
Fair Value of Scheme Assets at end of Period	**61,492**	**62,628**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reconcilation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(21,281)	(14,955)	(1,079,986)	(975,441)	(71,258)	(63,140)	(46,125)	(35,732)	0	0
Current Service Cost	(2,086)	(1,660)	(10,442)	(20,039)	(1,592)	(2,137)	(239)	(1,811)	(6,299)	0
Contributions by employer including unfunded benefits	1,154	1,223	10,667	12,190	1,987	1,948	(93)	(868)	(3,050)	0
Contributions by Scheme participants	0	0	0	0	0	0	0	0	0	0
Past Service Costs	0	(93)	0	0	0	0	0	0	0	0
Interest Costs	(2,670)	(3,096)	(33,819)	(41,064)	(2,249)	(2,674)	(1,477)	(1,555)	(48)	0
Expected return on Scheme assets	2,006	2,478	0	0	0	0	0	0	0	0
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
Actuarial (losses) gains	2,686	(5,178)	(89,530)	(55,632)	4,114	(5,255)	16,813	(6,159)	684	0
Fair Value of Scheme Assets/ (Liabilities) at end of Period	**(20,191)**	**(21,281)**	**(1,203,110)**	**(1,079,986)**	**(68,998)**	**(71,258)**	**(31,121)**	**(46,125)**	**(8,713)**	**0**

Summary	**31/03/16**	**31/03/15**
Local Government Pension Scheme	(20,191)	(21,281)
1987 Police Pension Scheme	(1,203,110)	(1,079,986)
Injury Awards	(68,998)	(71,258)
2006 Police Pension Scheme	(31,121)	(46,125)
2015 Police Pension Scheme	(8,713)	0
	(1,332,133)	**(1,218,650)**

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PCC	Local Government Pension Scheme	
	Year to 31/03/16 £000	Year to 31/03/15 £000
Opening Defined Benefit Obligation	**7,642**	**6,816**
Current Service Cost	267	151
Interest Cost	243	283
Actuarial losses (gains)	(508)	820
Losses (gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Estimated benefits paid net of transfers in	(175)	(504)
Past Service Cost	0	33
Contribution by Scheme participants	67	43
Additional Employer Contributions	0	0
Unfunded pension payments	0	0
Closing Defined Benefit Obligation	**7,536**	**7,642**

Opening fair value of Scheme assets	**5,481**	**5,361**
Expected return on Scheme assets	175	223
Actuarial gains (losses)	(285)	259
Contributions by employer including unfunded benefits	102	99
Contributions by Scheme participants	67	43
Change to Accounting Policies	0	0
Estimated benefits paid including unfunded benefits	(175)	(504)
Gain on Settlement	0	0
Fair Value of Scheme Assets at end of Period	**5,365**	**5,481**

Opening Surplus / (Deficit)	**(2,161)**	**(1,455)**
Current Service Cost	(267)	(151)
Contributions by employer including unfunded benefits	102	99
Contributions by Scheme participants	0	0
Past Service Costs	0	(33)
Interest Costs	(243)	(283)
Expected return on Scheme assets	175	223
Gain on Settlement	0	0
Actuarial (losses) gains	223	(561)
Fair Value of Scheme Assets/ (Liabilities) at end of Period	**(2,171)**	**(2,161)**

PCC	Local Government Pensions	Local Government Pensions
	Year to 31/03/17	Year to 31/03/18
	£000s	£000s
Service cost	254	263
Net Interest cost	74	80
Total	**328**	**343**

The table below details the approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2016 and projected service cost for the year ending 31 March 2016.

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Police Pension Schemes : Group	Sensitivity Analysis		
	Group and Cleveland Police		
1987 Police Pension Scheme:-	**+0.1% p.a.**	**Base 15/16**	**-0.1% p.a.**
Discount Rate Assumptions			
Present Value of total obilgation (£m's)	1,183,023	1,203,110	1,223,538
% change in present value of total obligation	-1.7%		1.7%
Rate of General increase in Salaries			
Present Value of total obilgation (£m's)	1,207,205	1,203,110	1,199,051
% change in present value of total obligation	0.3%		-0.3%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obilgation (£m's)	1,219,404	1,203,110	1,187,043
% change in present value of total obligation	1.4%		-1.3%
Post retirement mortality assumption			
Present Value of total obilgation (£m's)	1,234,391	1,203,110	1,171,801
% change in present value of total obligation	2.6%		-2.6%
2006 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obilgation (£m's)	29,994	31,121	32,291
% change in present value of total obligation	-3.6%		3.8%
Rate of General increase in Salaries			
Present Value of total obilgation (£m's)	31,732	31,121	30,523
% change in present value of total obligation	2.0%		-1.9%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obilgation (£m's)	31,670	31,121	30,583
% change in present value of total obligation	1.8%		-1.7%
Post retirement mortality assumption			
Present Value of total obilgation (£m's)	31,930	31,121	30,311
% change in present value of total obligation	2.6%		-2.6%
Injury Awards :-			
Discount Rate Assumptions			
Present Value of total obilgation (£m's)	67,824	68,998	70,193
% change in present value of total obligation	-1.7%		1.7%
Rate of General increase in Salaries			
Present Value of total obilgation (£m's)	69,288	68,998	68,711
% change in present value of total obligation	0.4%		-0.4%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obilgation (£m's)	69,899	68,998	68,108
% change in present value of total obligation	1.3%		-1.3%
Post retirement mortality assumption			
Present Value of total obilgation (£m's)	70,792	68,998	67,202
% change in present value of total obligation	2.6%		-2.6%
2015 Police Pension Scheme :-			
Discount Rate Assumptions			
Present Value of total obilgation (£m's)	8,405	8,713	9,032
% change in present value of total obligation	-3.5%		3.7%
Rate of General increase in Salaries			
Present Value of total obilgation (£m's)	8,893	8,713	8,537
% change in present value of total obligation	2.1%		2.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obilgation (£m's)	8,850	8,713	8,578
% change in present value of total obligation	1.6%		-1.5%
Post retirement mortality assumption			
Present Value of total obilgation (£m's)	8,960	8,713	8,486
% change in present value of total obligation	2.6%		-2.6%

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Funded LGPS benefits : Group	Sensitivity Analysis			Sensitivity Analysis			Sensitivity Analysis		
	PCC			Cleveland Police			Group		
	+0.1% p.a.	Base 15/16	-0.1% p.a.	+0.1% p.a.	Base 15/16	-0.1% p.a.	+0.1% p.a.	Base 15/16	-0.1% p.a.
Discount Rate Assumptions									
Present Value of total obilgation (£m's)	7,374	7,536	7,702	72,143	73,769	75,432	79,517	81,305	83,134
% change in present value of total obligation	-2.2%		2.2%	-2.2%		2.3%	-2.2%		2.2%
Projected Service cost (£M's)	247	254	261	1,628	1,697	1,768	1,875	1,951	2,029
Approx % change in projected service cost	-2.8%		2.8%	-4.0%		4.2%	-3.9%		4.0%
Rate of General increase in Salaries									
Present Value of total obilgation (£m's)	7,599	7,536	7,474	74,120	73,769	73,422	81,719	81,305	80,896
% change in present value of total obligation	0.8%		0.8%	254.0%		-0.5%	0.5%		-0.5%
Projected Service cost (£M's)	254	254	254	1,697	1,697	1,697	1,951	1,951	1,951
Approx % change in projected service cost	0.0%		0.0%	0.0%		0.0%	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 obilgation (£m's)	7,369	7,536	7,435	75,077	73,769	72,486	82,446	81,305	79,921
% change in present value of total obligation	1.4%		-1.3%	1.8%		-1.7%	1.4%		-1.7%
Projected Service cost (£M's)	261	254	247	1,768	1,697	1,628	2,029	1,951	1,875
Approx % change in projected service cost	2.8%		-2.8%	4.2%		-4.0%	4.0%		-3.9%
Post retirement mortality assumption									
Present Value of total obilgation (£m's)	7,726	7,536	7,345	75,629	73,769	71,900	83,355	81,305	79,245
% change in present value of total obligation	2.5%		-2.5%	2.5%		-2.5%	2.5%		-2.5%
Projected Service cost (£M's)	262	254	246	1,755	1,697	1,639	2,017	1,951	1,885
Approx % change in projected service cost	3.2%		-3.2%	3.4%		-3.4%	3.4%		-3.4%

24. LEASED ASSETS – RENTALS

The PCC has entered into an operating lease arrangement for photocopying/printing equipment which expires in May 2019.

	Finance Leases £000	Operating Leases £000
Total Rentals paid in 2015/2016	0	18
Outstanding undischarged Leasing Obligations.		
2016/2017	0	24
2017/2018	0	24
2018/2019	0	24
2019/2020	0	2

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

25. OFFICERS' EMOLUMENTS

During the financial year 2015/2016, the numbers of senior police officers (above the rank of Superintendent) and staff whose remuneration, excluding employers' pension contributions and compensation for loss of office, was £50,000 or more in bands of £5,000 were:

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Group

Remuneration Band	Number of Employees 2015/16			2014/2015
	Police Officers	Support Staff	Total	
£50,000 - £54,999	0	1	1	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	0	0	0	1
£65,000 - £69,999	0	2	2	2
£70,000 - £74,999	0	2	2	3
£75,000 - £79,999	0	0	0	2
£80,000 - £84,999	2	0	2	3
£85,000 - £89,999	3	1	4	3
£90,000 - £94,999	0	0	0	1
£95,000 - £99,999	0	2	2	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	2	0	2	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	2	0	2	1
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	0	0	0
£145,000 - £149,999	0	0	0	1
Total	**9**	**8**	**17**	**17**

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

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Group Remuneration Disclosure 2015/16:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Bonuses	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contribution 15/16	Pension Contributions
	£	£	£	£	£	£	£	£	£
Chief Constable - J Cheer	144,243	124,161	0	0	0	3,248	0	127,409	0
Temp. Chief Constable - Iain Spittal	137,133	121,159	0	138	0	1,896	0	123,193	27,186
The PCC	70,000	70,000	0	55	0	0	0	70,055	8,820
DCC :TEMP	113,109	107,047	0	0	0	1,496	0	108,543	24,419
ACC : TEMP	96,597	89,591	0	87	0	0	0	89,678	19,787
CFO: CC	97,611	97,786	0	77	0	0	0	97,863	12,321
CFO : PCC	88,290	98,448	0	47	0	0	0	98,495	12,404
Chief of Staff -PCC	86,874	87,030	0	79	0	0	0	87,109	10,965

Notes:-

1) As a result of the CC's (J Cheer) retirement the following Officers have undertaken acting duties :-
   a. DCC Mr Spittal acted up as temporary CC with effect from December 2015.
   b. ACC Mr Nickless acted up as temporary DCC with effect from December 2015.
   c. Mr Irvine acted up as temporary ACC with effect from December 2015.

2) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC also. 40% of the PCC CFO's time is now spent providing this service and the North Yorkshire PCC pays for 40% of the costs incurred in providing this service. During 2015/16 the salary costs recharged to the North Yorkshire PCC totalled £48,887

Group Remuneration Disclosure 2014/15:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Bonuses	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contribution 14/15	Pension Contributions
	£	£	£	£	£	£	£	£	£
Chief Constable - J Cheer	145,581	145,581	0	0	0	3,564	0	149,145	0
The PCC	70,000	70,000	0	0	0	0	0	70,000	8,820
DCC	120,519	120,519	0	0	0	3,734	0	124,253	26,917
ACC	95,640	78,664	0	3,327	0	125	0	82,116	16,757
ACC	107,976	69,273	0	0	0	0	0	69,273	13,644
ACC	106,908	6,750	0	4,963	0	0	0	11,713	1,629
CFO: CC	97,611	87,148	0	0	0	0	0	87,148	10,979
CFO : PCC	93,518	93,518	0	0	0	0	0	93,518	11,783
Chief of Staff-PCC	86,874	78,763	0	0	0	0	0	78,763	9,907

Notes:-

1) During financial year 2014/15 the CC Cheer was seconded to the College of Policing from 5/1/15-13/3/15 to run the Senior Commanders Course for officers wanting to apply for ACPO positions or support staff equivalents. The College of Policing was recharged £30,853.93 for her services.

2) During the period of secondment of the CC Cheer, DCC Spittal acted up as CC and the ACC Nickless acted up as DCC.

3) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC also. 40% of the PCC CFO's time is now spent providing this service and the North Yorkshire PCC pays for 40% of the costs incurred in providing this service. During 2014/15 the salary costs recharged to the North Yorkshire PCC totalled £34,199

4) The PCC appointed a new Chief of Staff in April 2014.

DCC = Deputy Chief Constable
ACC = Assistant Chief Constable
CFO to the CC = Chief Financial Officer to the Chief Constable
CFO to the PCC = Chief Financial Officer to the Police & Crime Commissioner

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PCC

Remuneration Band	Number of Employees 2014/15			2014/2015
	Police Officers	Support Staff	Total	
£50,000 - £54,999	0	1	1	0
£55,000 - £59,999	0	0	0	0
£60,000 - £64,999	0	0	0	0
£65,000 - £69,999	0	0	0	0
£70,000 - £74,999	0	1	1	1
£75,000 - £79,999	0	0	0	1
£80,000 - £84,999	0	0	0	0
£85,000 - £89,999	0	1	1	0
£90,000 - £94,999	0	0	0	1
£95,000 - £99,999	0	1	1	0
Total	**0**	**4**	**4**	**3**

PCC Remuneration Disclosure 2015/16:

Post Holder	Annualised Salary £	Salary (Including Fees & Allowances) £	Bonuses £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind £	Other Payments £	Total Remuneration excluding Pension Contribution 15/16 £	Pension Contributions £
The PCC	70,000	70,000	0	55	0	0	0	70,055	8,820
CFO: PCC	88,290	98,448	0	47	0	0	0	98,495	12,404
Chief of Staff- PCC	86,874	87,030	0	79	0	0	0	87,109	10,965

1) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC also. 40% of the PCC CFO's time is now spent providing this service and the North Yorkshire PCC pays for 40% of the costs incurred in providing this service. During 2015/16 the salary costs recharged to the North Yorkshire PCC totalled £48,887

PCC Remuneration Disclosure 2014/15:

Post Holder	Annualised Salary £	Salary (Including Fees & Allowances) £	Bonuses £	Expense Allowances £	Compensation for Loss of Office £	Benefits in Kind £	Other Payments £	Total Remuneration excluding Pension Contribution 14/15 £	Pension Contributions £
The PCC	70,000	70,000	0	0	0	0	0	70,000	8,820
CFO: PCC	93,518	93,518	0	0	0	0	0	93,518	11,783
Chief of Staff- PCC	86,874	78,763	0	0	0	0	0	78,763	9,907

1) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC also. 40% of the PCC CFO's time is now spent providing this service and the North Yorkshire PCC pays for 40% of the costs incurred in providing this service. During 2014/15 the salary costs recharged to the North Yorkshire PCC totalled £34,199.

2) The PCC appointed a new Chief of Staff in April 2014.

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26. TERMINATION BENEFITS

In the financial year the PCC group paid no termination benefits.

27. MEMBERS ALLOWANCES

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

Group and PCC	2015/2016 £000	2014/2015 £000
Allowances for approved duties	10	10
Additional Duties	4	0
Travel and Subsistence	0	0
Total Members Allowances	**14**	**10**

Note: The costs in relation to additional duties were paid to members for their roles in supporting misconduct hearings.

28. RELATED PARTIES

Group and PCC

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

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

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Government Departments	£000's
Income	
Police Grant	46,418
NNDR	38,753
Pension Top up Grant	25,230
Local Council Tax Support	6,868
PFI Grant	4,106
Capital Grant	1,003
Dedicated Security Posts Funding	906
Grant in Lieu of Council Tax	800
Innovation Grant	455
Ministry of Justice Victim & Witness Grant	623
Capital Financing Grant	228
	125,390
Expenditure	
Police National Computer (PNC)	311
Police National Database (PND)	176
IDENT1 (Livescan)	165
ACPO Criminal Records Office (ACRO)	60
Identity & Access Management (IAM)	51
Child Abuse Image Database	50
Pentip	38
National ANPR Database (NADC)	26
National Police Procurement Hub	25
National Ballistics Intelligence Service (NABIS)	18
NMAT2 CASWEB & MIRWEB	16
National Collision Database (CRASH)	10
Nayional Policing Risk Management Team	9
National DNA Delivery Unit	7
Prisoner Recalls & Licences	6
National Mobile Phone Register (NMPR)	5
ID Untegrated Offender Mananagement (IDIOM)	4
	977

During 2015/16 no-one has declared related parties interests.

29. PRIVATE FINANCE INITIATIVE

Group and PCC

As at the end of 2015/16 the PCC Group has 2 long term contracts under the Private Finance Initiative.

1) The contract for the Tactical Training Centre for Urlay Nook (referred as Urlay Nook) was entered into in April 2000 with payments commencing in April 2001.

- The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.

- At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Support Services (Cleveland) Ltd..

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- The SPA contains rights for the PCC and Support Services (Cleveland) Ltd.to terminate the SPA, and these include: --
    - Termination and compensation rights for default by either party
    - Termination and compensation rights under a 'force majeure' event
    - Rights for voluntary termination by the PCC only

- The contract expires in 2025/26.

2) During 2006/07 the contract for the Centralised Cell Accommodation and District HQ facilities (referred to as Action Stations) commenced with payments beginning in January 2007.

- The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.

- At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Cleveland FM Services.

- The SPA contains rights for the PCC and Cleveland FM services Ltd to terminate the SPA, and these include: --
    - Termination and compensation rights for default by either party
    - Termination and compensation rights under a 'force majeure' event
    - Rights for voluntary termination by the PCC only

  The contract expires in 2031/2.

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

	Urlay Nook		**Action Stations**		**Total**	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	4,697	(4,286)	24,624	(23,321)	29,321	(27,607)
Movements:					0	0
Depreciation	(116)	0	(678)	0	(793)	0
Lifecycle maintenance	74	0	730	0	804	0
Revaluation / Reclassification	0	0	0	0	0	0
Principal repayment	0	276	0	523	0	799
Balance c/f	**4,655**	**(4,010)**	**24,676**	**(22,798)**	**29,332**	**(26,808)**

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	Urlay Nook		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	1,305	584	(122)
2 to 5 years	2,869	3,109	1,391
6 to 10 years	4,041	3,413	2,740
11 to 15 years	0	0	0

	Action Stations		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	1,967	2,315	964
2 to 5 years	9,205	8,384	416
6 to 10 years	14,832	8,227	5,839
11 to 15 years	15,608	5,941	9,554
16 to 20 years	2,202	899	2,323

30. AUDIT COSTS

In 2015/16 the PCC Group incurred the following fees for external audit services:

Group Audit Fees

	2015/2016 £000	2014/2015 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	49	65
Fees payable to external audit in respect of additional services requested	0	0
Refund of Fees for prior year	-	(7)
Total Audit Costs	**49**	**58**

PCC Audit Fees

	2015/2016 £000	2014/2015 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	34	45
Fees payable to external audit in respect of additional services requested	0	
Refund on Prior year audit fees	-	(5)
Total Audit Costs	**34**	**40**

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31. INFORMATION ON ASSETS HELD

Group and PCC

Analysis of Assets	2015/2016	2014/2015
Buildings		
Police Headquarters	1	1
Operational Police Stations	11	11
Non-Operational Police Stations	0	0
Radio Mast site	1	1
Total	**13**	**13**
Vehicles		
Cars	197	190
Vans	75	69
Other Vehicles	12	19
Total	**284**	**278**

In addition to the above, there are 4 Operational Police Stations plus a Firearms Range held under Private Finance Initiative schemes.

32. CAPITAL EXPENDITURE IN THE YEAR AND SOURCES OF FINANCE

Group and PCC

Capital Expenditure and Financing	31 March 2016 £000	31 March 2015 £000
Capital Investment:		
Property, Plant and Equipment	4,251	2,673
Intangible Assets	104	109
Revenue Expenditure Funded from Capital under Statue	-	-
Total Capital Investment	**4,355**	**2,782**
Sources of Finance:		
Capital Receipts	(2,861)	(211)
Government Grants and Contributions	(690)	(1,246)
Other Grants and Contributions	-	-
Direct Revenue Contributions	(804)	(1,325)
Supported Borrowing	-	-
Unsupported Borrowing	-	-
Total Finance	**(4,355)**	**(2,782)**

Capital Financing Requirement	31 March 2015 £000	31 March 2014 £000
Opening Capital Financing Requirement	**51,875**	**56,560**
Additions in Year	4,355	2,782
Sources of Finance	(4,355)	(2,782)
Minimum / Voluntary Revenue Provision	(1,870)	(4,685)
Closing Financing Requirement	**50,005**	**51,875**

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33. BORROWING

Group and PCC

Interest rates vary between 3.24% and 5.08%. The weighted average rate is 4.23%

	31 March 2016 £000	31 March 2015 £000
Public Works Loans Board		
Due in the next Financial Year	(1,744)	(1,100)
Long Term Loans	(16,416)	(18,160)
Total Borrowing	**(18,160)**	**(19,260)**

Maturity Period	31 March 2016 £000	31 March 2015 £000
1/2 years	-	(1,744)
2/5 years	(6,916)	(3,644)
5/10 years	(9,500)	(12,772)
Over 10 years	-	-
Total Long Term Loans	**(16,416)**	**(18,160)**

34. PROCEEDS OF CRIME ACT 2002

The PCC Group is holding cash at bank totalling £0.495m in respect of seized cash balances in relation to the Proceeds of Crime Act 2002. This balance is not included in the Balance Sheet.

35. AGENCY SERVICES

Consortium Charges

The PCC Group has an agency agreement with the North East Fingerprint Bureau to provide fingerprinting services. Payments in 2015/16 amounted to £0.380m (£0.370m in 2014/15).

National Police Air Service (NPAS)

The PCC group has an agency agreement with the National Police Air Service (effective from 1st April 2013) to provide Helicopter support services. The annual contribution in 2015/16 was £1.437m. (£1,437m 2014/15).

Other National Police Services

The PCC Group made a subscription payment to the Home Office for a range of ICT services. Detailed below the annual cost for 2015/16 was £0.977M. (£0.775M in 2014/15)

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	£000'S
Police National Computer (PNC)	311
Police National Database (PND)	176
IDENT1 (Livescan)	165
ACPO Criminal Records Office (ACRO)	60
Identity & Access Management (IAM)	51
Child Abuse Image Database	50
Pentip	38
National ANPR Database (NADC)	26
National Police Procurement Hub	25
National Ballistics Intelligence Service (NABIS)	18
NMAT2 CASWEB & MIRWEB	16
National Collision Database (CRASH)	10
Nayional Policing Risk Management Team	9
National DNA Delivery Unit	7
Prisoner Recalls & Licences	6
National Mobile Phone Register (NMPR)	5
ID Untegrated Offender Mananagement (IDIOM)	4
	977

36. USABLE RESERVES

Group and PCC

Description of Reserve	31 March 2014 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2015 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2016 £000
Insurance Fund	(1,675)	(305)	1,980	0	0	0	0
Earmarked Reserves	(5,121)	(2,771)	2,473	(5,419)	(2,969)	1,918	(6,470)
Revenue Grants Unapplied Reserve	(387)	(28)	11	(404)	(17)	285	(136)
Capital Grants Unapplied Reserve	(140)	(1,225)	1,308	(57)	(1,003)	690	(370)
Capital Receipts Unapplied Reserve	(137)	(73)	211	0	(2,861)	2,861	0
General Fund	(7,031)	(2,493)	680	(8,844)	(1,074)	1,291	(8,627)
Total Usable Reserves	**(14,491)**	**(6,897)**	**6,663**	**(14,724)**	**(7,924)**	**7,045**	**(15,603)**

Insurance Fund – This reserve has be reclassified as a provision in line with the criteria detailed in IAS37

Earmarked Reserves – Please see Note 8 for a detailed analysis

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

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

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

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

37. UNUSABLE RESERVES

Group

Description of Reserve	31 March 2014 £000	Additions in Year £000	Reductions in Year £000	31 March 2015 £000	Additions in Year £000	Reductions in Year £000	31 March 2016 £000
Revaluation Reserve	(12,725)	0	8	(12,717)	(292)	2,795	(10,213)
Available for Sale Financial Instruments Reserve	0	0	0	0	0	0	0
Capital Adjustment Account	(5,527)	(2,058)	(1,246)	(8,831)	(4,355)	2,114	(11,072)
Pension Reserve	1,089,269	(17,839)	147,221	1,218,651	(12,671)	126,154	1,332,134
Collection Fund Adjustment Account	(559)	(1,156)	559	(1,156)	(776)	1,156	(776)
Accumulated Absence Reserve	2,062	2,088	(2,062)	2,088	248	0	2,336
Total Unusable Reserves	**1,072,520**	**(18,965)**	**144,480**	**1,198,035**	**(17,846)**	**132,219**	**1,312,408**

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

Capital Adjustment Account – absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. This account also contains any revaluation gains prior to 1st April 2007.

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.

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

Accumulated Absence Reserve – absorbs the differences that would otherwise arise on the General fund balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact on the General Fund balance is neutralised by transfers to/from the account.

PCC

Description of Reserve	31 March 2014 £000	Additions in Year £000	Reductions in Year £000	31 March 2015 £000	Additions in Year £000	Reductions in Year £000	31 March 2016 £000
Revaluation Reserve	(12,725)	0	8	(12,717)	(292)	2,795	(10,213)
Capital Adjustment Account	(5,527)	(2,782)	(523)	(8,831)	(4,355)	2,114	(11,072)
Pension Reserve	14,956	(66,414)	53,620	2,161	510	(500)	2,171
Collection Fund Adjustment Account	(559)	(1,156)	559	(1,156)	(776)	1,156	(776)
Accumulated Absence Reserve	2,062	2,088	(2,062)	2,088	248	0	2,336
Total Unusable Reserves	**(1,793)**	**(68,264)**	**51,603**	**(18,455)**	**(4,665)**	**5,565**	**(17,555)**

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38. CAPITAL ADJUSTMENT ACCOUNT

Group and PCC

Group and PCC	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	**(8,832)**	**(5,527)**
Transfer to Non Operational Assets	-	-
Capital expenditure not adding to asset values	-	-
Prior year adjustment	1	-
In Year adjustment	-	-
Revaluation adjustments	-	-
Partnership financing of Capital Expenditure		
Revenue contribution to capital	(804)	(1,325)
MRP less Depreciation	2,000	(605)
Transfer from Government Grants Deferred	(690)	(1,246)
Capital Receipts Applied	(2,861)	(211)
Disposals	113	82
Balance at 31 March	**(11,072)**	**(8,832)**

39. GRANT INCOME

Group and PCC

ANALYSIS OF GRANTS	31 March 2016 £000	31 March 2015 £000
Credited to Taxation and Non specific Grant Income:		
National Non Domestic Rates	(38,753)	(40,313)
Police Grant	(47,218)	(50,243)
Precepts	(30,210)	(29,394)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(1,003)	(1,225)
	(124,052)	**(128,043)**
Credited to services:		
PFI - Urlay Nook	(941)	(941)
Dedicated Security Posts Funding	(906)	(954)
PFI - Action Stations	(3,165)	(3,165)
Capital Financing Grant	(228)	(207)
Incentivisation Grant	(69)	(111)
PCC Community Safety	-	(1)
PCC Victim & Witness	(623)	(419)
Home Office Special Grant		
Counter Terrorism Security Advisor Grant	(98)	(146)
Innovation Fund Grants	(48)	(393)
Partnership Grants	(40)	(168)
	(6,118)	**(6,505)**
Total Grant Income	**(130,170)**	**(134,548)**

These grants have all been recognised within the Income and Expenditure Statement; however £168k sits within creditors as income in advance as there is the potential this may have to be returned to the originating organisation.

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40. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

The Cleveland Police Force has 2 strategic collaborative arrangements that are classified as Joint Operations under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

They are:

1. Cleveland Durham Special Operations Unit (CDSOU)
2. North East Regional Special Operations Unit (NERSOU)

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

1 Cleveland Durham Special Operations Unit (CDSOU)

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

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

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

CDSOU operates across the Durham and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2015/2016 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				
Road Policing	**Total Costs £000's**	**Apportionment**	**Durham 2015/16 £000's**	**Cleveland 2015/16 £000's**
Employees Costs	10,945	50%	5,473	5,473
Non Pay Costs	824	50%	412	412
Income	(134)	50%	(67)	(67)
	11,635		5,817	5,817
Tactical Training Unit				
Employees Costs	714	50%	357	357
Non Pay Costs	1,078	50%	539	539
Income	(29)	50%	(15)	(15)
	1,762		881	881
Total Unit Costs	13,397	-	6,699	6,699
Reserve as 31st March	**Total Reserves**			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

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2 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 2015 to March 2016 the funding contributions made were Cleveland 22.1%, Durham 20.9% and Northumbria 57.0%.

All assets purchased by each Force to be used by NERSOU are held on the balance sheet of the purchasing Force. Jointly funded assets are classified as those purchased through specific Home Office grants. These are currently valued at £211K of which Cleveland's share is valued at £110K. The unit has reserves of £9K of which Cleveland's share is £2K.

NERSOU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2015/2016 as required under the Section 22A agreement.

North East Regional Special Opertions Unit				
	Apportionment Total Costs	**Durham 2015/16 20.90% £000's**	**Cleveland 2015/16 22.10% £000's**	**Northumbria 2015/16 57.00% £000's**
Employees Costs	5,292	1,106	1,169	3,017
Non Pay Costs	665	139	147	379
Income	(1,022)	(214)	(225)	(583)
	4,935	1,031	1,091	2,813
Contributions / Reserve				
Durham	950	950		
Cleveland	1004		1004	
Northumbria	2590			2590
Reserve movements	391	81	87	223
	4,935	1,031	1,091	2,813
Reserve as 31st March	9	2	2	5

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41. CONTINGENT LIABILITIES / ASSETS

Contingent Liabilities:-

Regulation A19

One of the many tools the PCC and Force used to address the cuts in its funding was the application of Regulation A19 which compels police officers to retire on reaching 30 years of service with the police force 'in the general interests of efficiency. The use of A19 is lawful provided it is a proportionate means of achieving a legitimate aim (more commonly known as 'objectively justified'). The PCC and the Force has produced a rationale (objective justification) as to why it has been necessary, for the purposes of efficiency and effectiveness, to apply Regulation A19. The PCC and Force believes that the use of A19 is fair and that it meets the long term operational, planning and budgetary requirements.

In the test case, an Employment Tribunal unanimously found, "that the practice of requiring the retirement of nearly all officers in the Forces who could be required to retire under Regulation A19 of the Police Pensions Regulations 1987 was not a proportionate means of achieving a legitimate aim", in the particular circumstances of those Forces and therefore amounted to age discrimination.

This judgement was appealed and was over turned in favour of the Forces and was found not to be discriminatory in regards to age. However, the Staff Side have applied to the High Court for leave to appeal the ruling. The Court of Appeal has granted permission to Appeal which will be heard in January 2017. The Force/PCC has 49 appeals against the use of regulation A19 that have been stayed pending the final appeal. Consequently, the impact of this ruling has yet to be determined. The outcome of any future legal challenges is not yet clear and no value can be put on a potential future liability. These appeals are therefore disclosed in the accounts as a contingent liability rather than a provision.

Police Pension Scheme 2015 Leigh Day Police Pension Challenge

The Chief Constable of Cleveland along with other Chief Constables and the Home Office, currently has 25 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

Employment Tribunals

At the end of the financial year 2015/16 the force had 6 outstanding employment tribunal claims against the Chief Constable for race discrimination, transferred discrimination, victimisation and harassment.

All 6 claims are due to proceed to employment tribunals later in 2016 or early 2017. However, two of the claims are due to move forward to mediation in June 2016 and may not require the need to proceed to an employment hearing.

All 6 of the claims are being disputed and as such there is no absolute future obligation on the force coupled to this no reliable measurement of the potential obligation can be made. Therefore these claims are being disclosed in the accounts as contingent liabilities rather than provisions.

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Municipal Mutual Insurance (MMI)

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

It is an unknown amount and has an unknown longevity due to the nature of the claims. We have been advised by the administrator of MMI that we will have a levy charged in 2016/17 and this is accounted for in the provisions. However, for further unknown levies it is not possible to clearly state any future amounts in terms of timeframe or indeed financial magnitude. Therefore it is necessary to identify this as a contingent liability in the accounts.

Guaranteed Minimum Pension

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP.

Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented. In July 2014 the Government stated an intention to develop fully considered proposals and to publish guidance when this work is completed, but no target date was given.

Until it is known how GMP equalisation will be carried out, the impact of allowing for it on liabilities is uncertain. As such, the potential increase in benefits is a contingent liability. No specific allowance has been made in the pension figures disclosed in these accounts.

Contingent Assets:-

Police Pension Scheme 2015 Leigh Day Police Pension Challenge

The Chief Constable of Cleveland along with other Chief Constables and the Home Office, currently has 25 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

The outcome of these claims is not yet clear and no value can be put on a potential future liability. As the claims are disclosed in the accounts as a contingent liability rather than a provision the equal and opposite asset that the Home Office will have to provide is also disclosed in the accounts as a contingent asset.

42. POST BALANCE SHEET EVENT

There are no post balance sheet events to report.

43. AUTHORISATION OF ACCOUNTS

The Chief Finance Officer of the Police and Crime Commissioner for Cleveland has set and authorised the date of issue for the Statement of Accounts as the XXth September 2016. This is the date up to which events after the Balance Sheet date have been considered

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PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

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FUND ACCOUNT	2015/2016 £000	2014/2015 £000
Contributions Receivable		
From Employer		
Normal	(9,829)	(11,560)
Capital contribution due to Ill Health Early Retirement	(838)	(631)
From Members	(6,364)	(6,671)
Transfers In		
Individual Transfers in from Other Schemes	(499)	(55)
Benefits Payable		
Pensions	32,866	31,471
Commutations and Lump Sum Retirement Benefits	7,914	6,255
Lump Sum death benefits	73	95
Ill Health Lump Sum Benefits	1,137	947
Payments to and on Account of Leavers		
Refunds of Contributions	0	(1)
Inter Authority Adjustments	211	63
Individual Transfers out to Other Schemes	559	350
Sub-Total for the year before transfer from the PCC to fund the deficit for the year	25,230	20,264
Additional funding payable by the PCC to fund the deficit for the year	(25,230)	(20,264)
Net Amount Payable/Receivable for the Year	0	0

NET ASSETS STATEMENT	31st March 2016 £000	31st March 2015 £000
Current Assets		
Contributions due from Employer	290	278
Unpaid/Paid in Advance Pension Benefits	41	4,228
Amount due to Sponsoring Department	0	0
Other Current Assets & Liabilities	176	160
Total Curent Assets	507	4,666
Long Term Assets		
Unpaid/Paid in Advance Pension Benefits	0	0
Total Long Term Assets	0	0
Current Liabilities		
Central Government Bodies	0	0
Other Local Authorities	290	278
All other bodies	217	4,388
Total Curent Liabilities	507	4,666
Long Term Liabilities		
All other bodies	0	0
Total Long Term Liabilities	0	0
Net Assets	0	0

Notes to the Pension Fund

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means that sums due to or from the Pension Fund are included as they fall due,

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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 (21.3%) 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 (21.3%) 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 22 and 23 of the main statements.

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GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CREDIT APPROVAL: Authorisations given by Central Government to local authorities, which enable them to finance capital expenditure by borrowing or other credit arrangements such as leasing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FIXED ASSETS: Tangible assets that yield benefits for a period of more than one year.

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

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

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

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

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

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

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

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

(a) International Financial Reporting Standards;

(b) International Accounting Standards; and

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

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

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

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

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

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

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

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

OUTTURN: The actual amount spent in the financial year.

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

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

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

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

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

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

• the benefits for pensioners and deferred pensioners, and their dependents, allowing where appropriate for future increases and

• the accrued benefits for members in service at the valuation date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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