

Chief Constable of Cleveland
STATEMENT OF ACCOUNTS – 2020/21
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CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE **INTRODUCTION**

1. CHANGES TO ACCOUNTING POLICIES

In line with IAS 8 the Authority has reviewed those standards issued but not yet adopted by the code and has concluded that they are not applicable. Therefore, there are no changes to the accounting policies for the 2020/21 financial year.

2. FURTHER INFORMATION

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

Further information may be obtained from the Chief Finance Officer to the Chief Constable at Cleveland Police, St Marks House, St Marks Court, Stockton on Tees, TS17 6QW

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

STATEMENT OF RESPONSIBILITIES

The Chief Constable's Responsibilities

The Chief Constable as a Corporation Sole is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

DECLARATION

The Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as a Corporation Sole at the accounting date and the Force's income and expenditure for the year ended 31st March 2021.

Signature: 

Date: 11/11/2021

CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE

Signature: 

Date: 11/11/21

Chief Constable for Cleveland Police

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CLEVELAND

Report on the audit of the financial statements.

Opinion on the financial statements.

We have audited the financial statements of Chief Constable for Cleveland (Chief Constable) for the year ended 31 March 2021, which comprise the Chief Constable's Comprehensive Income and Expenditure Statement, the Chief Constable's Movement in Reserves Statement, the Chief Constable's Balance Sheet, the Chief Constable's Cash Flow Statement, the Chief Constable's Police Pension Fund and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2021 and of the Chief Constable's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

In auditing the financial statements, we have concluded that the the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information.

The Chief Finance Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements.

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable to prepare their accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Chief Constable, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Chief Constable, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Chief Constable which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Chief Constable on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Chief Constable. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Matter on which we are required to report by exception.

We are required to report to you if, in our view, we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021.

We have not completed our work on the Chief Constable's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not reported any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Chief Constable's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Chief Constable for Cleveland.

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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

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

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

We have nothing to report in these respects.

Use of the audit report.

This report is made solely to the Chief Constable for Cleveland, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable for Cleveland those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Cleveland, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit.

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Group's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Gavin Barker
Director
For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

14 December 2021

NARRATIVE STATEMENT (PERFORMANCE/FINANCIAL REVIEW)

1. INTRODUCTION

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

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

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

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

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

The accounting arrangements between the PCC and CC during the financial year 2020/21 are that the accounts of the CC are integrated into the group accounts of the PCC. The PCC is responsible for the finances of the whole group and controls all assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the group.

2. THE STATEMENT OF ACCOUNTS

This Statement of Accounts covers the financial year ended 31st March 2021 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 and the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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

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

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

In addition, regarding assets, the following apply:

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

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

Regarding employees, the following judgement has also been made:

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

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

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) are detailed below along with the objective of each statement:

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

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

Balance Sheet – The Balance Sheet shows the value of the assets and liabilities as at 31st March 2021. These are the assets or liabilities in respect of the Police Pension Fund / Scheme and Local Government Pension Scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are held in the PCC's accounts and are charged for in the Comprehensive Income and Expenditure Statement.

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

3. THE CHIEF CONSTABLE FOR CLEVELAND REVENUE POSITION

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

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

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

	Original 2020/21 Budget	Revised 2020/21 Budget	Year End 2020/21 Position	Outturn
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Pay	75,583	75,509	76,253	744
Police Overtime	1,821	2,341	3,235	894
Police Community Support Officer Pay	3,524	3,524	3,264	(260)
Staff Pay	24,841	25,233	24,419	(814)
Non-Pay	32,036	34,465	33,816	(649)
Total Planned Expenditure	137,805	141,073	140,987	(86)

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

Total Comprehensive Income and Expenditure	£000's
Actuarial Gains / /loss on Pension Schemes:-	351,199
Local Government Pension Scheme	(3,366)
Police Pension 1987	(175,356)
Injury Awards	(13,554)
Police Pension 2006	(17,186)
Police Pension 2015	(45,964)
(Surplus) or Deficit on Provision of Service	95,773
Net change in Pension Liability	(112,110)
Employers Pension Contributions	16,337
Resources Returned to the PCC	(86)
Outturn	(86)

Key Issues 2020 /2021

Pay Budgets

A key point to note in relation to the pay budgets is that the Force had ambitious plans to recruit both Officers and Staff in 2020/21 and prioritised this recruitment to address the areas of greatest need. We have reported throughout the year that there was likely to be a significant underspend on staff & PCSO budgets and this has materialised as expected (£1.25m offset by staff overtime pressures £0.2m) and has helped support the investment plans detailed below.

Covid-19

The on-going impact of the Covid-19 pandemic has presented the Force with both financial and operational challenges. The unbudgeted costs incurred amounted to £864K, analysed as £163K on Covid-19 related overtime & National Insurance costs and £701K on PPE, hygiene product costs, additional cleaning costs and provision of meals. There was a spike in backdated cleaning costs associated with Custody which increased the overall expenditure above that forecast.

The Force received notification that the Home Office would fund the costs incurred in policing the impact Covid-19 in this financial year. We have received £840k in grant funding and this has been used to fund the expenditure incurred in year.

Major Incidents & General Police Overtime

In addition to the financial and operational risks associated with Covid-19, the Force has faced significant pressures in relation to major incident budgets. The Major Incident budget set for 2020/21 was £256k, with an additional £200k provided from Central as part of agreed investment. The overall spend on Major Incidents for the financial year was £889k, resulting in an overspend of £433k in year.

The overall Force overtime outturn for the year (inclusive of Major incident spends) is £894K overspend (net of Government funding). This comprises a pressure on normal overtime as detail below:

-	Operation Phoenix (as per investment plans)	£200K
-	Major Incidents support	£433K
-	General operational overtime	£261K

Force Control Room Overtime:

The Force Control Room presented a significant risk to expenditure plans relating to overtime expenditure for both staff and Police Officers.

However, on the 25th January a new shift pattern was introduced, and it was envisaged that this would have a positive impact on the requirement for overtime to support the control function. It should be noted, that the benefit of the shift pattern changes and additional recruitment of zero hours contracts etc. will take time to flow through.

We had projected forecast spend of £163K across Police and staff overtime budgets however the actual costs incurred for the financial year were £147K slightly below expectations. A proportion of this overspend has been offset by other savings within Local Policing.

Plans have been agreed to implement a rolling recruitment programme within the FCR in the coming year and a proportion of the pay budgets has been ring-fenced to support possible pressures on overtime whilst the unit recruits to its vacancies and enhances the training within the unit. These actions should help mitigate pressures in the coming year.

Disbanding of the CNYMIT Collaboration

With effect from the 30th September 2020, the collaboration with North Yorkshire in respect of a joint Major Investigation Team has concluded. The share of the costs in respect of CNYMIT were as expected and the cost of the internal HMET have been managed within the overall force budget.

Agreed Investment Plans Update:

Based on the assumptions in the Period 2 CFM report the executive agreed to invest £750K of resources in those areas which had been identified as a significant risk, areas which support the drive for service improvement and those areas of concerns contained in the HMICFRS report. This investment is included in the draft outturn.

-	Operation Phoenix	- £200K
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- Major Incident Support - £200K
- Investment in Leadership - £200K
- Legal Challenge in respect of Dogs EUA - £100K
- Additional Executive Team costs - £ 50K

Operation: Surge Funding:

The Force has received additional funding in order to help support additional patrols and enforcement relating to the implementation of the tier structure and subsequent national lockdown measures. Plans were drawn up to deliver these patrols and up to the end of the financial year we incurred £210K of our allocation of £360K. The balance of £150k will be carry forward to support activity in 2021/2022.

Table 1 also highlights that the majority of both the budgeted as well as actual spend is made against pay (76.4% of budgeted expenditure in 2020/21). The Force has an annual budgeted establishment of both police officers and police staff (which includes Police Community Support Officers). The following table illustrates the budgeted establishments for both the 2019/20 and 2020/21 financial years against its available workforce as at the 31st March 2020 and the 31st March 2021.

	Budgeted Establishment 2020/21	Available Workforce @ 31/3/21	Variance to Budget 2020/2021	Budgeted Establishment 2019/20	Available Workforce @ 31/3/20	Variance to Budget 2019/2020
	FTE	FTE	FTE	FTE	FTE	FTE
Police Officers	1,390	1,412	22	1,263	1,336	73
Police Staff*	942	851	-91	683	589	-94
Total	2,332	2,263	-69	1,946	1,925	-21

- Includes the Tupe transfer of 207 FTE from Sopra Steria as at 1st October 2020.

4. CAPITAL

The Group funded an annual capital budget for the 2020/21 financial year of £7,781k this was revised in year to £6,117k (excluding Lifecycle costs of £1,102k associated with the PFI's). The group did not spend all its capital allocation this is due in the main delays due to Covid-19 resulting in vehicles and equipment not being delivered and slipping in to 2021/22. The amount of underspend against the capital budget was £358k (£1,221k underspend 2019/20).

The Group spent £5,759k on capital projects during the year. The programme was fully financed from a combination of internal borrowing and capital resources in the year.

5. PENSIONS

As part of the terms and conditions of employment of its officers and designated staff, the CC offers retirement benefits. Although these will not actually be payable until employees retire, the CC has a commitment to make the payments. This is a requirement of IAS19. The commitment, therefore, needs to be recognised at the time that employees earn their future entitlement. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the CC. A Pension liability of £2,000m is recorded in the Balance sheet of the CC.

6. CHANGE FROM 2019/20 POSITION

The 2020/21 statements highlight the following areas of change from the 2019/20 position:

Comprehensive Income & Expenditure Statement

Net Cost of Services (NCOS) has increased by £48.410m. This is comprised of an increase in the technical accounting adjustments to record the potential pension liability as at the end of the accounting period inclusive of the impact of the Tupe transfer of staff of £38.537m, an increase in Police Pay of £6.385m, increase in staff pay and PCSO pay of £5.753m and a reduction of non-pay & Non distributed costs expenditure of £2.295m

Balance Sheet

The increase in the Balance sheet of £351.199m reflects the increased Pension liability as reported by the actuary.

7. NON-FINANCIAL PERFORMANCE DATA

Performance management strategy and measurement framework

Our performance management strategy and associated measurement performance framework continues to reflect NPCC guidelines. The framework is outcome driven and has been built around our strategic vision to 'deliver outstanding policing for our communities' by prioritising:

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

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

We continually seek to improve our approach to performance management and following consultation and feedback from key stakeholders, we have refreshed our approach and a number of enhancements will be implemented in 2021-22.

HMIC Inspection

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

During the 2019 IPA (PEEL) inspection, HMICFRS identified 6 causes of concern which have resulted in the Force being issued with 30 recommendations. The Force has also been given 7 new areas for improvement and have a further 10 which remain outstanding from previous inspections - a total of 17. In addition to this, the Force also has 9 national recommendations to deliver that relate to a national cause of concern for 'all forces' - a total of 56 individual elements of service improvement to deliver relating to the IPA inspection.

The causes of concern are in the following areas:

- Prevention- Cleveland Police doesn't appropriately prioritise crime prevention. There is a lack of strategic direction, and the force doesn't allocate enough resources to prevention work. Staff who carry out prevention work lack an understanding of the priorities they should be tackling.
- Protecting vulnerable people- Cleveland Police is failing to respond appropriately to vulnerable people, including children. It is missing opportunities to safeguard them and is exposing them to risk.
- Understanding demand and strategic planning - Cleveland Police doesn't adequately understand the demand it faces. A thorough understanding of demand is required to underpin all strategic planning.

This failure means it doesn't have coherent workforce and financial plans to meet demand and deliver the necessary outcomes.

- Public engagement, communication and scrutiny- Cleveland Police doesn't adequately engage with local communities. This lack of engagement means that public expectations don't sufficiently influence force priorities and changes to the services it provides. The public also has a limited role in scrutinising the force and helping it to improve.
- Ethical behaviour and culture- Many senior leaders (superintending and chief officer ranks, and senior police staff managers) aren't consistently exhibiting ethical behaviour. The inappropriate behaviour of senior leaders within Cleveland Police is so profound that it is affecting the efficiency and effectiveness of the Force.
- Workforce engagement and communication/ treating the workforce fairly- Cleveland Police does not consistently treat its workforce with fairness and respect. It does not effectively communicate with or engage its workforce; its processes are not perceived to be fair and it doesn't understand its workforce well enough to support them.

The governance and scrutiny arrangements associated with HMICFRS activity are the responsibility of the Deputy Chief Constable led Inspection and Audit Monitoring Board, with routine progress monitoring of Areas for Improvement (AFI's) and recommendations delegated to the appropriate Delivery and Assurance Group.

Whilst the Board has responsibility for assuring the Force's response to areas for improvement arising from previous inspection activity, it also ensures the Force's readiness for new HMICFRS and other inspection/audit activity and oversees the development of action plans to deliver any subsequent improvements required. In addition, the Board takes a proactive approach in identifying existing AFIs and recommendations which are suitable for submission to the HMICFRS Force Liaison Lead to request closure. The Board is currently meeting on a weekly basis but will move to monthly meetings upon conclusion of the current inspection activity.

Since the 2019 PEEL inspection, Force activity has been prioritised to deal with the PEEL related areas, with a dedicated Service Improvement Team established to drive the improvements required. However, a detailed review of all other outstanding areas is now underway with update reports requested from all delivery leads to capture the following information:

- where the Force currently stands in relation to delivery against the area for improvement or recommendation
- how the current position has been achieved i.e. the activities undertaken (what has been done) and the associated impact (what difference this has made)
- details of any documentation which can be used to evidence that the improvement activity undertaken, and impact described above has taken place e.g. policy and guidance documents, evaluation reports, meeting records etc.
- details of any actions which are currently ongoing or are yet to be started together with the anticipated impact and expected completion date.

This information is being reviewed in consultation with Delivery and Assurance Board chairs and the Audit and Inspection Monitoring Board to determine whether there is evidence of sustained improvement and closure should be requested, further work is required to embed and sustain improvements already made or remedial action is required.

Due to prioritisation of work within the Service Improvement Team a review has also been undertaken of all PEEL related activity to determine which areas should now fall under the responsibility of individual business areas, with new delivery leads and owners assigned as appropriate.

The Chief Constable and the Police and Crime Commissioner attend a national PPOG (Police Performance and Oversight Group) which monitors the performance in relation to the HMICFRS report and the Group is chaired by the HMICFRS Chief Inspector. The progress that is being made under the Service Improvement programme is reported to and scrutinised at this meeting. Due to the Covid-19 pandemic, HMICFRS PEEL inspection activity was paused from March 2020 until September 2020,

however the Chief Constable has continued to report on progress against the six causes of concern highlighted during the 2019 PEEL inspection via quarterly virtual meetings to PPOG.

COVID 19 Performance Impact

The performance figures provide a high-level summary of some aspects of performance over the last 12 months. The impact of COVID-19 has now been felt for the full financial and has an impact on these figures, particularly in relation to those aspects of performance which the public report to us. For this reason, daily and weekly performance updates have been prepared throughout the year with enhanced levels of monitoring and scrutiny in relation to issues involving the highest risk (e.g. domestic abuse, hate crime and incidents involving a vulnerable person).

Provision of Services

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

Workforce

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

In line with the Force Digital Strategy, the Force commenced a mobile working project in late 2018 to improve agility across the organisation. Phase 1 of the project completed in March 2020 and focused on front line operational policing. This delivered over 450 laptops and 600 smartphones (with mobile access to police systems via both a desktop and app solution) to officers and PCSOs in neighbourhood policing and incident response teams. Phase 2 of the project commenced in April 2020 and delivered mobile working capability to a range of other teams across the Force (both operational and non-operational) based upon a comprehensive ICT audit to identify those teams which would benefit from agile capability. As orders had already been placed and hardware received in readiness for the phased rollout in April 2020, the Force was able to respond to the demand for mobile working resulting from COVID-19 promptly and effectively to ensure that devices were given out to staff whom would otherwise have not had to have such mobile technology. Phase 2 delivered over 1100 laptops and 900 smartphones. Additional equipment such as monitors, and keyboards have also been provided as required.

Service Providers

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

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

Our PFI facilities management providers (Tascor and Engie) have ensured that PFI sites have remained open throughout the pandemic with increased cleaning and PPE being introduced across their estate.

Staff have been working on rotation to ensure that only those that need to be on site are, with the remainder working agile. Slight changes have been made to front desk environments to ensure that members of the public are protected alongside our partner staff.

Regular Teams meetings and telephone meetings take place to ensure business continuity and risk assessments are reviewed across the board, along with updates provided by partners to highlight any emerging risks or issues which are fed into the Forces COVID tactical response groups. No staff have been furloughed or made redundant due to COVID-19 and remain at the forefront of our key worker personnel and wherever possible staff remain encouraged to work from home if they can do so.

Financial Performance and financial position

Additional costs relating to COVID of £864k have been identified in 2020/21 – these cover revenue expenditure, capital expenditure and lost income. £840k has been received from the Home office for partial reimbursement of these costs. Financial plans were kept under review during the year and as expected staff recruitment was slower during the pandemic resulting in an underspend which allowed for an investment plan to be implemented. This has resulted in a small underspending for the year of £86k.

Major Risks

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

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

As a result of all of these potential challenges, and many more besides, the impact on future service needs and demands therefore becomes even more challenging than normal which makes mapping and resourcing this exceptionally difficult.

Plans for Recovery

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

Overall Public Confidence and Perceptions of Police Performance

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

The CSEW is a national survey, commissioned by the Home Office and conducted via face to face interviews. Unfortunately, due to COVID restrictions these interviews have been put on hold and have been replaced with a shorter telephone survey. In addition to a reduction in the number of questions asked, there has also been a reduction in the number of interviews taking place. This means that data relating to 2020-21 is currently not available.

The last available update (based on interviews undertaken in the 12 months to the end of March 2020) would suggest that in Cleveland the overall public confidence was at 69% set against 68% in the previous year. Although the figure has increased, the difference is not considered to be statistically significant and therefore performance is seen as stable although improving over the past year. The national average for England and Wales was 73%

At the same time, perceptions of police performance were somewhat lower with 51% of local residents perceiving that the Cleveland Force does a good or excellent job compared to 55% last year.

Victim Satisfaction

The Force aims to place victims at the centre of everything that we do, achieving a high level of victim satisfaction is therefore a key performance outcome. Following a review of our survey activity, in January 2020 we introduced a new online **Victim Experience Survey**. Research has shown that this is the preferred option providing a less instructive approach which allows service users to provide their feedback at a time and location that is convenient to them. The feedback obtained via this survey would suggest a current satisfaction rate of 57%, whilst not directly comparable this is significantly lower than the level of satisfaction expressed via our previous telephone survey (72% at the point this survey ended in July 2019). In the 15 months since it was introduced, 7097 text invites have been sent out asking victims to take part in the survey. From these we have obtained 452 responses, giving a disappointing response rate of 6.4% (although this did rise to 10% in March 2021). This together with the negative nature of the feedback received raises questions regarding how accurate and representative the results are and whether they are potentially skewed. In order to address this issue and ensure that the feedback we receive is an accurate reflection of the service provided to victims of crime, we have now commissioned an alternative approach which will see the re-introduction of an independent telephone survey. The first interviews will take place in May 2021.

Recorded Crime

Over the last 12 months there has been an 9.6% reduction in total crime, this equates to 6639 fewer crimes, and therefore potential victims. The observed reduction is believed to have been impacted to some extent by the COVID pandemic with an unusually low number of crimes recorded during periods of 'lockdown', a pattern which has also been observed nationally.

Whilst reductions have been observed in relation to most categories of crime, the largest decrease can be attributed to offences of theft (down 33%) and specifically, shoplifting (down 47%) and vehicle crime (down 33%). Whilst there has been a small increase in the amount of violent crime (up 4% or 855 crimes), this can be attributed to an increase in the number of stalking and harassment offences (up 14%) rather than those offences involving physical violence. There has also been an increase in sexual offences (up 3%) although the volume is comparatively small.

A number of other factors continue to have a negative impact on the level of violent crime, most noticeably, the continual growth in cyber enabled harassment through the inappropriate use of social media. In addition, the Force has taken steps to improve the quality of its crime data integrity, identifying and recording a higher number of offences involving non-physical violence such as harassment and ensuring it is captured and recorded appropriately. This aspect of performance was assessed by HMICFRS in November 2020 and although improvements were acknowledged, the Force recognises that there is still more work to be done in this area.

The Force have started to use the Home Office National Data Quality Service Improvement (NDQIS) tool. The NDQIS is a Home Office funded software solution which aims to improve the quality of our crime data. This is achieved via a 'cleansing' process applied to a specific set of data using a set of pre-programmed processing rules. The rules can detect errors within the data and where the rules permit the system to do so, correct data quality issues at source in a consistent, automated way, much faster than could be achieved through a manual review. In the first instance, the NDQIS has been developed to identify and correct data quality issues around knife crime. Since its introduction in March 2021, the system has successfully identified a significant number of additional offences which had previously been excluded from our knife crime statistics. Whilst all of these additional crimes were recorded and investigated, due to a significant data quality issue, they were not flagged as a knife crime and therefore not counted as such. Based on the information available at this time, the level of under reporting is estimated to be around 35%.

Anti-Social Behaviour Incidents (ASB)

Incidents of **antisocial behaviour** have risen significantly over the past year, up 23.5% (6337 more incidents) when compared to the 2019/20. These figures have been adversely affected due to the

number of incidents reported by members of the public in relation to COVID 19 and associated recording practices and can be attributed to unusually high volumes recorded during the first 'lockdown' in March, April and May 2020. Further analysis show that there has been a significant increase in the number of incidents classed as 'nuisance' behaviour and 'environmental' (rather than those of a personal nature) and 33% of all reports received in the last 12 months can be linked to potential breaches of lockdown restrictions, social distancing measures and other related concerns. Although in more recent months, the number of recorded incidents has fallen in comparison, current levels continue to fluctuate.

Collaboration Arrangements

Cleveland and North Yorkshire Major Incidents team (CNYMIT) which was a collaboration with North Yorkshire Police to provide a team to deal with all major incidents across both Forces was disbanded on 30 September 2020. This service is now provided solely in-house.

The Chief Constable has given notice in May 2021 that the Force will be withdrawing from the Cleveland and Durham Special Operations Unit (CDSOU) collaboration but will continue with the firearms training element. This will take a number of months to achieve and will result in road policing being provided solely by the Force within its boundaries.

Strategic Partner Return of Staff

In October 2020, the staff who had been employed under the Cleveland Police contract with Sopra Steria returned as Cleveland Police staff. The contract was operational from October 2010 and provided support services to the Force. The Estate has grown to accommodate the staff culminating in the opening of St Marks House. Steps were taken to ensure that the building was Covid compliant and all staff have been given the opportunity to work from home where they can do so.

Capital Investment

There has been significant capital investment during the year with the purchase and refurbishment of a new building and also in respect of the digital agenda. The Body Worn Video, Digital Evidence Management Solution and the Digital Interview Recording schemes have substantially completed and the Force is part of the Police National Enabling Programme which embraces digital technology and has introduced TEAMS to the working environment.

Sickness Absence

Over the past year sickness absence rates have fluctuated, falling dramatically during April through to June when the proportion of contractual hours lost due to sickness fell to 3.4% for police officers and 5.2% for police staff. However, since then rate has gradually increased. Sickness absence continues to place an additional pressure on limited and reducing resources. At 5.2% and 6.3% for police officers and staff respectively, current levels of sickness absence remain below where they were at the same time last year but higher than those observed in other forces. For example, the national average is currently reported as 4.6% for officers and 4.8% for staff¹.

Whilst we continue to address our comparatively high levels of sickness absence through a number of supportive interventions, this continues to place an additional pressure on limited and stretched resources. With an average absence of 82 hours lost per officer and 82 hours lost per police staff member, this equates to almost £4,148,000 the equivalent of 55 police officers and 30 members of police staff.

8. EVENTS AFTER THE REPORTING PERIOD

No adjusting post balance sheet events have been identified for the period accounting period 2020/21.

¹ Home Office statistics for the 12 months to March 2020

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT **FOR THE YEAR ENDED 31st MARCH 2021**

This statement shows both the allocation of funding from the PCC and costs incurred by the Force in discharging its functions. In practice all funding is received, and the respective payments made, by the PCC. The statements have been prepared assuming the going concern concept, i.e. its functions and services will continue in operational existence for the foreseeable future. The balance on the Comprehensive Income and Expenditure Statement represents the impact of the pension obligations in line with the accounting standard IAS19.

DETAIL	2020/2021			2019/2020		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	96,161	0	96,161	89,776	0	89,776
Police Community Support Officer Pay Costs	8,136	0	8,136	4,546	0	4,546
Police Staff Support Pay Costs	60,865	0	60,865	20,165	0	20,165
Police Non Pay Costs	35,114	0	35,114	37,408	0	37,408
Undistributed Costs	349	0	349	320	0	320
Net Cost of Services	200,625	0	200,625	152,215	0	152,215
Intra Group Funding		(142,634)	(142,634)		(132,761)	(132,761)
Net Cost of Services	200,625	(142,634)	57,991	152,215	(132,761)	19,454
Financing & Investment Income & Expenditure (Note 8)			37,782			41,619
(Surplus) or Deficit on Provision of Service			95,773			61,073
Re-measurement of the defined benefit liability (Note 14)			255,426			(174,561)
Other Comprehensive Income and Expenditure			255,426			(174,561)
Total Comprehensive Income and Expenditure			351,199			(113,488)

Note: - On the 1st October 2020 Cleveland Police completed the Tupe transfer of 207 FTE support staff from Sopra Steria. The transferred staff had previously provided a range of enabling services to the Force under a 10-year partnership arrangement with Sopra Steria. As part of the annual assessment of the pension liability we requested the actuary to undertake a materiality assessment of the Tupe transfer on the overall pension liability. The overall impact on the pension fund liability is assessed as £35.811m. The accounting arrangements for this increase have been reflected in the Police Staff Pay Costs within the CIES the impact is reversed out through the Movement on Reserves Statement.

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2020	0	0	0	0	0	0	1,649,128	1,649,128
(Surplus) or deficit on provision of services (accounting basis)	95,773	0	0	0	0	95,773	0	95,773
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	255,426	255,426
Total Comprehensive Expenditure and Income	95,773	0	0	0	0	95,773	255,426	351,199
Total Adjustments between accounting basis & funding basis under regulations	(95,773)	0	0	0	0	(95,773)	95,773	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(0)	0	0	0	0	(0)	351,199	351,199
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	(0)	0	0	0	0	(0)	351,199	351,199
Balance at 31 March 2021	(0)	0	0	0	0	(0)	2,000,327	2,000,327

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2019	0	0	0	0	0	0	1,762,616	1,762,616
(Surplus) or deficit on provision of services (accounting basis)	61,073	0	0	0	0	61,073	0	61,073
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(174,561)	(174,561)
Total Comprehensive Expenditure and Income	61,073	0	0	0	0	61,073	(174,561)	(113,488)
Total Adjustments between accounting basis & funding basis under regulations	(61,073)	0	0	0	0	(61,073)	61,073	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	(113,488)	(113,488)
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	(113,488)	(113,488)
Balance at 31 March 2020	0	0	0	0	0	0	1,649,128	1,649,128

BALANCE SHEET AT 31st MARCH 2021

The Balance Sheet shows the value of the assets and liabilities as at 31st March 2021. These are the assets or liabilities in respect of the Police Pension Fund and the Local Government Pension scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are charged for in the Comprehensive Income and Expenditure Statement.

	Notes	31 March 2021 £000	31 March 2020 £000
Property, Plant and Equipment		-	-
Investment Property		-	-
Intangible Assets		-	-
Long Term Investments		-	-
Long Term Debtors		-	-
Total Long Term Assets		-	-
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories		-	-
Short Term Debtors		-	-
Cash and Cash Equivalents		-	-
Total Current Assets		-	-
Total Assets		-	-
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing		-	-
Short Term Creditors		-	-
Provisions		-	-
Total Current Liabilities		-	-
Long Term Creditors		-	-
Provisions		-	-
Long Term Borrowing		-	-
Other Long Term Liabilities : PFI		-	-
Pensions Liability	13	(2,000,327)	(1,649,128)
Total Long Term Liabilities		(2,000,327)	(1,649,128)
Total Liabilities		(2,000,327)	(1,649,128)
Net Liabilities		(2,000,327)	(1,649,128)
Usable Reserves		-	-
Unusable Reserves	15	2,000,327	1,649,128
Total Reserves		2,000,327	1,649,128

CASHFLOW STATEMENT 2020/2021

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

	2020/2021 £000	2019/2020 £000
OPERATING ACTIVITIES		
<u>Cash Outflows</u>	-	-
<u>Cash Inflows</u>	-	-
Operating Activities Net Cash Flow	-	-
INVESTING ACTIVITIES		
<u>Returns on Investments and Servicing of Finance</u>		
<u>Capital Activities</u>	-	-
Investing Activities Net Cash Flow	-	-
Net Cash Outflow/(Inflow) before financing	-	-
FINANCING ACTIVITIES		
<u>Management of Liquid Resources</u>		
<u>Financing</u>		
Financing Activities Net Cash Flow	-	-
Net (Increase)/Decrease in cash	-	-
Cash brought forward		
Cash carried forward		
Net (Increase)/Decrease in cash	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A) OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2020/21 (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, apart from:

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

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

B) VALUE ADDED TAX

VAT is included in the accounts only if it is irrecoverable from Her Majesty Revenue Customs (HMRC). There have been no significant VAT issues in 2020/21.

C) EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS

Exceptional and Extraordinary items, of which the CC has none in 2020/21, would be disclosed on the face of the Comprehensive Income & Expenditure Account and fully explained in the notes to the accounts.

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

D) REVENUE RECOGNITION

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

E) PENSIONS

The PCC Group participates in two different pension schemes, which meet the needs of police officers and 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 CC meet the pension payments by the payment of an employer's pension contribution based on a percentage of pay into the pension fund.

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

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

ii) Support Staff

Support Staff, subject to certain qualifying criteria, are eligible to join the Local Government Superannuation Scheme, which is operated by Teesside Pension Fund. The pension costs charged to the CC 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 CC 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 2020/21 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

- Where a CC 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.

F) RESERVES

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

G) POST BALANCE SHEET EVENTS

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

H) CONTINGENT LIABILITIES

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

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

I) CONTINGENT ASSETS

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

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

J) JOINT CONTROLLED OPERATIONS

CC Cleveland engages in collaborative working arrangements with the Northumbria, North Yorkshire and Durham Forces. The collaborative arrangements cover the delivery of several specific services on a regional basis. (Details of which can be found at Note 16 of the accounts).

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

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

K) FAIR VALUE

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

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

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the PCC Group financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the PCC Group can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

2. EXPENDITURE & FUNDING ANALYSIS

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

	Expenditure Chargeable to the General Fund £000's	2020/2021 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	2019/2020 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
Funding						
Police Officer Pay Costs	79,488	(16,673)	96,161	73,210	(16,566)	89,776
Police Community Support Officer Pay Costs	3,264	(4,872)	8,136	4,015	(531)	4,546
Police Staff Support Pay Costs	24,419	(36,446)	60,865	17,808	(2,357)	20,165
Police Non Pay Costs	35,114	0	35,114	37,408	0	37,408
Undistributed Costs	349	0	349	320	0	320
Net Cost of Services	142,634	(57,991)	200,625	132,761	(19,454)	152,215
Intra Group Funding	(142,634)	0	(142,634)	(132,761)	0	(132,761)
Net Cost of Services	0	(57,991)	57,991	0	(19,454)	19,454
Other Operating Expenditure (Note 9)	0	0	0	0	0	0
Financing & Investment Income & Expenditure (Note 8)	0	(37,782)	37,782	0	(41,619)	41,619
Taxation & Non-Specific Grant Income (Note 11)	0	0	0	0	0	0
(Surplus) or Deficit on Provision of Service	0	(95,773)	95,773	0	(61,073)	61,073

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
Notes to Funding Analysis 2020/2021				
Police Officer Pay Costs	(16,673)	0	(16,673)	0
Police Community Support Officer Pay Costs	(4,872)	0	(4,872)	0
Police Staff Support Pay Costs	(36,446)	0	(36,446)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(57,991)	0	(57,991)	0
Financing & Investment Income & Expenditure (Note 8)	(37,782)	0	(37,782)	0
(Surplus) or Deficit on Provision of Service	(95,773)	0	(95,773)	0

	Adjustments Between funding & Accounting Basis	Adjustments for Capital	Pension Adjustments	Other Adjustments
	£000's	Note 2a £000's	Note 2b £000's	Note 2c £000's
Notes to Funding Analysis 2019/2020				
Police Officer Pay Costs	(16,566)	0	(16,566)	0
Police Community Support Officer Pay Costs	(531)	0	(531)	0
Police Staff Support Pay Costs	(2,357)	0	(2,357)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(19,454)	0	(19,454)	0
Financing & Investment Income & Expenditure (Note 8)	(41,619)	0	(41,619)	0
(Surplus) or Deficit on Provision of Service	(61,073)	0	(61,073)	0

2a Adjustments for Capital Purpose

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

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

2b Pension Adjustments

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

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

2c Other Adjustments

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

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

3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

No new accounting standards were issued that were not adopted.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICES

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

Future government funding

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

Accounting principles

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the CC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances and transactions cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pension Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries is engaged to provide the CC with expert advice about the assumptions to be applied. Details of which are contained within Note: 13 Pension. The overall pension liability at the 31st March 2021 is £2,000m.

6. MATERIAL ITEMS OF INCOME AND EXPENSE

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

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

FOR THE YEAR ENDED 31ST MARCH 2021

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(112,110)	0	0	0	0	(112,110)	112,110	0
	(112,110)	0	0	0	0	(112,110)	112,110	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	16,337	0	0	0	0	16,337	(16,337)	0
	16,337	0	0	0	0	16,337	(16,337)	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	(95,773)	0	0	0	0	(95,773)	95,773	0

FOR THE YEAR ENDED 31ST MARCH 2020

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(75,720)	0	0	0	0	(75,720)	75,720	0
	(75,720)	0	0	0	0	(75,720)	75,720	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	14,647	0	0	0	0	14,647	(14,647)	0
	14,647	0	0	0	0	14,647	(14,647)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(61,073)	0	0	0	0	(61,073)	61,073	0

8. FINANCING AND INVESTMENT INCOME & EXPENDITURE

	2020/2021 £000	2019/2020 £000
Interest payable and similar charges	0	0
Pension interest cost & expected return on pension assets	37,782	41,619
Interest receivable and similar income	0	0
Total Finance and Investment Income and Expenditure	37,782	41,619

9. OFFICERS' EMOLUMENTS

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

Remuneration Band	Number of Employee 2020/21			2019/2020
	Police Officers	Support Staff	Total	
£50,000 - £54,999	121	5	126	111
£55,000 - £59,999	87	1	88	71
£60,000 - £64,999	18	2	20	16
£65,000 - £69,999	7	1	8	11
£70,000 - £74,999	6	0	6	9
£75,000 - £79,999	6	2	8	5
£80,000 - £84,999	7	3	10	5
£85,000 - £89,999	1	1	2	3
£90,000 - £94,999	3	1	4	3
£95,000 - £99,999	2	0	2	1
£100,000 - £104,999	0	0	0	1
£105,000 - £109,999	0	1	1	0
£115,000 - £119,999	1	0	1	1
£120,000 - £124,999	1	0	1	0
£150,000 - £154,999	0	0	0	1
£160,000 - £164,999	1	0	1	0
Total	261	17	278	238

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

Remuneration Disclosure 2020/21:

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

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Benefits in Kind	Total Remuneration excluding Pension Contribution 20/21	Pension Contributions
	£	£	£	£	£	£
Chief Constable - R Lewis	164,904	162,824	0	0	162,824	50,475
DCC 1	123,648	122,089	0	0	122,089	0
DCC 2 : Note 1	123,648	82,705	0	3,741	86,446	25,149
ACC 1	119,270	118,951	0	3,817	122,768	36,080
CFO: CC	107,625	106,531	0	0	106,531	15,447

Notes: -

- 1) The following appointments / promotions / were made during 2020-2021: -
 - a. The DCC 2 was appointed on 15th August 2020.
- 2) The following roles were seconded to the Force during the financial reporting period: -
 - a. ACC was a temporary secondment from Northumbria Police and was in post for the period 1st April 2020 to the 31st March 2021. The total costs incurred in 20/21 were £163,166.

Remuneration Disclosure 2019/20:

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

Notes: -

- 1) The following appointments / promotions / were made during 2019-2020: -
 - a. The Chief Constable was appointed on the 28th April 2019
 - b. The DCC was appointed on the 23rd September 2019
 - c. The ACC 1 was appointed on the 30th August 2019
 - d. The ACO left the organisation on the 19th December 2019.

- 2) The following roles were seconded to the Force during the financial reporting period: -
 - a. Mr Freeman (CC) was a temporary secondment from Humberside Police and was in post for the period 1st April 2019 to the 28th April 2019. The total costs incurred in 19/20 were £17,046.
 - b. An ACC was a temporary secondment from Northumbria Police and was in post for the period 5th August 2019 to the 31st March 2020. The total costs incurred in 19/20 were £96,622.
 - c. A DCC was a temporary secondment from North Yorkshire Police and was in post for the period 5 May 2019 to 5th August 2019. The total costs incurred in 19/20 were £45,810.
 - d. An ACC was a temporary secondment from Humberside Police and was in post for the period 5th May 2019 to 29th August 2019. The total costs incurred in 19/20 were £15,906.
 - e. A DCC was a temporary secondment from Northumbria Police and was in post for the period 1st April 2019 to 31st May 2019. The total costs incurred in 19/20 were £29,036.

Key: -

DCC = Deputy Chief Constable

ACC = Assistant Chief Constable

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

10. TERMINATION BENEFITS

In the financial year the following termination benefits of £0.200m were paid. (£0.185m 2019/20).

Banding	Number of staff			Total cost of Exit package each band
	Number Compulsory Redundancies	Number of Other departures	Total Number of departures	
£0 - £20,000	5	0	5	£48,869
£60,001 - £80,001	1	0	1	£70,327
£60,001 - £100,000	1	0	1	£80,405
Total	7	0	7	£199,601

11. RELATED PARTIES

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

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

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

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

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

12. AUDIT COSTS

The CC incurred the following fees totalling £13.9k relating to external audit:

	2020/2021 £000	2019/2020 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	14	12
Total Audit Costs	14	12

13. PENSIONS

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

The CC participates in two Pension schemes namely:

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

The **Local Government Pension Scheme** for police staff, Teesside Pension Fund administered by XPS Pensions Group – this is a funded scheme, meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with

investment assets. Participants of the scheme can leave the scheme within two years of their joining date and receive a full refund of their contributions.

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

	Local Government Pension Scheme		Police Pension Scheme		Total	
	2020/2021 £000	2019/2020 £000	2020/2021 £000	2019/2020 £000	2020/2021 £000	2019/2020 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	8,546	5,417	29,910	28,645	38,456	34,062
Curtailed/settlements	35,811	-	-	-	35,811	-
Past service cost	61	39	-	-	61	39
Financing and Investment Income and Expenditure						
Interest cost	3,167	2,548	36,573	41,038	39,740	43,586
Expected return on assets	(1,958)	(1,967)	-	-	(1,958)	(1,967)
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	45,627	6,037	66,483	69,683	112,110	75,720
Other post employment Benefit Charged to the CIES						
Return on Plan assets	(25,125)	8,462	-	-	(25,125)	8,462
Actuarial (gains) /losses : Financial Assumptions	31,020	47	300,998	(33,893)	332,018	(33,846)
Actuarial (gains) /losses: Demographic assumptions	-	(3,065)	-	(9,153)	-	(12,218)
Actuarial (gains) /losses : liability experience	(2,529)	3,857	(18,505)	(108,372)	(21,034)	(104,515)
Total Post Employment Benefit Charged to the CIES	48,993	15,338	348,976	(81,735)	397,969	(66,397)
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	(45,627)	(6,037)	(66,483)	(69,683)	(112,110)	(75,720)
Actual amount charged against General fund balances for pensions in the year:						
Contribution in year	3,100	2,568	13,237	12,080	16,337	14,648

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

	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/21 £000	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000	31/03/20 £000
Estimated funded liabilities in scheme	244,211	109,787	-	-	-	-	-	-	-	-	244,211	109,787
Estimated unfunded liabilities in scheme	302	306	1,570,034	1,374,311	92,018	77,433	68,015	49,383	187,068	110,702	1,917,437	1,612,135
Less :Estimated assets in scheme	161,321	72,794	-	-	-	-	-	-	-	-	161,321	72,794
Net Liability	83,192	37,299	1,570,034	1,374,311	92,018	77,433	68,015	49,383	187,068	110,702	2,000,327	1,649,128

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

14. PENSIONS LIABILITY

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

The underlying assets and liabilities for retirement benefits attributable to the CC at 31st March 2021 are as follows.

- The liabilities show the underlying commitments that the PCC has in the long run to pay retirement benefits. The total liability of £2,000m has a substantial impact on the net worth of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £2,000m. However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.
- Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme Fund and Local Government Pension Scheme liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, with estimates for the CC being based on the latest full valuation of the scheme as at 31st March 2021.

The main assumptions used in their calculations are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	31/03/21	31/03/20	31/03/21	31/03/20
Rate of inflation (CPI)	2.7%	1.9%	2.7%	2.0%
Rate of increase in salaries	3.7%	2.9%	3.7%	3.0%
Rate of increase in pensions	2.7%	1.9%	2.7%	2.0%
Pension accounts revaluation rate	2.7%	1.9%	3.1%	2.3%
Rate for discounting scheme liabilities	2.1%	2.3%	2.1%	2.3%

Mortality Assumptions				
	Local Government Pension Scheme		All Police Pension Schemes	
	Males	Females	Males	Females
Retiring today	21.90	23.60	22.30	24.30
Retiring in 20 years	23.30	25.40	23.90	26.10

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

	Assets at 31 March 2020		Assets at 31 March 2021		Asset Split as at 31 March 2021	
	£000	%	£000	%	Quoted	Unquoted
Equities	52,921	72.7%	128,250	79.5%	79.0%	0.5%
Property	6,479	8.9%	12,260	7.6%	1.5%	6.1%
Cash	9,754	13.4%	13,390	8.3%	8.3%	0.0%
Other	3,640	5.0%	7,421	4.6%	4.6%	0.0%
Total	72,794	100.0%	161,321	100.0%	93.4%	6.6%

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

	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000
Actual Return Less Expected return on Pension Scheme Assets	25,125	(8,462)	30,433	32,444	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(28,491)	(839)	(205,789)	133,182	(13,554)	15,357	(17,186)	2,104	(45,964)	775
Actuarial Gain/(Loss) in Pension Plan	(3,366)	(9,301)	(175,356)	165,626	(13,554)	15,357	(17,186)	2,104	(45,964)	775
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	(3,366)	(9,301)	(175,356)	165,626	(13,554)	15,357	(17,186)	2,104	(45,964)	775

Summary of Costs recognised in Other Comprehensive Income: -

	31/03/21 £000	31/03/20 £000
Local Government Pension Scheme	(3,366)	(9,301)
1987 Police Pension Scheme	(175,356)	165,626
Injury Awards	(13,554)	15,357
2006 Police Pension Scheme	(17,186)	2,104
2015 Police Pension Scheme	(45,964)	775
Total	(255,426)	174,561

Asset and Benefit Obligation Reconciliation										
	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000	Year to 31/03/21 £000	Year to 31/03/20 £000
Opening Defined Benefit Obligation	110,093	102,517	1,374,311	1,513,779	77,433	91,389	49,383	49,999	110,702	82,920
Current Service Cost	8,546	5,417	5,508	4,894	1,802	1,604	211	248	22,389	21,899
Interest Cost	3,167	2,548	31,076	35,628	1,752	2,165	1,137	1,200	2,608	2,045
Actuarial losses (gains)	28,491	839	205,789	(133,182)	13,554	(15,357)	17,186	(2,104)	45,964	(775)
Losses (gains) on curtailments	0	0	0	0	0	0	0	0	0	0
Liabilities extinguished on settlements	95,682	0	0	0	0	0	0	0	0	0
Liabilities assumed in a business combination	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid net of transfers in	(2,896)	(2,326)	(47,481)	(48,045)	(2,523)	(2,368)	27	(42)	(222)	(227)
Past Service Cost	61	39								
Contribution by Scheme participants	1,369	1,059	831	1,237	0	0	71	82	5,627	4,840
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	244,513	110,093	1,570,034	1,374,311	92,018	77,433	68,015	49,383	187,068	110,702

Opening fair value of Scheme assets	72,794	77,988	0	0	0	0	0	0	0	0
Expected return on Scheme assets	1,958	1,967								
Actuarial gains (losses)	25,125	(8,462)	30,433	32,444	0	0	0	0	0	0
Contributions by employer including unfunded benefits	3,100	2,568	16,217	14,364	2,523	2,368	(98)	(40)	(5,405)	(4,613)
Contributions by Scheme participants	1,369	1,059	831	1,237	0	0	71	82	5,627	4,840
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(2,896)	(2,326)	(47,481)	(48,045)	(2,523)	(2,368)	27	(42)	(222)	(227)
Gain on Settlement	59,871	0	0	0	0	0	0	0	0	0
Fair Value of Scheme Assets at end of Period	161,321	72,794	0	0	0	0	0	0	0	0

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(37,299)	(24,529)	(1,374,311)	(1,513,779)	(77,433)	(91,389)	(49,383)	(49,999)	(110,702)	(82,920)
Current Service Cost	(8,546)	(5,417)	(5,508)	(4,894)	(1,802)	(1,604)	(211)	(248)	(22,389)	(21,899)
Contributions by employer including unfunded benefits	3,100	2,568	16,217	14,364	2,523	2,368	(98)	(40)	(5,405)	(4,613)
Contributions by Scheme participants	0	0	0	0	0	0	0	0	0	0
Past Service Costs	(61)	(39)	0	0	0	0	0	0	0	0
Interest Costs	(3,167)	(2,548)	(31,076)	(35,628)	(1,752)	(2,165)	(1,137)	(1,200)	(2,608)	(2,045)
Expected return on Scheme assets	1,958	1,967	0	0	0	0	0	0	0	0
Gain on Settlement	(35,811)	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	0	0	0	0	0	0	0	0	0	0
Actuarial (losses) gains	(3,366)	(9,301)	(175,356)	165,626	(13,554)	15,357	(17,186)	2,104	(45,964)	775
Fair Value of Scheme Assets / (Liabilities) at end of Period	(83,192)	(37,299)	(1,570,034)	(1,374,311)	(92,018)	(77,433)	(68,015)	(49,383)	(187,068)	(110,702)

Summary Reconciliation of Closing Net Obligation	31/03/21 £000	31/03/20 £000
Local Government Pension Scheme	(83,192)	(37,299)
1987 Police Pension Scheme	(1,570,034)	(1,374,311)
Injury Awards	(92,018)	(77,433)
2006 Police Pension Scheme	(68,015)	(49,383)
2015 Police Pension Scheme	(187,068)	(110,702)
Total	(2,000,327)	(1,649,128)

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

	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/22 £000s	Year to 31/03/23 £000s	Year to 31/03/22 £000s	Year to 31/03/23 £000s
Funded: -				
Service cost	43,092	44,770	11,776	12,211
Net Interest cost	39,789	40,577	1,703	1,910
Total	82,881	85,347	13,479	14,121

	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/22 £000s	Year to 31/03/23 £000s	Year to 31/03/22 £000s	Year to 31/03/23 £000s
UnFunded :-				
Service cost	-	-	-	-
Net Interest cost	-	-	6	6
Total	-	-	6	6

Funded LGPS benefits : Cleveland Police	Sensitivity Analysis		
	+0.1% p.a.	Base 20/21	-0.1% p.a.
Discount Rate Assumptions			
Present Value of total obligation (£000's)	238,350	244,211	250,072
% change in present value of total obligation	-2.4%		2.4%
Projected Service cost (£000's)	11,352	11,776	12,212
Approx % change in projected service cost	-3.6%		3.7%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	245,188	244,211	243,234
% change in present value of total obligation	0.4%		-0.4%
Projected Service cost (£000's)	11,776	11,776	11,776
Approx % change in projected service cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	249,095	244,211	239,327
% change in present value of total obligation	2.0%		-2.0%
Projected Service cost (£000's)	12,212	11,776	11,352
Approx % change in projected service cost	3.7%		-3.6%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	253,247	244,211	235,419
% change in present value of total obligation	3.7%		-3.6%
Projected Service cost (£000's)	12,271	11,776	11,293
Approx % change in projected service cost	4.2%		-4.1%

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 20/21	-0.1% p.a.
1987 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	1,541,773	1,570,034	1,599,865
% change in present value of total obligation	-1.8%		1.9%
Projected Service Costs (£000's)	6,881	7,029	7,177
Approx % Change in Projected Service Cost	-2.1%		2.1%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	1,573,174	1,570,034	1,566,894
% change in present value of total obligation	0.2%		-0.2%
Projected Service Costs (£000's)	7,057	7,029	7,001
Approx % Change in Projected Service Cost	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 obligation (£000's)	1,595,155	1,570,034	1,544,913
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	7,148	7,029	6,910
Approx % Change in Projected Service Cost	1.7%		-1.7%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	1,626,555	1,570,034	1,513,513
% change in present value of total obligation	3.6%		-3.6%
Projected Service Costs (£000's)	7,317	7,029	6,748
Approx % Change in Projected Service Cost	4.1%		-4.0%
2006 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	65,634	68,015	70,464
% change in present value of total obligation	-3.5%		3.6%
Projected Service Costs (£000's)	273	280	287
Approx % Change in Projected Service Cost	-2.5%		2.5%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	69,103	68,015	66,927
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	282	280	278
Approx % Change in Projected Service Cost	0.7%		-0.7%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	69,307	68,015	66,723
% change in present value of total obligation	1.9%		-1.9%
Projected Service Costs (£000's)	285	280	275
Approx % Change in Projected Service Cost	1.8%		-1.8%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	70,464	68,015	65,566
% change in present value of total obligation	3.6%		-3.6%
Projected Service Costs (£000's)	293	280	267
Approx % Change in Projected Service Cost	4.6%		-4.5%

Injury Awards :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	90,362	92,018	93,674
% change in present value of total obligation	-1.8%		1.8%
Projected Service Costs (£000's)	2,188	2,242	2,296
Approx % Change in Projected Service Cost	-2.4%		2.4%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	92,294	92,018	91,742
% change in present value of total obligation	0.3%		-0.3%
Projected Service Costs (£000's)	2,262	2,242	2,222
Approx % Change in Projected Service Cost	0.9%		-0.9%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	93,398	92,018	90,638
% change in present value of total obligation	1.5%		-1.5%
Projected Service Costs (£000's)	2,276	2,242	2,208
Approx % Change in Projected Service Cost	1.5%		-1.5%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	95,331	92,018	88,705
% change in present value of total obligation	3.6%		-3.6%
Projected Service Costs (£000's)	2,323	2,242	2,161
Approx % Change in Projected Service Cost	3.6%		-3.6%
2015 Police Pension Scheme :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	180,708	187,068	193,802
% change in present value of total obligation	-3.4%		3.6%
Projected Service Costs (£000's)	32,266	33,541	34,849
Approx % Change in Projected Service Cost	-3.8%		3.9%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	187,068	187,068	187,068
% change in present value of total obligation	0.0%		0.0%
Projected Service Costs (£000's)	33,541	33,541	33,541
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	193,802	187,068	180,708
% change in present value of total obligation	3.6%		-3.4%
Projected Service Costs (£000's)	34,849	33,541	32,266
Approx % Change in Projected Service Cost	3.9%		-3.8%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	193,802	187,068	180,334
% change in present value of total obligation	3.6%		-3.6%
Projected Service Costs (£000's)	34,983	33,541	32,132
Approx % Change in Projected Service Cost	4.3%		-4.2%

15. UNUSABLE RESERVES

Description of Reserve	31 March 2019 £000	Additions in Year £000	Reductions in Year £000	31 March 2020 £000	Additions in Year £000	Reductions in Year £000	31 March 2021 £000
Pension Reserve	1,762,616	(195,828)	82,340	1,649,128	(18,295)	369,494	2,000,327
Total Unusable Reserves	1,762,616	(195,828)	82,340	1,649,128	(18,295)	369,494	2,000,327

Pension Reserve – absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Further information can be found in Note 13: Pensions.

16. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

The Cleveland Police Force has five strategic collaborative arrangements that are classified as Joint Operations under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

They are:

1. Cleveland Durham Special Operations Unit (CDSOU)
2. North East Regional Special Operations Unit (NERSOU)
3. NERSU : Special Branch: Fixed Intelligence Mgt Unit (FIMU).
4. Cleveland North Yorkshire Major Incident Team (CNYMIT)
5. Cleveland North Yorkshire Major Cold Case Review Team

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

1 Cleveland Durham Special Operations Unit (CDSOU)

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

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

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

CDSOU operates across the Durham and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2020/21 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.

The Chief Constable has given notice in May 2021 that the Force will be withdrawing from the Cleveland and Durham Special Operations Unit (CDSOU) collaboration but will continue with the

firearms training element. This will take a number of months to achieve and will result in road policing being provided solely by the Force within its boundaries.

Cleveland and Durham Specialist Operations Unit				
	Total Costs £000's	Apportionment	Durham 2020/21 £000's	Cleveland 2020/21 £000's
Road Policing				
Employees Costs	9,838	50%	4,919	4,919
Non Pay Costs	944	50%	472	472
Income	(208)	50%	(104)	(104)
	10,574		5,287	5,287
Tactical Training Unit				
Employees Costs	858	50%	429	429
Non Pay Costs	1,179	50%	589	589
Income	(46)	50%	(23)	(23)
	1,991		996	996
Total Unit Costs	12,565	-	6,282	6,282
Reserve as 31st March	Total Reserves			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

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

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 several 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 2020 to March 2021 the funding contributions made were Cleveland 24.62%, Durham 22.84% and Northumbria 52.54%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £672K (NBV) of which Cleveland's share is valued at £188K. The unit has reserves of £954K of which Cleveland's share is £230K (Prior year £164K).

NERSOU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2020/21 as required under the Section 22A agreement.

North East Regional Special Operations Unit				
	Apportionment Total Costs	Durham 2020/21 22.84% £000's	Cleveland 2020/21 24.62% £000's	Northumbria 2020/21 52.54% £000's
Employees Costs	9,846	2,249	2,424	5,173
Non Pay Costs	1,423	325	350	748
Income	(3,607)	(824)	(888)	(1,895)
	7,662	1,750	1,886	4,026
Contributions / Reserve				
Durham	1,812	1,812		
Cleveland	1,953		1,953	
Northumbria	4,167			4,167
Reserve movements	(270)	(62)	(67)	(141)
	7,662	1,750	1,886	4,026
Reserve as 31st March	954	215	230	509

North East Regional Special Operations Unit				
	Apportionment Total Costs	Durham 2019/20 22.80% £000's	Cleveland 2019/20 24.62% £000's	Northumbria 2019/20 52.58% £000's
Employees Costs	9,255	2,110	2,279	4,866
Non Pay Costs	1,699	387	418	893
Income	(3,320)	(757)	(817)	(1,746)
	7,634	1,741	1,879	4,014
Contributions / Reserve				
Durham	1,757	1,757		
Cleveland	1,898		1,898	
Northumbria	4,053			4,053
Reserve movements	(74)	(17)	(18)	(39)
	7,634	1,740	1,880	4,014
Reserve as 31st March	684	153	164	367

3 North East Regional Special Operations Unit: Special Branch: Fixed Intelligence Mgt Unit (FIMU).

NERSOU Special Branch FIMU is a joint unit staffed by the Cleveland, Durham and Northumbria Police Forces to assess and manage counter terrorism intelligence across the North East 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. The funding is via on Force contributions. The Force allocations are based NRE and for the financial period 1st August 2020 to March 2021 the funding contributions made were Cleveland 24.62%, Durham 22.84% and Northumbria 52.54%.

NERSOU SB FIMU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2020/21 as required under the Section 22A agreement.

North East Regional Special Operations Unit SB FIMU from 01/08/20				
	Apportionment Total Costs	Durham 2020/21 22.84% £000's	Cleveland 2020/21 24.62% £000's	Northumbria 2020/21 52.54% £000's
Employees Costs	423	96	104	222
Non Pay Costs	7	2	2	4
Income	-	-	-	-
	430	98	106	226
Contributions / Reserve				
Durham	98	98		
Cleveland	106		106	
Northumbria	226			226
Reserve movements				
	430	98	106	226
Reserve as 31st March	-	-	-	-

4 Cleveland North Yorkshire Major Incident Team (CNYMIT)

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

It formed part of the Evolve programme and commenced in November 2016.

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the two Forces have equal voting rights in terms of decision made about the unit. The Force allocation is borne in proportion to demand and for the financial period 1st April 2020 to 30th September 2020 the funding contributions made were Cleveland 51.5% and North Yorkshire 48.5%.

CNYMIT operated across the North Yorkshire and the Cleveland Force boundaries. However, the unit was disbanded as at 30th September 2020.

The statement below highlights the income and expenditure for the financial year 2020/21 as required under the Section 22A agreement. All Forces hold their assets and liabilities separately within their individual group accounts.

Cleveland and North Yorkshire Major Incident Team to 30/09/20			
	Apportionment Total Costs	Cleveland 2020/21 51.50% £000's	North Yorkshire 2020/21 48.50% £000's
Employees Costs	1,673	862	811
Non Pay Costs	24	12	12
Income	0	0	0
	1,697	874	823
Contributions			
Cleveland	874	874	
North Yorkshire	823		823
	1,697	874	823

Cleveland and North Yorkshire Major Incident Team			
	Apportionment Total Costs	Cleveland 2019/20 51.50% £000's	North Yorkshire 2019/20 48.50% £000's
Employees Costs	3,410	1,756	1,654
Non Pay Costs	147	76	71
Income	0	0	0
	3,557	1,832	1,725
Contributions			
Cleveland	1832	1,832	
North Yorkshire	1725		1,725
	3,557	1,832	1,725

5 Cleveland North Yorkshire Major Cold Case Review Team.

The Cleveland North Yorkshire Major Cold Case Review Team is staffed by North Yorkshire Police Forces to provide a historic case reviews for both Cleveland and North Yorkshire Forces.

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the two Forces have equal voting rights in terms of decision made about the unit. The Force allocation is borne in proportion demand and for the financial period 1st October 2020 to 31st March 2021 the funding contributions made were Cleveland 50.0% and North Yorkshire 50.0%.

The statement below highlights the income and expenditure for the financial year 2020/21 as required under the Section 22A agreement. All Forces hold their assets and liabilities separately within their individual group accounts.

Cleveland and North Yorkshire Cold Case Review Team from 01/10/20			
	Apportionment Total Costs	Cleveland 2020/21 50.00% £000's	North Yorkshire 2020/21 50.00% £000's
Employees Costs	150	75	75
Non Pay Costs	0	0	0
Income	0	0	0
	150	75	75
Contributions			
Cleveland	75	75	
North Yorkshire	75		75
	150	75	75

17. CONTINGENT LIABILITIES / ASSETS

Contingent Liabilities: -

McCloud/Sargeant judgement: Re unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015

The Chief Constable of Cleveland , along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Chief Constable of Cleveland, this effects around 760 members. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable of Cleveland to be 1.1% or £19m of pension scheme liabilities. This was recognised in the 2018-19 accounts. The estimated annual increase in liabilities is in the region of £5m p.a. reflecting an additional years benefits from the remedy, which will apply until 31 March 2023.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in November 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Contingent Asset

There are no assets as at the balance sheet date.

18. POST BALANCE SHEET EVENT

There are no post balance sheet events to report.

19. AUTHORISATION OF ACCOUNTS

The Chief Finance Officer of the Chief Constable for Cleveland Police has set and authorised the date of issue for the Statement of Accounts as the 11th November 2021. This is the date up to which events after the Balance Sheet date have been considered.

POLICE PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

PENSION FUND ACCOUNT	2020/2021	2019/2020
	£000	£000
Contributions Receivable		
From Employer		
Normal	(15,161)	(13,526)
Capital contribution due to Ill Health Early Retirement	(1,056)	(791)
From Members	(6,542)	(5,915)
Transfers In		
Individual Transfers in from Other Schemes	(471)	(195)
Benefits Payable		
Pensions	40,410	39,125
Commutations and Lump Sum Retirement Benefits	6,302	7,545
Lump Sum death benefits	6	133
Ill Health Lump Sum Benefits	1,880	1,510
Payments to and on Account of Leavers		
Refunds of Contributions	21	19
Inter Authority Adjustments	247	257
Individual Transfers out to Other Schemes	0	259
Sub-Total for the year before transfer from the PCC to fund the deficit for the year	25,636	28,421
Additional funding payable to the PCC to fund the deficit for the year (Home Office)	(25,637)	(28,374)
Additional funding payable by the PCC to fund the deficit for the year	1	(47)
Net Amount Payable/Receivable for the Year	0	0

NET ASSETS STATEMENT	31 March 2021	31 March 2020
	£000	£000
Current Assets		
Debtors:-		
Other Local Authorities	475	467
Bodies External to General Government	205	202
Total Current Assets	680	669
Long Term Assets		
Bodies External to General Government	0	0
Total Long Term Assets	0	0
Current Liabilities		
Creditors :-		
Other Local Authorities	475	467
Bodies External to General Government	205	202
Total Current Liabilities	680	669
Long Term Liabilities		
Bodies External to General Government	0	0
Total Long Term Liabilities	0	0
Net Assets	0	0
PENSION FUND ACCOUNT	0	0

Notes to the Pension Fund

The Pension Fund Accounts have been prepared in accordance with the Code of Practice and on an accrual's basis. This means that sums due to or from the Pension Fund are included as they fall due, whether the cash has been received or paid. The accounting convention adopted is historical cost.

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

The Pension fund has no investment assets and the fund is balanced to nil each year by a transfer to/from the Police Fund. Benefits payable are funded by contributions from employers (31%) and employees (in a range of 11.9% to 15.05%) and any difference is met by a top-up grant from the Home Office.

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

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

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

The Fund is administered by the entity.

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

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

Details of the long-term pension fund obligation are provided in Notes 13 and 14 of the main statements.

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) International Financial Reporting Standards;
- (b) International Accounting Standards; and
- (c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

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

OUTTURN: The actual amount spent in the financial year.

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

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

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

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

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

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

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

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

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

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