

# **GROUP AND PCC STATEMENT OF ACCOUNTS – 2020/2021**

## **CONTENTS**

<b>NARRATIVE STATEMENT (PERFORMANCE /FINANCIAL REVIEW)</b> .....	<b>3</b>
1. INTRODUCTION .....	3
2. THE STATEMENT OF ACCOUNTS .....	3
3. THE POLICE & CRIME COMMISSIONER REVENUE BUDGET FOR 2020/2021 .....	6
4. POLICE & CRIME COMMISSIONER GENERAL REVENUE BALANCES .....	7
5. CAPITAL.....	9
6. PENSIONS.....	9
7. CHANGES TO ACCOUNTING POLICIES .....	9
8. EVENTS AFTER THE REPORTING PERIOD .....	9
9. BORROWING FACILITIES.....	9
10. COVID-19 .....	9
11. NON-FINANCIAL PERFORMANCE DATA .....	12
12. FURTHER INFORMATION.....	22
<b>STATEMENT OF RESPONSIBILITIES</b> .....	<b>23</b>
<b>INDEPENDENT AUDITOR’S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR CLEVELAND</b> .....	<b>24</b>
<b>GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2021</b> .....	<b>28</b>
<b>PCC COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2021</b> .....	<b>29</b>
<b>GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2021</b> .....	<b>30</b>
<b>PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2021</b> .....	<b>30</b>
<b>GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2020</b> .....	<b>31</b>
<b>PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2020</b> .....	<b>31</b>
<b>GROUP BALANCE SHEET AT 31st MARCH 2021</b> .....	<b>32</b>
<b>PCC BALANCE SHEET AT 31st MARCH 2021</b> .....	<b>33</b>
<b>GROUP &amp; PCC CASHFLOW STATEMENT 2020/21</b> .....	<b>34</b>
<b>GROUP &amp; PCC NOTES TO THE CORE FINANCIAL STATEMENTS</b> .....	<b>35</b>
1. GROUP ACCOUNTING POLICIES .....	35
A) PROPERTY, PLANT AND EQUIPMENT .....	35
B) INTANGIBLE ASSETS .....	37
C) DE MINIMIS LEVEL .....	38
D) GOVERNMENT GRANTS AND CONTRIBUTIONS .....	38
E) CASH AND CASH EQUIVALENTS .....	38
F) LEASES .....	38
G) DEBTORS AND CREDITORS.....	39
H) VALUATION OF INVENTORIES.....	39
I) LOANS AND RECEIVABLES .....	39
J) FINANCIAL INSTRUMENTS.....	39
K) PROVISIONS .....	39
L) RESERVES.....	40
M) SELF-INSURED RISKS .....	40

N)	INVESTMENTS.....	40
O)	EMPLOYEE BENEFITS .....	40
P)	PENSIONS.....	40
Q)	OVERHEADS AND SUPPORT SERVICES .....	41
R)	PRIVATE FINANCE INITIATIVE .....	42
S)	VALUE ADDED TAX .....	42
T)	PRECEPT.....	42
U)	POST BALANCE SHEET EVENTS.....	42
V)	EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR PERIOD ADJUSTMENTS .....	42
W)	REVENUE RECOGNITION .....	42
X)	JOINT CONTROLLED OPERATIONS.....	42
Y)	CONTINGENT LIABILITIES .....	43
Z)	CONTINGENT ASSETS.....	43
AA)	FAIR VALUE .....	43
2	EXPENDITURE & FUNDING ANALYSIS.....	44
3.	ACCOUNTING STANDARDS ISSUED NOT ADOPTED .....	46
4.	CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.....	46
5.	ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY.....	47
6.	MATERIAL ITEMS OF INCOME AND EXPENSE .....	48
7.	EVENTS AFTER THE BALANCE SHEET DATE .....	48
8.	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS.....	49
9.	TRANSFERS TO / FROM EARMARKED RESERVES .....	53
10.	FINANCING AND INVESTMENT INCOME & EXPENDITURE .....	55
11.	TAXATION & NON-SPECIFIC GRANT INCOME.....	56
12.	PROPERTY, PLANT AND EQUIPMENT .....	56
13.	INTANGIBLE ASSETS .....	57
14.	FINANCIAL INSTRUMENTS.....	58
15.	DEBTORS.....	60
16.	CASH AND CASH EQUIVALENTS .....	60
17.	ASSETS HELD FOR SALE .....	60
18.	CREDITORS.....	61
19.	PROVISIONS .....	61
20.	PENSIONS.....	62
21.	PENSIONS LIABILITY .....	64
22.	LEASED ASSETS – RENTALS.....	71
23.	OFFICERS' EMOLUMENTS .....	71
24.	TERMINATION BENEFITS.....	75
25.	MEMBERS ALLOWANCES.....	75
26.	RELATED PARTIES.....	76
27.	PRIVATE FINANCE INITIATIVE .....	77
28.	AUDIT COSTS.....	78
29.	CAPITAL EXPENDITURE IN THE YEAR AND SOURCES OF FINANCE .....	79
30.	BORROWING.....	80
31.	AGENCY SERVICES .....	80
32.	USABLE RESERVES .....	81
33.	UNUSABLE RESERVES.....	81
34.	CAPITAL ADJUSTMENT ACCOUNT .....	82
35.	GRANT INCOME .....	83
36.	ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS .....	83
37.	CONTINGENT LIABILITIES / ASSETS .....	89
38.	POST BALANCE SHEET EVENT .....	90
39.	AUTHORISATION OF ACCOUNTS.....	90
	<b>PENSION FUND.....</b>	<b>91</b>
	<b>GLOSSARY OF TERMS .....</b>	<b>93</b>

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

## **1. INTRODUCTION**

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

All the financial transactions incurred during 2020/21 for policing in Cleveland have been recognised within this Statement of Accounts, which sets out the overall position of the Cleveland PCC Group for the year ended 31st March 2021. The Group position 'PCC Group' reflects the consolidated accounts of the PCC and the Chief Constable. This narrative statement provides an overview of the accounting arrangements and outlines the financial performance of the PCC Group during 2020/21.

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

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

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

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

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

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

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

The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the PCC Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

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

**Balance Sheet** – The Balance Sheet shows the value as at 31<sup>st</sup> March 2021 of the assets and liabilities recognised by the PCC Group.

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

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

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

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

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

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

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

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

**Group Comprehensive Income & Expenditure Statement:**

- Net Cost of Services (NCOS) has increased by £46.593m. 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 £38.474m, an increase in Police Pay of £6.384m, increase in Police staff & PCSO pay £5.816m, decrease in OPCC staff pay of £0.015m, decrease in OPCC & Police non-pay expenditure and undistributed costs of £1.329m and an increase in Income of £2.737m
- The deficit on the Provision of Service has moved from a £62.868m deficit to a £98.387m deficit. An increase of £35.520m. This is as a result of the movement in NCOS detailed above and the impact of a decrease in Financing & Investment costs of £4.073m a decrease in the other operating expenditure of £0.070m and an increase in Taxation & Non-specific grant funding of £7.000m.

- Other Comprehensive Income and Expenditure has increased by £430.277m due to changes in actuarial assumptions relating to the Pension Fund of £429.795m and deficit on revaluations of £0.482m

#### **Group Balance Sheet:**

- Property, Plant & Equipment, Intangible Assets and Assets held for sale has decreased by £2.815m which comprises spend of £5.490m which is offset by in year depreciation charges of £4.715m, a revaluation reduction of £0.481m and part disposals of assets held for sale of £3.109m.
- The value of Debtors (long and short term) has decreased by £4.192m, primarily as a reduction in Government debtors of £3.914m, and net increase in Local Authority debtors and Prepayments £0.167m. Plus an increase in provision for bad debt of (£2.373m) and precepts adjustment of £2.167.
- The value of Creditors (short and long term) has increased by £3.951m, primarily as a result of the increase in the liability in respect of accumulated absences. This is due to the Tupe transfer back of staff and the impact of Covid-19 on annual leave balances and a change in policy to allow an increase in employees carry forward allowances. Plus precept adjustments of £1.925m
- Provisions have decreased by £0.730m, as a result of the release of Insurance related provision £0.730m to offset the costs of Insurance claims paid and settled in year.
- No new borrowing was undertaken in the year, however £3.272m was repaid, current borrowing stands at £25.020m and is well within the limits approved by the PCC.
- The Pension Liability and Reserves have both increased by £352.905m, mainly as a result of changes in actuarial assumptions as detailed within the notes to the accounts.
- The Usable Reserves of the PCC Group has seen a net overall increase of £1.280m; a net decrease on earmarked reserves of £1.216m and capital grant reserve of £0.643m. Offset by capital receipts of £3.139m. A detailed breakdown of the earmarked reserves can be found at Note 9 of the accounts.

#### **Group and PCC Cashflow:**

- The Group had a Net increase in cash in the year of £3.042m this has resulted from a cash inflow from operating activities of £12.258m offset by a cash outflow £5.944m. and repayment of £3.272 of borrowing.

#### **PCC Comprehensive Income & Expenditure Statement:**

- Net Cost of Services (NCOS) has increased by £8.056m, primarily as the result of the increased income of £2.737m, an increase in inter-group funding to the Force of £9.873m, offset by an increase in costs of £0.920m
- The deficit on the Provision of Service has increased by £0.750m to a £2.554m deficit. This is a combination of the impact an increase funding of £7.000m decrease in financing costs & other expenditure of £0.307m. Net of the increase in NCOS.
- Other Comprehensive Income and Expenditure has moved by £0.290m due to changes in actuarial assumptions relating to the Pension Fund of £0.192m, and deficit in surplus on revaluations of £0.482m.

### PCC Balance Sheet:

- The overall movement on the PCC balance sheet is a decrease in Net assets and total Reserves of £4.493m. The only variation from those reported in the Group Balance sheet above relates to the Pension Liability. The PCC only records Pensions for the PCC staff and this balance has increased by £1.706m.

### 3. THE POLICE & CRIME COMMISSIONER REVENUE BUDGET FOR 2020/2021

The following table shows the 2020/2021 budget and the final outturn:

	Original 2020/2021 Budget	Revised 2020/21 Budget	Year End 2020/21 Position	Outturn
	£000s	£000s	£000s	£000s
Police Grant	(50,148)	(50,148)	(50,148)	(0)
RSG/National Non Domestic Rate	(41,486)	(41,486)	(41,486)	0
<b>Government Grant</b>	<b>(91,634)</b>	<b>(91,634)</b>	<b>(91,634)</b>	<b>0</b>
Council Tax Precept	(40,844)	(40,844)	(40,845)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(48,512)</b>	<b>(48,512)</b>	<b>(48,513)</b>	<b>(0)</b>
Specific Grants	(12,013)	(15,197)	(15,386)	(189)
Partnership Income/Fees and Charges	(3,316)	(3,762)	(3,770)	(8)
<b>Total Funding</b>	<b>(155,475)</b>	<b>(159,106)</b>	<b>(159,303)</b>	<b>(197)</b>

<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s
Staff Pay	816	816	720	(95)
Non Pay Expenditure	245	245	247	2
Income	(160)	(160)	(180)	(20)
<b>Total Planned Expenditure</b>	<b>900</b>	<b>900</b>	<b>787</b>	<b>(113)</b>
<b>Central Services</b>	£000s	£000s	£000s	£000s
Staff Pay	780	770	744	(25)
Non Pay Expenditure	80	104	116	12
PFI	7,265	2,397	2,423	26
Asset Management	1,875	5,641	5,679	38
	<b>10,000</b>	<b>8,912</b>	<b>8,962</b>	<b>50</b>
<b>Proposed Community Safety Expenditure</b>	£000s	£000s	£000s	£000s
<b>Total Community Safety Initiatives</b>	<b>2,914</b>	<b>2,936</b>	<b>2,311</b>	<b>(625)</b>
<b>Victims and Witnesses Initiatives</b>	<b>821</b>	<b>1,520</b>	<b>1,494</b>	<b>(26)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(140,840)</b>	<b>(144,838)</b>	<b>(145,749)</b>	<b>(910)</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s
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)
<b>Total Planned Expenditure</b>	<b>137,805</b>	<b>141,073</b>	<b>140,987</b>	<b>(86)</b>

	£000s	£000s	£000s	£000s
<b>(Surplus)/Deficit</b>	<b>(3,035)</b>	<b>(3,765)</b>	<b>(4,763)</b>	<b>(997)</b>
Transfers to/(from) General Fund	0	0	0	0
Transfers from Earmarked Reserves	0	(1,858)	(1,858)	(0)
Transfers to Earmarked Reserves	3,035	5,624	6,621	997
Transfer to Council Fund Adjustment Account	0	0	0	0
Transfers to accumulated Absence Reserves	0	0	0	0
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

As can be seen from the table above the overall position for the Group as at the 31<sup>st</sup> March 2021 was an £0.997m underspend. The 2019/20 Group underspend was £1.487m.

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

There were no periods of unknown cash restrictions during the financial year and the OPCC is not expecting any issues with the Cashflow during the 2021/22 financial period.

The following table shows the 2020/2021 budget and the final outturn for the PCC:

	Original 2020/2021 Budget	Revised 2020/21 Budget	Year End 2020/21 Position	Outturn
	£000s	£000s	£000s	£000s
Police Grant	(50,148)	(50,148)	(50,148)	(0)
RSG/National Non Domestic Rate	(41,486)	(41,486)	(41,486)	0
<b>Government Grant</b>	<b>(91,634)</b>	<b>(91,634)</b>	<b>(91,634)</b>	<b>0</b>
Council Tax Precept	(40,844)	(40,844)	(40,845)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(48,512)</b>	<b>(48,512)</b>	<b>(48,513)</b>	<b>(0)</b>
Specific Grants	(12,013)	(15,197)	(15,386)	(189)
Partnership Income/Fees and Charges	(3,316)	(3,762)	(3,770)	(8)
<b>Total Funding</b>	<b>(155,475)</b>	<b>(159,106)</b>	<b>(159,303)</b>	<b>(197)</b>

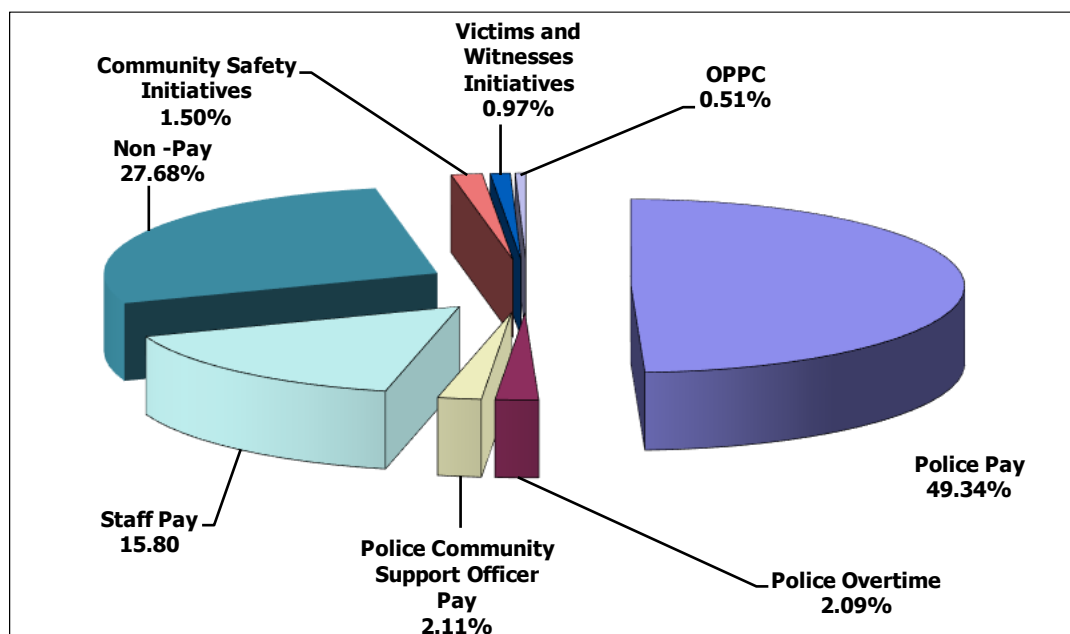
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s
Staff Pay	816	816	720	(95)
Non Pay Expenditure	245	245	247	2
Income	(160)	(160)	(180)	(20)
<b>Total Planned Expenditure</b>	<b>900</b>	<b>900</b>	<b>787</b>	<b>(113)</b>
<b>Central Services</b>	£000s	£000s	£000s	£000s
Staff Pay	780	770	744	(25)
Non Pay Expenditure	80	104	116	12
PFI	7,265	2,397	2,423	26
Asset Manangement	1,875	5,641	5,679	38
	<b>10,000</b>	<b>8,912</b>	<b>8,962</b>	<b>50</b>
<b>Proposed Community Safety Expenditure</b>	£000s	£000s	£000s	£000s
<b>Total Community Safety Initiatives</b>	<b>2,914</b>	<b>2,936</b>	<b>2,311</b>	<b>(625)</b>
<b>Victims and Witnesses Initiatives</b>	<b>821</b>	<b>1,520</b>	<b>1,494</b>	<b>(26)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(140,840)</b>	<b>(144,838)</b>	<b>(145,749)</b>	<b>(910)</b>

As can be seen from the table above the overall position for the PCC as at the 31<sup>st</sup> March 2021 was a £0.910k underspend prior to movement on reserves and return of resources provided by the Force of £0.086m. Overall this represents a total underspend of 0.64% against the group budget (Compared with 1.50% 2019/20).

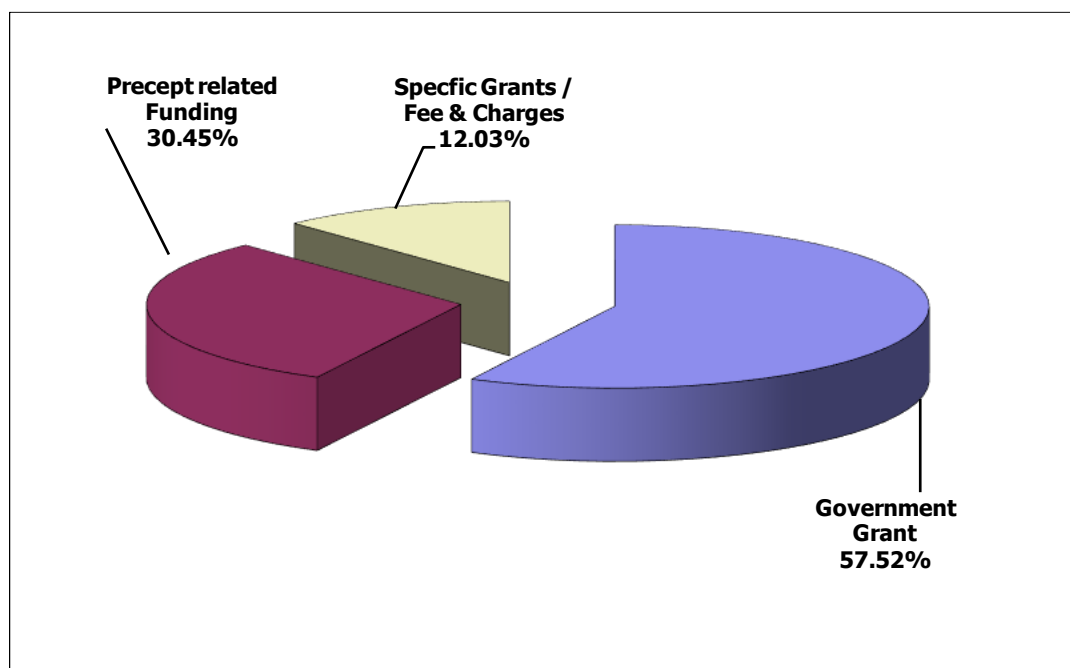
#### 4. POLICE & CRIME COMMISSIONER GENERAL REVENUE BALANCES

	2020/2021 £000	2019/2020 £000
<b>Opening Balance</b>	<b>(5,042)</b>	<b>(5,992)</b>
Budgeted transfer (into)/from balances	0	950
<b>Planned Position</b>	<b>(5,042)</b>	<b>(5,042)</b>
(Surplus) or Deficit on Years activities	0	0
<b>Available balance at 31 March</b>	<b>(5,042)</b>	<b>(5,042)</b>

## WHERE THE MONEY GOES TO:



## WHERE THE MONEY COMES FROM:





## **5. 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 to delays due to Covid-19 resulting in vehicles and equipment not being delivered and slipping into 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.

## **6. PENSIONS**

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these will not actually be payable until employees retire, the PCC Group has a commitment to make the payments, which need to be recognised at the time that employees earn their future entitlement. This is a requirement of International Accounting Standard (IAS) 19 – Employee Benefits. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the Group. A Pension liability of £2,007m is recorded in the Balance sheet of the Group

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

In line with IAS 8 the Group 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.

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

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

## **9. BORROWING FACILITIES**

The PCC currently has £25.0m worth of borrowing taken out with the Public Works Loan Board (PWLb), the repayment of these loans is phased over the next 40 years and have been taken out to fund the PCC's capital programme. The PCC undertook no new borrowing and repaid £3.272m in the 2020/21 financial year.

## **10. COVID-19**

These accounts cover a period that incorporates the very height of the pandemic in April 2020 and takes us through two further lockdowns across England and Wales. While the expectations is that 2021 will see a return to a much more 'normal' way of living it continues to be important for the organisation to reflect on the impact that the pandemic is having, and could have, on the services provided in the future and the key issues that will help inform and provide future context to these financial statements.

### Workforce

Our priority during the crisis was protecting the wellbeing and health of our team. Having practiced agile working since 2016, staff adapted to permanent home working exceptionally well and without delay. Despite additional challenges of home schooling and caring for vulnerable relatives, the team ensured there was no break in the service we provide to the public of Cleveland.

Like many organisations, we adapted our working practices to accommodate remote working through the use of digital technology and innovative practices. All core areas of OPCC business continued to operate during the pandemic, including scrutiny of the Chief Constable, community engagement, supporting our criminal justice colleagues and supporting vulnerable victims.

#### Provision of Services

We're delighted to say that throughout the crisis, Cleveland's victim services have displayed resilience and determination to provide life-changing care to those in need. All of them utilised digital technology to reach those who could no longer access support in person and many faced increased demand as lockdowns increased the vulnerability of certain groups. We were able to assist services supporting victims of domestic abuse and sexual violence with an additional £690,000 to meet demand and adapt their services.

Our work to reduce offending has also continued despite the challenges of the last 12 months. Through the determination of the clinical staff leading the programme, the Heroin Assisted Treatment scheme has continued to provide life-changing treatment for Middlesbrough's most entrenched opioid users. Our Divert scheme continued to provide first-time or low-level offenders the opportunity to address underlying issues in their lives that have caused them to offend.

We were successful in securing £1m from the Home Office's Safer Streets fund to make three of Cleveland's high theft neighbourhoods more secure from crime. Newport, South Bank and Burn Valley all benefitted from the investment, which saw significant increases in CCTV coverage, improved street lighting and the refurbishment of alley gates in all three areas. This investment has already resulted in reductions in acquisitive crime and theft in the three areas and we look forward to monitoring the more long-term success of the new crime prevention measures.

The work doesn't stop there – we've recently secured a second grant of £366,000 from the Safer Streets Fund to conduct similar work in Stockton Town Centre. In addition, we're already looking ahead to the third round of funding, which will support us to make areas safer for women and girls in our communities.

As the world returns to a sense of normality, we are looking forward to working with new PCC Steve Turner to develop his Police and Crime Plan. Work is already underway on his objectives and his overarching objective of putting the pride back into Cleveland Police

#### Reserves, Financial Performance and financial position

Additional costs relating to COVID were incurred in 2019/20 and 2020/21 and will continue into 2021/22.

Over £1.5m of additional funding was provided to the PCC during 2020/21 to support the Force with additional costs relating to COVID, such as cleaning, to support the public with 'Surge' patrols and to mitigate some of the lost income the PCC would have otherwise have received.

While there is no guarantee that these types of funding will all continue into 2021/22 it is not expected that either the costs incurred to date, or those that are likely to be incurred across the remainder of 2021/22, will impact significantly on the finances of the organisation.

As referred to in the 2019/20 accounts the biggest financial challenge, resulting from COVID-19, for the organisation was likely to materialise in 2021/22 with a likely recurring, but smaller impact in the years thereafter. The impact was expected to result from less Council Tax than planned being collected during 2020/21 and a further impact on the overall tax base in future years in comparison to previous plans.

The Government recognised this challenge and have provided the flexibility to all billing and major precepting authorities (including police and fire authorities) to phase the deficit over a fixed period of three years.

- The phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax.
- The deficit will be phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.
- The amounts to be paid off during 2021-22 will therefore be only 1/3rd of each authority's share of the estimated 2020-21 deficit.

The Councils in Cleveland have indicated an overall deficit on their collection funds, of which £1,325k relates to Policing.

Of this overall deficit of £1,325k, there is a £142k deficit that relates to years prior to 2020/21 and is therefore treated normally. Of the £1,182k deficit that relates purely to 2020/21 this will be phased across 3 years in line with the changed legislation. This will result in a £394k charge in each of the next 3 years.

In addition to this impact, it was also expected that the calculated number of Band D properties in 2021/22 would be lower than previously forecast, which was an annual growth of 1% from the previous year's base.

This expected problem did materialise, although not to the extent that was previously feared. The number of Band D properties within Cleveland in 2021/22 reduced by 8 to 156,110.

A reduction in the overall tax base is highly unusual and was, prior to the pandemic, completely unexpected. This therefore had an impact on the finances of the organisation. This small reduction, versus an expected 1% increase, equates to an overall reduction in precept income of nearly £415k per year.

The impact of both of these areas has however been compensated for by an increase in the Local Council Tax Support Grant of £1,395k from the Government.

This funding is expected to be a one-off grant as it is hoped/assumed that the Tax Base will recover over the next 2/3 years. The revised financial plans therefore assume quicker tax base growth of 1.5% in 2022/23 and then 1.25% in each of the next 2 years. This will however be dependent on many factors which are clearly outside of the control of the organisation

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

#### Cash Flow Management

There have been no negative COVID related impacts for the Cash Flow of the organisation. In some respects cash flow has marginally improved, in 2021/22, as a result of the government releasing grants marginally earlier than they would have been expected to have been paid.

#### Major Risks

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

Increases in unemployment, wider social unrest, demand increases as businesses start to fully re-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. At the same time there is the likely reductions in funding discussed elsewhere to also factor in.

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

Following the Government's decision to postpone local elections in light of the Covid-19 pandemic, the Police and Crime Commissioner elections took place in May 2021, which was a year later than previously planned.

As a result of this extended term of Office the Police and Crime Plan was also reviewed. The latest [plan](#) was set to provide a solid set of foundations for how we would help victim services, criminal justice agencies and the wider community recover from the Covid-19 crisis. Also, it would help to ensure our innovative partnership work continues to make Cleveland a safer place.

The extended plan confirmed the following objectives:

- Investing in Our Police
- A Better Deal for Victims and Witnesses
- Tackling Offending and Re-Offending
- Working Together to make Cleveland Safer
- Securing the Future of our Communities

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carry out annual inspections of Cleveland Police and produce reports so the public know how well the police are performing.

Their PEEL assessments examine the Force in three areas: efficiency, effectiveness and legitimacy. Additional specialist inspections look at a particular aspect of policing on a national level and make recommendations for improvements.

### **Cleveland Police's current inspection rating (2019)**

**Efficiency:** Inadequate

**Effectiveness:** Inadequate

**Legitimacy:** Inadequate

### **Holding Cleveland Police to account**

Cleveland Police's improvement work was a key feature of the OPCC's Scrutiny and Accountability Work Programme during 2020/21, where monthly progress updates scrutinised the review of programme control documents, outcomes were tracked against the programme stage plan and assurances were sought from internal and external sources, including HMICFRS, to evidence programme delivery and impact of the Service Improvement Programme.

### **Scrutiny of policing during the pandemic**

In order to ensure effective oversight and scrutiny of the Force's preparedness and handling of the COVID-19 pandemic, the OPCC utilised the technology available to maintain scrutiny processes as normal, as well as a number of additional levels of scrutiny, including:

- Weekly Scrutiny and Accountability meetings with the Chief Constable
- Daily briefings from the Strategic Command Group
- Daily briefings from the Tactical Command Group

As an extra layer of scrutiny, the PCC asked members of the public for questions which were to be put to Chief Constable Richard Lewis. Over 25 questions submitted by the public were put directly to Mr Lewis and his senior team, with topics ranging from police powers, travel for exercise, social distancing and queries about MOT tests.

As a result, key questions from the public were collected regularly and put to Mr Lewis in recorded virtual meetings, which were published on the OPCC website. This meant the public could hear key messages about Coronavirus from the Force and the OPCC.

### **Objective 1. Investing in Police**

#### **Continued scrutiny of Cleveland Police's journey of improvement**

In early 2020, Cleveland Police commenced its 'Towards 2025 - Road to Improvement' programme, noting that significant progress had already been made in stabilising operational activity.

Despite additional policing challenges brought about by the COVID-19, the Chief Constable confirmed that the Service Improvement Programme (SIP) would continue throughout the pandemic. During this time progress has been made in relation to programme governance, leadership, planning and delivery, where key appointments have been made by the Force to lead the Service Improvement Team. These roles include the appointment of a:

- **Superintendent** - with significant experience within investigation and organisational change
- **Programme Manager** - with significant experience of corporate governance, change and scrutiny, including a former Associate Inspector role with HMICFRS.

Work during 2020-21 focused on a combination of review work and implementation of change summarised in the table below:

Organisational Reviews	Implementation Work
<ul style="list-style-type: none"> <li>✓ End to end domestic abuse mapping</li> <li>✓ Equality, Diversity &amp; Inclusion Assessment</li> <li>✓ Community Safety</li> <li>✓ Internal business processes such as Recruitment, Promotion, Grievance</li> <li>✓ Demand Management – Duties, Events, Civil Contingencies and Critical Incidents</li> <li>✓ Multi Agency and Children Safeguarding</li> <li>✓ Clarification of Investigation demand</li> <li>✓ Leadership Training Needs Assessment</li> <li>✓ Longer term approaches to regional Murder Investigation Team</li> </ul>	<ul style="list-style-type: none"> <li>✓ Progression of the Vulnerability Desk</li> <li>✓ Development of Neighbourhood Policing</li> <li>✓ Problem Solving, Prevention and Tasking</li> <li>✓ Development of Ethics and EDI including increasing champions</li> <li>✓ Philomena Protocol</li> <li>✓ Senior Leadership Coaching</li> <li>✓ Victims Code of Practice development</li> <li>✓ Complaints legislation</li> <li>✓ Crime Assessment &amp; Allocation Framework</li> <li>✓ Raising Investigative Standards Development Programme</li> </ul>

### **More officers return to neighbourhood policing**

More local, visible and accessible policing is always a theme when engaging with communities and as a result, the OPCC is closely monitoring the re-introduction of neighbourhood policing teams across the area.

In May 2020, as part of Cleveland Police's service improvement work and the PCC's commitment to strengthen neighbourhood policing, an additional 28 police officers joined neighbourhood policing teams across Cleveland to provide a greater focus on prevention and problem-solving activity.

### **Significant steps forward made in equality, diversity and inclusion**

The five-strong Equality, Diversity and Inclusion (EDI) team have continued to embed best practice within Cleveland Police. In terms of policy development, The Force's Equality Impact Assessment (EIA) process was redesigned and launched in September 2020. The team also implemented a new Staff Network Policy, to strengthen the Force's existing eight networks.

The team continue to provide advice and co-ordination of positive action in recruitment activities of the Force, to encourage underrepresented groups to apply for roles in policing. During 2020-21, campaigns included recruitment for police officers, PCSOs and force contact officers.

Training has continued to be important work for the EDI team. 90 leaders within the Force received input on inclusive behaviour and 62 officers in neighbourhood policing were trained in community engagement. Force contact officers and police staff receive a briefing on EDI as part of their induction.

### **In-depth scrutiny of Cleveland Police control room**

The OPCC deepened scrutiny of the performance of the Force Control Room, following concerns regarding the high number of calls being abandoned.

In December 2020, **89%** of 999 calls were answered within **10 seconds**, with the abandonment rate remaining below 1%. In terms of non-999 calls, **85%** were answered within **the 2 minute target** with an abandonment rate of 4.7%.

A new control room shift pattern was implemented on 25th January 2021 ensuring staff are on shift at the points of highest demand. The impact of this will continue to be monitored through the monthly scrutiny programme, with further assurances required in relation to the provision of a high quality service.

### **Independent Ethics Committee strengthened**

Following a successful recruitment campaign in November 2020, five individuals were appointed to the Independent Ethics Committee. The Committee plays a key role in scrutinising and advising on a wide range of ethical dilemmas faced by Cleveland Police. The new recruits will ensure a more diverse and representative panel, enabling a wide level of challenge and debate.

## **Objective 2: A Better Deal for Victims**

### **Victim support agencies continue to deliver during COVID-19**

At the outset of the COVID-19 pandemic, the OPCC recognised the priority of ensuring vulnerable people and victims of crime have access to the vital services they need, many of which are commissioned by the OPCC.

Throughout the pandemic all locally OPCC commissioned services including the Victim Care and Advice Service (VCAS), Domestic Abuse Support Services, Sexual Violence Support Services and Restorative Cleveland Services have adapted their delivery models to meet Government social-distancing guidelines and have continued to accept new referrals, engage and offer support to individuals.

The OPCC were successful in securing £571,000 from the Ministry of Justice to support Domestic Abuse and Sexual Violence Services to address costs associated with the pandemic. This included short term disruption to income, essential costs of sustaining current activities or addressing increases in demand. This funding has been a substantial help to specialist services locally who have been able to retain additional staff with the appropriate skills and knowledge to continue providing high quality support.

### **Tees-wide Independent Sexual Violence Advisor (ISVA) service commissioned**

Following a recent procurement process the OPCC have appointed Arch Teesside to deliver a Tees-wide Independent Sexual Violence Advisor Service (ISVA).

The role of an ISVA is crucial in providing tailored support to victims and survivors of sexual violence. This includes emotional and practical support before, during and after a court process. An ISVA will also provide support regardless of whether the victim wishes to report to the police.

The OPCC along with Arch Teesside further promoted the role of an ISVA during Sexual Violence Awareness Week in February 2021. Support such as this is all the more important given anticipated delays in court dates as a result of the pandemic.

### **£477,000 secured to support victims of domestic or sexual violence**

Through the development of successful funding applications, the OPCC secured £477,000 from the Ministry of Justice and NHS England to support vulnerable people, children and

families affected by domestic abuse and sexual violence. Supporting nine organisations across Cleveland, the funding will be used to:

- Purchase digital equipment and technical support to allow staff to support vulnerable people remotely;
- Provide welfare supplies for vulnerable victims including groceries, household goods and mobile phones to ease isolation;
- Support additional provision or staff to deal with an increase in demand or to replace work normally carried out by volunteers;
- Provide additional support for young people affected by domestic abuse, including support workers and specialist counselling – and more.

### **Transformation of support for victims of child sex abuse underway**

The OPCC with a range of voluntary and statutory agencies submitted a bid to the Home Office Child Sexual Abuse Transformation Fund to strengthen and enhance support for children and young people who have experienced sexual abuse. This bid was successful and £232,027 has been secured for 2020-2022 to deliver:

- A transformational partnership which will bring together key stakeholders, including commissioners and service providers.
- A specialist pathway development for BAME and male victims.
- A whole family approach support offer that provides tailored support to parents to help them improve their understanding of sexual abuse and increase their confidence to safeguard their children. This will be supported by the development of resources.
- A co-located children & young person specialist worker in the Police Complex Exploitation Team.
- Transitions worker which will bridge the gap and provide continuity of support from childhood to adulthood reducing the risk of further exploitation.

### **£3,000 funding boost to prevent child criminal exploitation**

In December 2020, the OPCC were successful in securing £3,000 from the Modern Slavery Organised Immigration Crime Programme.

The funding was secured to strengthen and enhance our approach to supporting and increasing awareness of modern slavery for families, children, children's services staff and other young people who are linked to modern slavery, especially those via the typology of child criminal exploitation. Working with specialist service providers including Barnardo's with support from Cleveland Police, a series of seminars for parents, carers and professionals were held. To reach as many people as possible the webinars were recorded and shared with schools across the Cleveland area.

## **Objective 3: Tackling Offending and Re-Offending**

### **£1m invested in three theft-hit neighbourhoods – crime reduced**

The Government's £25m Safer Streets Fund aims to reduce the impact of theft and burglary in some of the country's most vulnerable communities. The Home Office invited Police and Crime Commissioners (PCCs) to make up to three bids to support neighbourhoods disproportionately affected by theft-related crime.



The OPCC worked in partnership with Cleveland Police, Middlesbrough, Hartlepool and Redcar and Cleveland Councils to develop three bids. All were successful, securing over £1m in funding for three at-risk areas of Cleveland:

- Burn Valley and Oxford Road ladder (Hartlepool) – £444,608
- Newport (Middlesbrough) – £479,838
- South Bank (Redcar and Cleveland) – £110,250

Over the past 10 months, the PCC's office has worked with partners to deliver:

- 78 additional CCTV cameras
- 249 updated lighting columns
- 330 improved alley gate locks
- 1500 at home crime prevention packs
- 59 secured 'void' nuisance properties
- 200 supported victims of crime

#### Has the project worked?

Acquisitive crime in Newport from April 2020 to April 2021 dropped by 22 per cent compared to the previous twelve months, with Burn Valley and South Bank seeing reductions in burglary of 40 per cent and 49 per cent respectively. The area will continue to be monitored in the years to come to see the long-term benefits of the investment.

#### **Evaluation of Heroin Assisted Treatment scheme shows promising results**

Working with partners in public health, prison, probation, police and drug treatment services, the OPCC launched Middlesbrough's HAT programme in October 2019, with four individuals starting on the scheme immediately.

#### Early findings from the treatment

- Total number of people who have received treatment: 12
- Current number of people on the scheme: 9
- Attendance rate: 98%
- Changes between month one of treatment and month three of treatment:
- Overall quality of life score increased by 200%
- Use of illicit opioids dropped by 97.8%
- Combined substance use down by 48%

#### **Giving young people a chance through sport and activity**

The OPCC has committed to part funding the Chances programme, together with Cleveland's four local authorities, which is being delivered by Middlesbrough FC Foundation. The Chances programme is an evidence-based sport and activity programme. Chances will be delivered through the use of a Social Impact Bonds (SIB). SIB's are intended to improve the social outcomes of publicly funded services by making funding conditional on achieving results. In this instance, the Social Investor is Big Issue Invest. They pay for the project at the start, and then receive payments based on the results achieved, ultimately getting their funding back IF all outcomes are met.

The outcomes aiming to be achieved are:

- Improving Physical Literacy
- Improving School Attendance
- Reducing Not in Education, Employment or Training status
- Reducing Offending and Reoffending – this is the outcome the OPCC funding will be linked to

#### **Middlesbrough chosen for system-wide approach to tackling drugs**

The Middlesbrough Council area has been chosen by the Home Office and Public Health England to pilot a new system wide approach to tackling drugs.

Project ADDER (Addiction, Diversion, Enforcement and Recovery) will see the Police, Council and Health Services come together working in partnership to address the root causes of drugs misuse and the breaking down of supply chains. The Project will run for three years and bring Home Office investment of £1.325million.

Project outcomes include:

- A reduction in the rate of drug related deaths
- A reduction in the prevalence of drugs use
- A reduction in the level of drug related offending
- A reduction in reoffending for prolific offenders who are motivated by drugs
- Increase in the number of drug users engaging in treatment and recovery support, deriving benefit from doing so; and also completing treatment
- Reduction in drugs supply to local areas.

#### **Objective 4: Working Together to Make a Safer Cleveland**

##### **Partnered with Teesside University to measure perceptions of policing during COVID-19**

To deepen scrutiny of Cleveland Police during the pandemic, the OPCC formed a unique partnership with Teesside University to undertake independent research to understand:

- **Community perceptions regarding Cleveland Police's implementation of the Coronavirus Act powers** - The University were an independent player acting to advise the PCC on public perceptions regarding Cleveland Police's use of COVID-19 powers to ascertain whether the community, and in particular 'at risk' groups, felt that the new powers were being used appropriately with the desired focus on engagement, education and encouragement before resorting to enforcement.
- **How the community would like the PCC and Cleveland Police to engage with them during the period of social distancing when traditional face to face engagement mechanisms are not appropriate** – This included recommendations regarding future engagement mechanisms to better reflect the diverse range of platforms available for engagement, and will potentially have longer term implications for the format of community engagement, going beyond the timescales of the pandemic.

##### **Rural communities protected and consulted during the pandemic**

The OPCC continues to Chair the Tees Rural Crime Forum where a multi-agency action plan has been developed focusing on:

- Improving public confidence in our rural communities
- Better understanding of our rural communities
- Improving awareness within the wider workforce regarding rural crime
- Disrupting criminal activity in rural areas
- Developing best practice in relation to rural crime.

Early in the COVID-19 pandemic concerns were raised both locally and nationally that rural communities were particularly impacted by the social distancing measures. The PCC launched a Rural Crime Survey to better understand how the pandemic was impacting rural communities and their experiences of crime and antisocial behaviour.

In response to the concerns raised the PCC has convened monthly virtual meetings of a Tees Rural Crime Task Force, bringing together Police, Specials, Rural Volunteers, Fire, Local Authorities and Environment Agency. In advance of the meetings the wider community members of the Tees Rural Crime Forum are asked to feed in local concerns to ensure that these are reflected in the discussions due to the difficulties of holding a virtual meeting of the wider forum. Action taken following the Task Force's first meeting includes:

- Additional patrols of rural areas using Specials and Neighbourhood Teams
- Drone patrols of Eston Hills and Guisborough Woods, two sites that have had ongoing issues with fire setting during the pandemic
- Increased promotion through social media of the partnership work ongoing to provide public reassurance
- Engagement with local MP to ensure partnership linkages

#### **A continued leadership role in multi-agency working to tackle hate crime**

Monthly virtual meetings of the Cleveland Strategic Hate Crime and Incidents group were convened. The group is chaired by the PCC and involves representatives from a wide range of community safety and criminal justice organisations including Police, Local Authorities, Youth Offending, Housing, and VCAS. A key element of the meeting is monitoring community tensions. Some of the key outcomes from the meeting have been:

- Application to Faith, Race and Hate Crime grant scheme
- Plans for a Cleveland Police Cadets hate crime awareness campaign on social media – risk assessments currently being undertaken
- Tension monitoring regarding the George Floyd murder and the associated Black Lives Matter activity

#### **Better information sharing between agencies involved in tackling crime**

Ensuring staff from different agencies can all access the same information about an individual or a family is crucial to preventing crime, safeguarding vulnerable people and reducing offending effectively. The OPCC and partners continue to invest in E-CINS – an information sharing system designed to make it easy for different agencies to add, update and remove case information.

The system is currently used by 16 agencies across Cleveland for:

- A total of 537 cases were created on ECINS between Apr-20 and Mar-21. There are 115 of these cases currently open and 422 which have been archived.
- Of the 422 that have been archived, 77% have been archived as resolved or needs met;

- The cases relate primarily to: the Divert program, Victims, anti-social behaviour, integrated offender management and problem solving
- Organisations using ECINS include teams from Cleveland Police, local authorities, housing associations, Cleveland Fire and Safe in Tees Valley

## **Objective 5: Securing the Future of our Communities**

### **Youth Commission launched to gather views of Cleveland's young people**

In 2020 the OPCC commissioned a social enterprise organisation, Leaders Unlocked, to develop a Youth Commission (YC) model for Cleveland as a mechanism for engaging young people aged 14 to 25 in relation to policing and community safety. 27 young people were recruited from a range of diverse backgrounds and life experiences. They decided on the following key priorities for young people across Cleveland:

- Young people and relationships with the police
- Hate crime and online crime
- Mental health awareness
- Drug and alcohol abuse
- Youth activities and preventing re-offending

The YC engaged with over 1200 young people across Cleveland through the 'Big Conversation' to establish a wider picture of young people's priorities and views in the five key areas identified. A recommendations report was then produced and presented to the OPCC, Cleveland Police and other local leaders in an online conference.

*The event was very well received by local services who attended, with one stating, 'I have been involved in numerous initiatives where young people have been consulted on numerous issues. What struck me about the Youth Commission presentation it was very different - it was clear that the process had empowered young people; they presented in a manner that showed they had taken ownership of the research; were very articulate in what they had found out; had obviously explored underneath the issues that are affecting young people and crucially identified solutions. The evening very definitely demonstrated that Leaders were being unlocked.'*

The project has been re-commissioned for another year. Key activities planned are:

- Working with the OPCC, Police and partners to implement the recommendations of the 'Big Conversation' report
- Stop and Search scrutiny
- Ethics scrutiny
- Development of a Youth Independent Advisory Group model
- Mental health project – Tree of Life

### **World Children's Day 2020**

On Friday 20th November, the PCC and Chief Constable took part in World Children's Day by allowing a young person to take over their role for the day. The young people were appointed from the Youth Commission following an application process which saw 11 applications received.

The youth PCC had a busy day with meetings to Chair and attend in relation to Serious Violence, Stop and Search and Restorative Justice. The remaining 9 candidates who were unsuccessful in the takeover roles still played a vital role in the day through engaging

workshops, with the aim of identifying real life community projects which will see the youth PCC decide on what project to award £1000 of funding to.

### **Youth outreach services reach nearly 5000 young people**

The OPCC funds each Local Authority to commission a Targeted Youth Outreach Service to deliver an assertive street based programme of early intervention, diversionary and positive activities, engaging with young people who are involved in, or at risk of becoming involved in antisocial behaviour and criminal activity.

During 2020/21 social distancing restrictions meant that the services had to be paused intermittently, however over the course of the year the services were able to engage with nearly 5000 young people through street-based activity.

The focus of the outreach changed to engaging with young people and encouraging them to follow social distancing restrictions. During the pandemic the majority of young people across Cleveland have been compliant with the Covid measures. Services have targeted hotspot areas such as parks where young people were congregating and have built relationships with young people and gained trust. At a time when most youth services were closed and potentially vulnerable young people had restrictions in the positive interactions in their lives the Youth Outreach Service were able to provide a valuable link to services.

### **Football diversion project helps tackle Mischief Night and Halloween**

MFC Foundation Kicks provides free of charge sporting activities for young people in deprived areas across Cleveland using the power of the MFC brand to engage with potentially vulnerable young people and divert them from potential offending behaviour. Like other youth services MFC Foundation activity has been restricted due to social distancing restrictions, however activity has been undertaken in 9 centres across Cleveland engaging over 800 young people.

The project supported Operation Autumnus to divert young people from offending over the Halloween and Bonfire Night period. Over 100 young people attended sessions during this time, and the positive impact of the sessions was noted by Cleveland Police. Daryll Thomlinson, Cleveland Police Chief Inspector, said: *"The Neighbourhood Police Teams in Middlesbrough continue to support the community sessions where possible and have seen first-hand the value the sessions bring. We have witnessed the diversity in the sessions and how the coaches are able to build trust and confidence and engage with them. During the session it is clear that the activity is pivotal in diverting them from walking the streets and potential crime and anti-social behaviour".*

### **Anti-racism work adapted during the pandemic to train police officers**

Show Racism the Red Card are a charity who provide anti-racism training and awareness raising sessions. During 2020/21 they received OPCC funding to deliver awareness raising sessions in schools across Cleveland. With schools being closed due to the pandemic funding was diverted into front line training for police officers regarding racism and unconscious bias. 8 sessions were delivered to over 300 front line staff as part of the Equality, Diversity and Inclusion programme running within Cleveland Police. A 'train the trainer' session was also delivered to OPCC and Cleveland Police staff to ensure sustainability of the training package being rolled out internally going forwards.

## **12. FURTHER INFORMATION**

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

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

M. PORTER,  
CHIEF FINANCE OFFICER FOR THE PCC

# **STATEMENT OF RESPONSIBILITIES**

## **The PCC's Responsibilities**

The PCC is required to:

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

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

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

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

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

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

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

The Statement of Accounts give a true and fair view of the financial position of the Group & PCC at the accounting date and its income and expenditure for the year ended 31st March 2021.

Date:

Signature: M Porter

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

## **The PCC's Responsibilities**

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

Date:

Signature:

**Steve Turner, Police & Crime Commissioner for Cleveland**

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

## **Report on the audit of the financial statements.**

### **Opinion on the financial statements.**

We have audited the financial statements of the Office of the Police and Crime Commissioner for Cleveland and Group (Group and PCC) for the year ended 31 March 2021, which comprise the Group and PCC Comprehensive Income and Expenditure Statements, the Group and PCC Movement in Reserves Statements, the Group and PCC Balance Sheets, the Group and PCC Cash Flow Statement, the Group 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 Group and PCC as at 31st March 2021 and of the Group and PCC'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 Group and PCC 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 Group and PCC'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 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 Group and PCC 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 Group and PCC to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements.**

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

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 Group and PCC, 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 PCC, 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 Group and PCC 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 PCC 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 PCC. 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the PCC'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 PCC 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 PCC'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 PCC'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 Office of the Police and Crime Commissioner for Cleveland.**

The PCC 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 PCC 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 PCC'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 Office of the Police and Crime Commissioner 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 Office of the Police and Crime Commissioner 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 Office of the Police and Crime Commissioner 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 PCC 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  
November 2021

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

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

DETAIL	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		96,161	89,776		89,776
Police Community Support Officer Pay Costs	8,136		8,136	4,546		4,546
Police Staff Support Pay Costs	60,865		60,865	20,165		20,165
OPCC Staff Pay Costs	1,667		1,667	1,682		1,682
Police Non Pay Costs	35,114		35,114	37,408		37,408
OPCC Non Pay Costs	12,687		12,687	11,670		11,670
OPCC Income		19,190	(19,190)	0	16,453	(16,453)
Undistributed Costs	349		349	403		403
<b>Net Cost of Services</b>	<b>214,979</b>	<b>19,190</b>	<b>195,789</b>	<b>165,649</b>	<b>16,453</b>	<b>149,196</b>
Other Operating Expenditure			142			212
Financing & Investment Income and Expenditure (Note 10)			41,346			45,419
Taxation & Non-Specific Grant Income (Note 11)			(138,960)			(131,960)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>98,317</b>			<b>62,868</b>
(Surplus)/Deficit on Revaluation of PPE			482			0
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 21)			256,825			(172,970)
<b>Other Comprehensive Income and Expenditure</b>			<b>257,307</b>			<b>(172,970)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>355,624</b>			<b>(110,102)</b>

**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.

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

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

DETAIL	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						
Police Community Support Officer Pay Costs						
Police Staff Support Pay Costs						
OPCC Staff Pay Costs	1,667	0	1,667	1,682	0	1,682
Police Non Pay Costs						
OPCC Non Pay Costs	12,687	0	12,687	11,670	0	11,670
OPCC Income	0	19,190	(19,190)	0	16,453	(16,453)
Undistributed Costs	0	0	0	83	0	83
<b>Net Cost of Services before Funding</b>	<b>14,354</b>	<b>19,190</b>	<b>(4,836)</b>	<b>13,435</b>	<b>16,453</b>	<b>(3,019)</b>
Intra Group Funding	142,634	0	142,634	132,761	0	132,761
<b>Net Cost of Services</b>	<b>156,988</b>	<b>19,190</b>	<b>137,798</b>	<b>146,195</b>	<b>16,453</b>	<b>129,742</b>
Other Operating Expenditure			142			212
Financing & Investment Income & Expenditure (Note 10)			3,564			3,800
Taxation & Non-Specific Grant Income (Note 11)			(138,960)			(131,960)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>2,544</b>			<b>1,795</b>
(Surplus)/Deficit on Revaluation of PPE			482			0
(Surplus)/Deficit on Revaluation of available for sale assets			0			0
Re-measurements of the defined benefit liability (Note 21)			1,399			1,591
<b>Other Comprehensive Income and Expenditure</b>			<b>1,881</b>			<b>1,591</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>4,425</b>			<b>3,386</b>

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

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
<b>Balance at 31st March 2020</b>	<b>(5,042)</b>	<b>(9,190)</b>	<b>(0)</b>	<b>(100)</b>	<b>(2,043)</b>	<b>(16,375)</b>	<b>1,647,417</b>	<b>1,631,042</b>
(Surplus) or deficit on provision of services (accounting basis)	98,317	0	0	0	0	98,317	0	98,317
<b>Other Comprehensive Income and Expenditure</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>257,306</b>	<b>257,306</b>
<b>Total Comprehensive Expenditure and Income</b>	<b>98,316</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>98,318</b>	<b>257,306</b>	<b>355,623</b>
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	<b>(97,101)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(99,597)</b>	<b>99,597</b>	<b>0</b>
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,215</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>644</b>	<b>(1,279)</b>	<b>356,902</b>	<b>355,623</b>
<b>Total Transfers (to)/from Reserves</b>	<b>(1,215)</b>	<b>1,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b>(Increase) / Decrease in Year</b>	<b>0</b>	<b>1,215</b>	<b>(3,139)</b>	<b>0</b>	<b>644</b>	<b>(1,279)</b>	<b>356,902</b>	<b>355,623</b>
<b>Balance at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>	<b>2,004,319</b>	<b>1,986,665</b>
<b>Reserves held for:</b>								
Capital purposes	0	(3,169)	(0)	0	(2,043)	(5,212)		
Revenue Purpose	(5,042)	(6,021)	0	(100)	0	(11,163)		
<b>Total at 31 March 2020</b>	<b>(5,042)</b>	<b>(9,190)</b>	<b>(0)</b>	<b>(100)</b>	<b>(2,043)</b>	<b>(16,375)</b>		
Capital purposes	0	(1,716)	(3,139)	0	(1,399)	(6,254)		
Revenue Purposes	(5,042)	(6,259)	0	(100)	0	(11,400)		
<b>Total at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>		

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

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total PCC Reserves £000
<b>Balance at 31st March 2020</b>	<b>(5,042)</b>	<b>(9,190)</b>	<b>0</b>	<b>(100)</b>	<b>(2,043)</b>	<b>(16,375)</b>	<b>(1,712)</b>	<b>(18,086)</b>
(Surplus) or deficit on provision of services (accounting basis)	2,544	0	0	0	0	2,544	0	2,544
<b>Other Comprehensive Income and Expenditure</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1,881</b>	<b>1,881</b>
<b>Total Comprehensive Expenditure and Income</b>	<b>2,543</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,544</b>	<b>1,881</b>	<b>4,425</b>
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	<b>(1,328)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(3,824)</b>	<b>3,824</b>	<b>0</b>
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,215</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>644</b>	<b>(1,279)</b>	<b>5,704</b>	<b>4,425</b>
<b>Total Transfers (to)/from Reserves</b>	<b>(1,215)</b>	<b>1,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b>(Increase) / Decrease in Year</b>	<b>(0)</b>	<b>1,215</b>	<b>(3,139)</b>	<b>0</b>	<b>644</b>	<b>(1,279)</b>	<b>5,704</b>	<b>4,425</b>
<b>Balance at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>	<b>3,992</b>	<b>(13,663)</b>
<b>Reserves held for:</b>								
Capital purposes	0	(3,169)	0	0	(2,043)	(5,212)		
Revenue Purpose	(5,042)	(6,021)	0	(100)	0	(11,163)		
<b>Total at 31 March 2020</b>	<b>(5,042)</b>	<b>(9,190)</b>	<b>0</b>	<b>(100)</b>	<b>(2,043)</b>	<b>(16,375)</b>		
Capital purposes	0	(1,716)	(3,139)	0	(1,399)	(6,253)		
Revenue Purposes	(5,042)	(6,259)	0	(100)	0	(11,402)		
<b>Total at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>		

## **GROUP 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 Group Reserves £000
Balance at 31st March 2019	(5,992)	(9,940)	(0)	(136)	(1,517)	(17,586)	1,758,730	1,741,144
Adjusted Opening Balance as at 1st April 2019	(5,992)	(9,940)	(0)	(136)	(1,517)	(17,586)	1,758,730	1,741,144
(Surplus) or deficit on provision of services (accounting basis)	62,868	0	0	0	0	62,868	0	62,868
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(172,970)	(172,970)
Total Comprehensive Expenditure and Income	62,868	0	0	0	0	62,868	(172,970)	(110,102)
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	(61,131)	0	0	0	(526)	(61,657)	61,657	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,737	0	0	0	(526)	1,211	(111,313)	(110,102)
Total Transfers (to)/from Reserves	(787)	750	0	37	0	0	(0)	0
(Increase) / Decrease in Year	950	750	0	37	(526)	1,211	(111,314)	(110,103)
Balance at 31 March 2020	(5,042)	(9,190)	(0)	(100)	(2,043)	(16,375)	1,647,417	1,631,042

## **PCC 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 PCC Reserves £000
Balance at 31st March 2019	(5,992)	(9,940)	0	(136)	(1,517)	(17,586)	(3,887)	(21,472)
(Surplus) or deficit on provision of services (accounting basis)	1,795	0	0	0	0	1,795	0	1,795
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	1,591	1,591
Total Comprehensive Expenditure and Income	1,795	0	0	0	0	1,795	1,591	3,386
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	(57)	0	0	0	(526)	(583)	583	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	1,737	0	0	0	(526)	1,211	2,174	3,386
Total Transfers (to)/from Reserves	(787)	750	0	37	0	0	(0)	0
(Increase) / Decrease in Year	951	750	0	37	(526)	1,212	2,174	3,386
Balance at 31 March 2020	(5,042)	(9,190)	0	(100)	(2,043)	(16,375)	(1,712)	(18,086)

## **GROUP BALANCE SHEET AT 31st MARCH 2021**

The Group Balance Sheet shows the value of the assets and liabilities recognised by the PCC Group as at 31<sup>st</sup> March 2021.

	Notes	31 March 2021 £000	31 March 2020 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	53,787	55,932
Intangible Assets	13	4,514	2,076
Assets Held for Sale	17	6,107	9,216
Long Term Debtors	15	356	554
<b>Total Long Term Assets</b>		<b>64,765</b>	<b>67,778</b>
<b>Current Assets</b>			
Short Term Investments		-	-
Inventories		108	108
Short Term Debtors	15	18,356	22,351
Cash and Cash Equivalents	16	5,678	2,636
<b>Total Current Assets</b>		<b>24,142</b>	<b>25,094</b>
<b>Total Assets</b>		<b>88,907</b>	<b>92,872</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(4,000)	(3,272)
Short Term Creditors	18	(20,609)	(16,658)
Provisions	19	(2,682)	(3,411)
<b>Total Current Liabilities</b>		<b>(27,290)</b>	<b>(23,341)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(21,020)	(25,020)
Other Long Term Liabilities : PFI	27	(20,458)	(21,655)
Pensions Liability	21	(2,006,803)	(1,653,898)
<b>Total Long Term Liabilities</b>		<b>(2,048,281)</b>	<b>(1,700,573)</b>
<b>Total Liabilities</b>		<b>(2,075,571)</b>	<b>(1,723,913)</b>
<b>Net Liabilities</b>		<b>(1,986,665)</b>	<b>(1,631,042)</b>
Usable Reserves	32	(17,654)	(16,375)
Unusable Reserves	33	2,004,319	1,647,417
<b>Total Reserves</b>		<b>1,986,665</b>	<b>1,631,042</b>



## **PCC BALANCE SHEET AT 31st MARCH 2021**

The PCC Balance Sheet shows the value of the assets and liabilities recognised by the PCC as at 31<sup>st</sup> March 2021.

	Notes	31 March 2021 £000	31 March 2020 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	53,787	55,932
Intangible Assets	13	4,514	2,076
Asset Held for Sale	17	6,107	9,216
Long Term Investments		-	-
Long Term Debtors	15	356	554
<b>Total Long Term Assets</b>		<b>64,765</b>	<b>67,778</b>
<b>Current Assets</b>			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories		108	108
Short Term Debtors	15	18,356	22,351
Cash and Cash Equivalents	16	5,678	2,636
<b>Total Current Assets</b>		<b>24,142</b>	<b>25,094</b>
<b>Total Assets</b>		<b>88,907</b>	<b>92,872</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(4,000)	(3,272)
Short Term Creditors	18	(20,609)	(16,658)
Provisions	19	(2,682)	(3,411)
<b>Total Current Liabilities</b>		<b>(27,290)</b>	<b>(23,341)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(21,020)	(25,020)
Other Long Term Liabilities : PFI	27	(20,458)	(21,655)
Pensions Liability	21	(6,476)	(4,770)
<b>Total Long Term Liabilities</b>		<b>(47,954)</b>	<b>(51,445)</b>
<b>Total Liabilities</b>		<b>(75,244)</b>	<b>(74,786)</b>
<b>Net Assets</b>		<b>13,663</b>	<b>18,086</b>
Usable Reserves	32	(17,655)	(16,375)
Unusable Reserves	33	3,992	(1,711)
<b>Total Reserves</b>		<b>(13,663)</b>	<b>(18,086)</b>

## **GROUP & PCC CASHFLOW STATEMENT 2020/21**

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

	<b>2020/2021 £000</b>	<b>2019/2020 £000</b>
<b>OPERATING ACTIVITIES</b>		
<u>Cash Outflows</u>		
Cash paid to and on behalf of employees	109,711	100,979
Cash payment to reduce the PFI liability	1,197	1,583
Cash paid to suppliers of goods and services	65,295	69,421
	176,202	171,983
<u>Cash Inflows</u>		
Precept received	(39,278)	(38,632)
National non-domestic rates	(41,486)	(38,756)
Other grants	(102,237)	(96,297)
Rents	(34)	(40)
Cash received for goods and services	(586)	(1,121)
Other operating cash receipts	(4,837)	(3,109)
	(188,460)	(177,954)
<b>Operating Activities Net Cash Flow</b>	<b>(12,258)</b>	<b>(5,972)</b>
<b>INVESTING ACTIVITIES</b>		
<u>Returns on Investments and Servicing of Finance</u>		
Cash outflows -Interest paid	3,464	3,851
Cash inflows - Interest received	(9)	(119)
	3,456	3,732
<u>Capital Activities</u>		
Cash outflows - Purchase of non current assets	5,489	4,613
Cash inflows - Sale of non current assets	(3,139)	(71)
- Capital grant received	138	(526)
	2,488	4,016
<b>Investing Activities Net Cash Flow</b>	<b>5,944</b>	<b>7,748</b>
<b>Net Cash Outflow/(Inflow) before financing</b>	<b>(6,314)</b>	<b>1,777</b>
<b>FINANCING ACTIVITIES</b>		
<u>Management of Liquid Resources</u>		
Net increase/(decrease) in investments	-	(4,500)
Net increase/(decrease) in imprests	-	-
	-	(4,500)
<u>Financing</u>		
Cash outflows - Repayment of amounts borrowed	3,272	2,772
Cash inflows - New loans raised	-	0
	3,272	2,772
<b>Financing Activities Net Cash Flow</b>	<b>3,272</b>	<b>(1,728)</b>
<b>Net (Increase)/Decrease in cash</b>	<b>(3,042)</b>	<b>49</b>
<b>Cash brought forward</b>	<b>2,636</b>	<b>2,685</b>
<b>Cash carried forward</b>	<b>5,678</b>	<b>2,636</b>
<b>Net (Increase)/Decrease in cash</b>	<b>(3,042)</b>	<b>49</b>

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

## **1. GROUP ACCOUNTING POLICIES**

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

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

Surplus assets are valued at Fair Value.

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

#### **Revaluations & Impairment**

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

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

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

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

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

## **Impairment**

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

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

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

## **Depreciation**

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

Depreciation is calculated on the following bases:

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

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and a significantly different useful economic life, the components are depreciated separately from 1<sup>st</sup> April 2010. The PCC Group has undertaken this review and has no significant components in the 2020/21 financial year – this review will be undertaken annually.

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

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

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

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

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

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

Amounts received for a disposal are categorised as capital receipts.

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

## **B) INTANGIBLE ASSETS**

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

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

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

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

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

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

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

## **C) DE MINIMIS LEVEL**

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

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

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

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

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

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

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

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

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

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

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

## **F) LEASES**

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

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

#### **Finance Leases**

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

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

Lease payments are apportioned between:

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

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

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

## **Operating Leases**

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

## **G) DEBTORS AND CREDITORS**

Both the revenue and capital accounts of the PCC Group are maintained on an accrual's basis in accordance with the Code of Accounting Practice. That is, sums due to or payable by the PCC Group during the year are included in the accounts whether the cash has been received or paid in the year. No, de minimis is applied to this process.

## **H) VALUATION OF INVENTORIES**

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

## **I) LOANS AND RECEIVABLES**

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

## **J) FINANCIAL INSTRUMENTS**

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

## **K) PROVISIONS**

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

## **L) RESERVES**

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

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

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

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

## **N) INVESTMENTS**

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

## **O) EMPLOYEE BENEFITS**

### **Benefits Payable during Employment**

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

## **P) PENSIONS**

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

### **i) Uniformed Police**

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

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

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



## **ii) Support Staff**

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

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

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

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

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

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

## **R) PRIVATE FINANCE INITIATIVE**

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

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

## **S) VALUE ADDED TAX**

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

## **T) PRECEPT**

Precept is accounted for on an agency basis.

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

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

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

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

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

## **W) REVENUE RECOGNITION**

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

## **X) JOINT CONTROLLED OPERATIONS**

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

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

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

## **Y) CONTINGENT LIABILITIES**

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

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

## **Z) CONTINGENT ASSETS**

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

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

## **AA) FAIR VALUE**

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

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

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

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

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

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

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

## 2 EXPENDITURE & FUNDING ANALYSIS

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

### Group

	Expenditure Chargeable to the General Fund £000's	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
<b>Funding Analysis</b>						
Police Officer Pay Costs	77,626	(18,535)	96,161	72,883	(16,893)	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
OPCC Staff Pay Costs	1,468	(199)	1,667	1,420	(262)	1,682
Police Non Pay Costs	29,051	(6,063)	35,114	31,041	(6,366)	37,408
OPCC Non Pay Costs	19,557	6,870	12,687	17,676	6,006	11,670
OPCC Income	(19,190)	0	(19,190)	(16,453)	0	(16,453)
Undistributed Costs	349	0	349	403	0	403
<b>Net Cost of Services</b>	<b>136,544</b>	<b>(59,245)</b>	<b>195,789</b>	<b>128,793</b>	<b>(20,403)</b>	<b>149,196</b>
Other Operating Expenditure	146	4	142	131	(81)	212
Financing & Investment Income & Expenditure (Note 10)	3,456	(37,890)	41,346	3,732	(41,687)	45,419
Taxation & Non-Specific Grant Income	(140,146)	(1,186)	(138,960)	(131,706)	254	(131,960)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(0)</b>	<b>(98,317)</b>	<b>98,317</b>	<b>950</b>	<b>(61,918)</b>	<b>62,868</b>
<b>Opening General Fund Balance</b>	(5,042)			(5,992)		
<b>(Surplus) or Deficit on Provision of Service</b>	(0)			950		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,042)</b>		

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2020/2021</b>				
Police Officer Pay Costs	(18,535)	0	(16,673)	(1,862)
Police Community Support Officer Pay Costs	(4,872)	0	(4,872)	0
Police Staff Support Pay Costs	(36,446)	0	(36,446)	0
OPCC Staff Pay Costs	(199)	0	(199)	0
Police Non Pay Costs	(6,063)	(6,063)	0	0
OPCC Non Pay Costs	6,870	8,085	0	(1,215)
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(59,245)</b>	<b>2,022</b>	<b>(58,190)</b>	<b>(3,077)</b>
Other Operating Expenditure	4	4	0	0
Financing & Investment Income & Expenditure (Note 10)	(37,890)	0	(37,890)	0
Taxation & Non-Specific Grant Income	(1,186)	0	0	(1,186)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(98,317)</b>	<b>2,026</b>	<b>(96,080)</b>	<b>(4,263)</b>

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2019/2020</b>				
Police Officer Pay Costs	(16,893)	0	(16,566)	(327)
Police Community Support Officer Pay Costs	(531)	0	(531)	0
Police Staff Support Pay Costs	(2,357)	0	(2,357)	0
OPCC Staff Pay Costs	(262)	0	(262)	0
Police Non Pay Costs	(6,366)	(6,366)	0	0
OPCC Non Pay Costs	6,006	6,793	0	(787)
<b>Net Cost of Services</b>	<b>(20,403)</b>	<b>428</b>	<b>(19,716)</b>	<b>(1,114)</b>
Other Operating Expenditure	(81)	(81)	0	0
Financing & Investment Income & Expenditure (Note 10)	(41,687)	0	(41,687)	0
Taxation & Non-Specific Grant Income	254	0	0	254
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(61,918)</b>	<b>347</b>	<b>(61,403)</b>	<b>(860)</b>

### 2a Adjustments for Capital Purpose

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

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

## **2b Pension Adjustments**

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

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

## **2c Other Adjustments**

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

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

# PCC

	Expenditure Chargeable to the General Fund £000's	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
<b>Funding</b>						
Police Officer Pay Costs	(1,862)	(1,862)	0	(327)	(327)	0
Police Community Support Officer Pay Costs	0	0	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0	0	0
OPCC Staff Pay Costs	1,468	(199)	1,667	1,420	(262)	1,682
Police Non Pay Costs	(6,063)	(6,063)	0	(6,366)	(6,366)	0
OPCC Non Pay Costs	19,557	6,870	12,687	17,676	6,007	11,670
OPCC Income	(19,190)	0	(19,190)	(16,453)	0	(16,453)
Undistributed Costs	0	0	0	83	0	83
<b>Net Cost of Services</b>	<b>(6,090)</b>	<b>(1,254)</b>	<b>(4,836)</b>	<b>(3,968)</b>	<b>(949)</b>	<b>(3,019)</b>
Intra Group Funding	142,634	0	142,634	132,761	0	132,761
<b>Net Cost of Services</b>	<b>136,544</b>	<b>(1,254)</b>	<b>137,798</b>	<b>128,793</b>	<b>(949)</b>	<b>129,742</b>
Other Operating Expenditure	146	4	142	131	(81)	212
Financing & Investment Income & Expenditure (Note 10)	3,456	(108)	3,564	3,732	(68)	3,800
Taxation & Non-Specific Grant Income	(140,145)	(1,186)	(138,959)	(131,705)	254	(131,959)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>0</b>	<b>(2,544)</b>	<b>2,544</b>	<b>950</b>	<b>(845)</b>	<b>1,795</b>
<b>Opening General Fund Balance</b>	(5,042)			(5,992)		
<b>(Surplus) or Deficit on Provision of Service</b>	0			950		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,042)</b>		

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2020/2021</b>				
Police Officer Pay Costs	(1,862)	0	0	(1,862)
Police Community Support Officer Pay Costs	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0
OPCC Staff Pay Costs	(199)	0	(199)	0
Police Non Pay Costs	(6,063)	(6,063)	0	0
OPCC Non Pay Costs	6,870	8,085	0	(1,215)
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(1,254)</b>	<b>2,022</b>	<b>(199)</b>	<b>(3,077)</b>
Other Operating Expenditure	4	4	0	0
Financing & Investment Income & Expenditure (Note 10)	(108)	0	(108)	0
Taxation & Non-Specific Grant Income	(1,186)	0	0	(1,186)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(2,544)</b>	<b>2,026</b>	<b>(307)</b>	<b>(4,263)</b>

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
<b>Notes to Funding Analysis 2019/2020</b>				
Police Officer Pay Costs	(327)	0	0	(327)
Police Community Support Officer Pay Costs	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0
OPCC Staff Pay Costs	(262)	0	(262)	0
Police Non Pay Costs	(6,366)	(6,366)	0	0
OPCC Non Pay Costs	6,007	6,793	0	(787)
OPCC Income	0	0	0	0
Undistributed Costs	0	0	0	0
<b>Net Cost of Services</b>	<b>(950)</b>	<b>427</b>	<b>(262)</b>	<b>(1,114)</b>
Other Operating Expenditure	(81)	(81)	0	0
Financing & Investment Income & Expenditure (Note 10)	(68)	0	(68)	0
Taxation & Non-Specific Grant Income	254	0	0	254
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(845)</b>	<b>346</b>	<b>(330)</b>	<b>(859)</b>

## 3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

No new accounting standards were issued that were not adopted.

## 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

#### **Future government funding**

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

#### **Accounting principles**

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the PCC Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances and transactions cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the PCC Group's Balance Sheet at 31<sup>st</sup> March 2021 of which there is significant risks of material adjustment in the forthcoming financial year are as follows:

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

**Employee Benefits:** An accrual has been made for employee benefits outstanding at the year end, comprising flexitime, annual leave, Time off in Lieu and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Duty Management system. Approximately 65% of the accrual of £4.488m relates to Annual Leave and 25% relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of Annual Leave and RDIL owed would change the accrual by £0.224m.

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

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

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

The OPCC instructed Surveyors and Valuers as at the 31<sup>st</sup> March 2021 to undertake a desk top review to primarily assess the impact of Brexit and latterly the impact of Covid-19 on property value. The Surveyors assessment indicated no material impact as at the balance sheet date.

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

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

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

There are no events after the Balance sheet date to report



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

### GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 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	Unusable Reserves £000	Total Group Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,002)	0	0	0	0	(1,002)	1,002	0
Depreciation and Impairment of fixed assets	(4,981)	0	0	0	0	(4,981)	4,981	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	4	0	0	0	0	4	(4)	0
Sale of Assets	0	0	(3,139)	0	0	(3,139)	3,139	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(112,586)	0	0	0	0	(112,586)	112,586	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	782	782	(782)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	139	0	0	0	(139)	0	0	0
Accumulated Absences Adjustment	(1,862)	0	0	0	0	(1,862)	1,862	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(1,325)	0	0	0	0	(1,325)	1,325	0
	<b>(121,692)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(124,188)</b>	<b>124,188</b>	<b>0</b>
Statutory provision for the repayment of debt	2,175	0	0	0	0	2,175	(2,175)	0
Capital expenditure charged to the General Fund	5,910	0	0	0	0	5,910	(5,910)	0
Balance	0	0	0	0	0	0	0	0
Use of Capital Receipts	0	0	0	0	0	0	0	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	16,506	0	0	0	0	16,506	(16,506)	0
	<b>24,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,591</b>	<b>(24,591)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(97,101)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(99,597)</b>	<b>99,597</b>	<b>0</b>

**PCC FOR THE YEAR ENDED 31<sup>ST</sup> 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	Unusable Reserves £000	Total PCC Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,002)	0	0	0	0	(1,002)	1,002	0
Depreciation and Impairment of fixed assets	(4,981)	0	0	0	0	(4,981)	4,981	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	4	0	0	0	0	4	(4)	0
Sale of Assets	0	0	(3,139)	0	0	(3,139)	3,139	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(476)	0	0	0	0	(476)	476	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	782	782	(782)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	139	0	0	0	(139)	0	0	0
Accumulated Absences Adjustment	(1,862)	0	0	0	0	(1,862)	1,862	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(1,325)	0	0	0	0	(1,325)	1,325	0
	<b>(9,581)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(12,078)</b>	<b>12,078</b>	<b>0</b>
Statutory provision for the repayment of debt	2,175	0	0	0	0	2,175	(2,175)	0
Capital expenditure charged to the General Fund Balance	5,910	0	0	0	0	5,910	(5,910)	0
Use of Capital Receipts	0	0	0	0	0	0	0	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	169	0	0	0	0	169	(169)	0
	<b>8,254</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,254</b>	<b>(8,254)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(1,328)</b>	<b>0</b>	<b>(3,139)</b>	<b>0</b>	<b>643</b>	<b>(3,824)</b>	<b>3,823</b>	<b>0</b>

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,822)	0	0	0	0	(1,822)	1,822	0
Depreciation and Impairment of fixed assets	(4,465)	0	0	0	0	(4,465)	4,465	0
Depreciation on Revaluation	(79)	0	0	0	0	(79)	79	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(81)	0	0	0	0	(81)	81	0
Sale of Assets	0	0	(71)	0	0	(71)	71	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(76,299)	0	0	0	0	(76,299)	76,299	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	526	0	0	0	(526)	0	0	0
Accumulated Absences Adjustment	(327)	0	0	0	0	(327)	327	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(272)	0	0	0	0	(272)	272	0
	<b>(82,820)</b>	<b>0</b>	<b>(71)</b>	<b>0</b>	<b>(526)</b>	<b>(83,416)</b>	<b>83,417</b>	<b>0</b>
Statutory provision for the repayment of debt	2,584	0	0	0	0	2,584	(2,584)	0
Capital expenditure charged to the General Fund	4,209	0	0	0	0	4,209	(4,209)	0
Balance	0	0	71	0	0	71	(71)	0
Use of Capital Receipts								
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	14,896	0	0	0	0	14,896	(14,896)	0
	<b>21,689</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>21,760</b>	<b>(21,760)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(61,131)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(526)</b>	<b>(61,656)</b>	<b>61,656</b>	<b>0</b>

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,822)	0	0	0	0	(1,822)	1,822	0
Depreciation and Impairment of fixed assets	(4,465)	0	0	0	0	(4,465)	4,465	0
Depreciation on Revaluation	(79)	0	0	0	0	(79)	79	0
Government Grants Deferred amortisation	0	0	0	0	0	0	0	0
Write down of deferred charges to be financed from capital resources	0	0	0	0	0	0	0	0
(Loss)/Gain on the sale of non current assets	(81)	0	0	0	0	(81)	81	0
Sale of Assets	0	0	(71)	0	0	(71)	71	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(579)	0	0	0	0	(579)	579	0
Revaluation of Investment Property	0	0	0	0	0	0	0	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	526	0	0	0	(526)	0	0	0
Accumulated Absences Adjustment	(327)	0	0	0	0	(327)	327	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	(272)	0	0	0	0	(272)	272	0
	<b>(7,099)</b>	<b>0</b>	<b>(71)</b>	<b>0</b>	<b>(526)</b>	<b>(7,696)</b>	<b>7,697</b>	<b>0</b>
Statutory provision for the repayment of debt	2,584	0	0	0	0	2,584	(2,584)	0
Capital expenditure charged to the General Fund Balance	4,209	0	0	0	0	4,209	(4,209)	0
Use of Capital Receipts	0	0	71	0	0	71	(71)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	249	0	0	0	0	249	(249)	0
	<b>7,042</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>7,113</b>	<b>(7,113)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(57)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(526)</b>	<b>(583)</b>	<b>583</b>	<b>0</b>

## 9. TRANSFERS TO / FROM EARMARKED RESERVES

Group and PCC Reserves	Balance at 31 March 2019 £000	Transfers In 2019/2020 £000	Transfers Out 2019/2020 £000	Balance at 31 March 2020 £000	Transfers In 2020/2021 £000	Transfers Out 2020/2021 £000	Balance at 31 March 2021 £000
Direct Revenue Funding of Capital	(3,659)	(3,363)	4,019	(3,003)	(4,487)	6,608	(881)
Injury Pension Reserve	(245)	(67)	150	(162)	0	0	(162)
Airwave Project	(166)	0	0	(166)	(256)	0	(422)
PFI Sinking Fund	(288)	(75)	0	(363)	(50)	0	(413)
Incentivisation Grant	(512)	(125)	108	(529)	(148)	0	(677)
Urday Nook TTC	(81)	(0)	0	(81)	0	0	(81)
Police Property Act Fund	(63)	(78)	17	(124)	(71)	35	(160)
NERSOU	(146)	(14)	0	(160)	(70)	0	(230)
Community Safety Fund	(242)	(22)	150	(114)	0	90	(24)
Road Safety Initiative Reserve	(658)	0	0	(658)	0	121	(537)
Collaboration Reserve	(1,036)	(87)	122	(1,001)	(14)	897	(118)
Insurance / Legal Reserve	(431)	(75)	0	(506)	0	0	(506)
Pay inflation reserve	(1,000)	0	0	(1,000)	0	0	(1,000)
PCC Change Reserve	(100)	0	84	(16)	(113)	0	(129)
Digital Forensic Reserve	(245)	0	0	(245)	0	0	(245)
CP Change Reserve	(500)	0	295	(205)	(1,177)	550	(832)
Commissioning Services Reserve	(570)	0	260	(310)	(144)	200	(254)
North East Transformation Fund	0	(5)	0	(5)	0	0	(5)
Major Incident Reserve	0	(543)	0	(543)	(457)	0	(1,000)
Covid Reserve	0	0	0	0	(300)	0	(300)
Revenue Grants Unapplied	(137)	0	37	(100)	0	0	(100)
<b>Total</b>	<b>(10,077)</b>	<b>(4,455)</b>	<b>5,242</b>	<b>(9,290)</b>	<b>(7,286)</b>	<b>8,501</b>	<b>(8,075)</b>

### Direct Revenue Funding of Capital

This reserve is held to meet the cost of capital schemes; contributions to and applications of revenue funding for capital schemes have been made in 2020/21.

### Injury Pension Reserve

To allow for the variable nature of future injury/medical retirements of Police Officers and the capital equivalent charges incurred. No additional contribution were allocated to the reserve 2020/21.

### Airwave Projects

This reserve was created in 2018/2019 to support the required investment in Airwave to maintain current capability whilst the National replacement solution is developed / delivered. The Force received £256K contribution in year from the National project to cover future costs associated with the project.

### Action Stations PFI Sinking Fund

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

### Incentivisation Grant

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

### **Tactical Training Centre**

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

### **Police Property Act Fund**

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

### **NERSOU**

North East Regional Special Operations Unit (NERSOU) is a collaboration between Northumbria, Durham and Cleveland Forces to address organised and serious crime. At the 31<sup>st</sup> March 2021 the reserves position was £954K of which Cleveland's share is £230K.

### **Community Safety Fund**

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

### **Road Safety Initiative Reserve**

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

### **Collaboration Reserve**

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

### **Insurance – Legal Reserve**

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

### **Pay Inflation Reserve**

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

### **PCC Change Reserve**

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

### **Digital Forensic Reserve**

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

### **CP Change Reserve**

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

### Commissioning Services Reserve

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

### North East Transformation Fund

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

### Major Incident Reserve

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

### Covid Reserve

The reserve has been created to hold the balance of "surge grant" received from the Home Office. The purpose of the grant is to support additional patrols as the lockdown restrictions are relaxed. The Force has planned operations in order to meet this requirement and manage the risk.

### Revenue Grants Unapplied

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

## 10. FINANCING AND INVESTMENT INCOME & EXPENDITURE

Group	2020/2021 £000	2019/2020 £000
Interest payable and similar charges	3,464	3,851
Net interest on defined benefit liability	37,890	41,687
Interest receivable and similar income	(9)	(119)
<b>Total Finance and Investment Income and Expenditure</b>	<b>41,346</b>	<b>45,419</b>

PCC	2020/2021 £000	2019/2020 £000
Interest payable and similar charges	3,464	3,851
Net interest on defined benefit liability	108	68
Interest receivable and similar income	(9)	(119)
<b>Total Finance &amp; Investment Income &amp; Expenditure</b>	<b>3,564</b>	<b>3,800</b>

## 11. TAXATION & NON-SPECIFIC GRANT INCOME

Group and PCC	2020/2021 £000	2019/2020 £000
National Non Domestic rates	(41,486)	(38,756)
Police Grants	(50,947)	(47,297)
Precepts	(39,520)	(38,512)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(138)	(526)
<b>Total Taxation and Non Specific Grant Income</b>	<b>(138,960)</b>	<b>(131,960)</b>

## 12. PROPERTY, PLANT AND EQUIPMENT.

### Property, Plant and Equipment 2020/2021

Group and PCC	Land and Buildings £000	PFI £000	Vehicles £000	Plant and Equipment £000	Non - Operational £000	Total £000
Gross book value at 1 April 2020	15,727	28,658	5,936	24,351	2,533	77,206
Accumulated depreciation	(473)	(1,097)	(3,656)	(16,048)	-	(21,274)
Prior Year Adjustments	-	-	-	-	-	-
<b>Net Book Value at 1 April 2020</b>	<b>15,255</b>	<b>27,561</b>	<b>2,280</b>	<b>8,303</b>	<b>2,533</b>	<b>55,931</b>
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep	-	-	-	-	-	-
<b>Net Book Value at 1 April 2020</b>	<b>15,255</b>	<b>27,561</b>	<b>2,280</b>	<b>8,303</b>	<b>2,533</b>	<b>55,931</b>
Additions	460	1,102	362	1,081	3,618	6,623
Reclassification	1,221	-	(53)	1,506	(5,876)	(3,203)
Disposals	-	-	(196)	-	-	(196)
Revaluations : Revaluation Reserves	(751)	(1,102)	-	-	-	(1,853)
Revaluations : Surplus / Deficit	-	-	-	-	-	-
Assets Reclassified (to)/From Assets Held for sale	-	-	-	-	-	-
<b>Book value at 31 March 2021</b>	<b>16,185</b>	<b>27,561</b>	<b>2,392</b>	<b>10,890</b>	<b>276</b>	<b>57,303</b>
Depreciation	(432)	(863)	(803)	(1,589)	-	(3,688)
Depreciation on Disposals	-	-	171	-	-	171
Revaluations / Impairments	-	-	-	-	-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
<b>Net Book Value at 31 March 2021</b>	<b>15,753</b>	<b>26,697</b>	<b>1,760</b>	<b>9,301</b>	<b>276</b>	<b>53,787</b>



## Property, Plant and Equipment 2019/2020

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

### Depreciation

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

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

### Capital Commitments

As at 31st March 2021, the PCC Group was contractually committed to capital works which amounted to approximately £0.358m (£1.221m at 31<sup>st</sup> March 2020).

### Revaluations

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

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

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

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

## 13. INTANGIBLE ASSETS

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

<b>Group and PCC</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Balance at 1 April	9,529	8,895
Prior Year Adjustments	-	-
Accumulated Amortisation	(7,454)	(5,684)
Prior Year Adjustments	(0)	-
<b>Net Carrying Amount 31st March</b>	<b>2,076</b>	<b>3,211</b>
Additions	238	554
Reclassification	3,203	133
Disposals	(4,728)	(53)
Revaluations	-	-
Amortisation on Disposals	4,728	53
Amortisation	(1,002)	(1,822)
<b>Net Carrying amount at 31 March</b>	<b>4,514</b>	<b>2,076</b>
<b>Gross Carrying Amounts Accumulated Amortisation</b>	<b>8,242 (3,728)</b>	<b>9,529 (7,454)</b>

## 14. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

<b>Group and PCC</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Long Term Assets:</b>		
Long Term Investments	-	-
Long Term Debtors	356	554
	<b>356</b>	<b>554</b>
<b>Short-Term Assets:</b>		
Short Term Investments	-	-
Cash and Cash Equivalents	5,678	2,636
	<b>5,678</b>	<b>2,636</b>
<b>Debtors:</b>		
Government Departments	5,403	9,317
Other Local Authorities	3,075	2,320
Other Debtors	1,006	1,862
Less provision for doubtful debts	-	-
	<b>9,485</b>	<b>13,499</b>
<b>Short-Term Liabilities:</b>		
Short Term Loans	(4,000)	(3,272)
Cash and Cash Equivalents	-	-
	<b>(4,000)</b>	<b>(3,272)</b>
<b>Creditors:</b>		
Government Departments	(81)	(144)
Other Local Authorities	(1,887)	(1,801)
Sundry Creditors	(4,193)	(4,281)
	<b>(6,161)</b>	<b>(6,226)</b>
<b>Long Term Liabilities:</b>		
Long Term Creditors		
Long Term Borrowing	(21,020)	(25,020)
PFI Liabilities	(20,458)	(21,655)
	<b>(41,478)</b>	<b>(46,675)</b>

	<b>31 March 2021</b>	<b>31 March 2020</b>
Interest Expense	3,464	3,851
Interest Income	(9)	(119)
<b>Net (gain)/loss for the year</b>	<b>3,456</b>	<b>3,732</b>

<b>Long Term Borrowing Maturity Period</b>	<b>Fair Value 31 March 2021 £000</b>	<b>Cost 31 March 2021 £000</b>
<b>New Loans Rate :</b>		
1/2 years	(3,108)	(3,000)
2/5 years	(3,437)	(3,260)
5/10 years	(2,400)	(2,260)
Over 10 years	(13,714)	(12,500)
<b>Total Long Term Loans</b>	<b>(22,659)</b>	<b>(21,020)</b>
<b>Premature Repayment Rate :</b>		
1/2 years	(3,153)	(3,000)
2/5 years	(3,524)	(3,260)
5/10 years	(2,567)	(2,260)
Over 10 years	(16,689)	(12,500)
<b>Total Long Term Loans</b>	<b>(25,933)</b>	<b>(21,020)</b>

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

## 15. DEBTORS

Short Term Group and PCC Debtors	31 March 2021 £000	31 March 2020 £000
Government Departments	5,403	9,317
Other Local Authorities	14,228	11,305
Other Debtors	1,006	1,862
	<b>20,637</b>	<b>22,484</b>
Less: Provision for doubtful debts	(6,781)	(4,408)
	<b>13,856</b>	<b>18,076</b>
Add: Payments in Advance	4,500	4,274
<b>Total Short Term Debtors</b>	<b>18,356</b>	<b>22,351</b>
<b>Long Term Group and PCC Debtors</b>		
Other Debtors	356	554
<b>Total Long Term Debtors</b>	<b>356</b>	<b>554</b>

## 16. CASH AND CASH EQUIVALENTS

Group and PCC	31 March 2021 £000	31 March 2020 £000
Cash held by the PCC	59	74
Bank current Accounts	5,619	2,562
Short-term deposits	0	0
<b>Total Cash and Cash Equivalents</b>	<b>5,678</b>	<b>2,636</b>

The OPCC manages two bank accounts which hold cash in relation to Proceeds of Crime and Seized cash with a combined balance of £1.289m. These accounts do not represent the assets of the Group. These balances are therefore excluded from cash and cash equivalents as recorded in the Balance Sheet.

## 17. ASSETS HELD FOR SALE

Group and PCC	31 March 2021 £000	31 March 2020 £000
<b>Balance Outstanding</b>	9,216	9,216
Retirements - Part	(3,109)	-
<b>Balance outstanding</b>	<b>6,107</b>	<b>9,216</b>

## 18. CREDITORS

Short Term Group and PCC Creditors	31 March 2021 £000	31 March 2020 £000
Government Departments	(81)	(144)
Her Majesty's Revenue & Customs (HMRC)	(2,498)	(2,291)
Other Local Authorities	(8,363)	(6,352)
Accumulated Compensated Absences	(4,488)	(2,626)
Sundry Creditors	(4,193)	(4,281)
<b>Sub total</b>	<b>(19,624)</b>	<b>(15,694)</b>
Add: Income in Advance	(985)	(965)
<b>Total Creditors</b>	<b>(20,609)</b>	<b>(16,658)</b>
<b>Long Term Group and PCC Creditors</b>		
Sundry Creditors	-	-
<b>Total Long Term Creditors</b>	<b>-</b>	<b>-</b>

## 19. PROVISIONS

Group and PCC Provision Description	Balance at 31 March 2019 £000	Transfers In 2019/2020 £000	Transfers Out 2019/2020 £000	Balance at 31 March 2020 £000	Transfers In 2020/2021 £000	Transfers Out 2020/2021 £000	Balance at 31 March 2021 £000
Insurance	(153)	0	0	(153)	0	0	(153)
Insurance Liabilities	(2,375)	0	415	(1,960)	0	718	(1,242)
Employee Related Remuneration	(1,589)	0	291	(1,299)	0	12	(1,287)
<b>Total</b>	<b>(4,117)</b>	<b>0</b>	<b>706</b>	<b>(3,411)</b>	<b>0</b>	<b>730</b>	<b>(2,682)</b>

### Insurance

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

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

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

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

## **Insurance Liabilities**

The provision is required to fund the potential liability in respect of current Insurance claims. The potential liability is calculated with reference to the "reserves" set by the Insurers on a case by case basis. An actuarial review of liability was undertaken in March 2019 and indicated the provision be increased to £2,375K. This has subsequently been reduced by £718K to cover the cost of settled claims in the year. The balance on the provision is still in line with anticipated liabilities.

## **Employee Related Remuneration**

The provision is required to fund the potential costs relating to employee related remuneration claims. In 2020/21 we have released £12K to cover the cost of claims. The balance on the provision is still in line with anticipated liabilities.

## **20. PENSIONS**

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

The PCC Group participates in two pension schemes:

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

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

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

Group	Local Government Pension Scheme		Police Pension Scheme		Total	
	2020/2021 £000	2019/2020 £000	2020/2021 £000	2019/2020 £000	2020/2021 £000	2019/2020 £000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services:</b>						
Current service cost	8,914	5,755	29,910	28,645	38,824	34,400
Curtailment/settlements	35,811	-	-	-	35,811	-
Past service cost	61	212	-	-	61	212
<b>Financing and Investment Income and Expenditure</b>						
Interest cost	3,506	2,897	36,573	41,038	40,079	43,935
Expected return on assets	(2,189)	(2,248)	-	-	(2,189)	(2,248)
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>46,103</b>	<b>6,616</b>	<b>66,483</b>	<b>69,683</b>	<b>112,586</b>	<b>76,299</b>
<b>Other post employment Benefit Charged to the CIES</b>						
Return on Plan assets	(27,461)	9,703	-	-	(27,461)	9,703
Actuarial (gains) /losses : Financial Assumptions	34,889	28	300,998	(33,893)	335,887	(33,865)
Actuarial (gains) /losses: Demographic assumptions	-	(3,438)	-	(9,153)	-	(12,591)
Actuarial (gains) /losses : liability experience	(2,663)	5,101	(18,505)	(108,372)	(21,168)	(103,271)
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>50,868</b>	<b>18,010</b>	<b>348,976</b>	<b>(81,735)</b>	<b>399,844</b>	<b>(63,725)</b>
<b>Movement in Reserves Statement:</b>						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(46,103)	(6,616)	(66,483)	(69,683)	(112,586)	(76,299)
<b>Actual amount charged against General fund balances for pensions in the year:</b>						
Contribution in year	3,269	2,817	13,237	12,080	16,506	14,897

PCC	Local Government Pension Scheme	
	2020/2021 £000	2019/2020 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current service cost	368	338
Past service cost	-	173
<b>Financing and Investment Income and Expenditure</b>		
Interest cost	339	349
Expected return on assets	(231)	(281)
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>476</b>	<b>579</b>
<b>Other post employment Benefit Charged to the CIES</b>		
Return on Plan assets	(2,336)	1,241
Actuarial (gains) /losses : Financial Assumptions	3,869	2
Actuarial (gains) /losses: Demographic assumptions	-	(407)
Actuarial (gains) /losses : liability experience	(134)	755
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>1,875</b>	<b>2,170</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(476)	(579)
<b>Actual amount charged against General fund balances for pensions in the year:</b>		
Contribution in year	169	249

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

Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/21 £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	263,192	124,739	-	-	-	-	-	-	-	-	263,192	124,739
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	173,826	82,976	-	-	-	-	-	-	-	-	173,826	82,976
<b>Net Liability</b>	<b>89,668</b>	<b>42,069</b>	<b>1,570,034</b>	<b>1,374,311</b>	<b>92,018</b>	<b>77,433</b>	<b>68,015</b>	<b>49,383</b>	<b>187,068</b>	<b>110,702</b>	<b>2,006,803</b>	<b>1,653,898</b>

PCC	Local Government Pension Scheme	
	31/03/21 £000	31/03/20 £000
Estimated funded liabilities in scheme	18,981	14,952
Estimated assets in scheme	12,505	10,182
<b>Net Liability</b>	<b>6,476</b>	<b>4,770</b>

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

## 21. PENSIONS LIABILITY

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

The underlying assets and liabilities for retirement benefits attributable to the Group at 31<sup>st</sup> March 2021 are as follows.

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £2,007m (increase of £352.9m) has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,987m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

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

The main assumptions used in their calculations have been:

Group and PCC	Local Government Pension Scheme		Police Pension Scheme	
	31/03/21	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	3.7%	1.9%	3.3%	3.0%
Rate for discounting scheme liabilities	2.1%	2.3%	2.1%	2.3%



Group and PCC	Mortality Assumptions							
	Local Government Pension Scheme		1987 Police Pension Scheme		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Males	Females	Males	Females	Males	Females	Males	Females
Retiring today	21.90	23.60	22.30	24.30	22.30	24.30	22.30	24.30
Retiring in 20 years	23.30	25.40	23.90	26.10	23.90	26.10	23.90	26.10

### Estimated Pension Expense in Future Periods

Group	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
<b>Funded :-</b>				
Current Service cost	28,724	29,641	552	572
Net Interest cost	36,549	36,990	134	145
<b>Total</b>	<b>65,273</b>	<b>66,631</b>	<b>686</b>	<b>717</b>

Group	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
<b>UnFunded :-</b>				
Current Service cost	-	-	-	-
Net Interest cost	-	-	6	6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>

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

Group	Assets at 31 March 2020		Assets at 31 March 2021		Asset Split as at 31 March 2021	
	£000	%	£000	%	Quoted	Unquoted
Equities	60,324	72.7%	138,191	79.5%	79.0%	0.5%
Property	7,385	8.9%	13,211	7.6%	1.5%	6.1%
Cash	11,119	13.4%	14,428	8.3%	8.3%	0.0%
Other	4,149	5.0%	7,996	4.6%	4.6%	0.0%
<b>Total</b>	<b>82,976</b>	<b>100.0%</b>	<b>173,826</b>	<b>100.0%</b>	<b>93.4%</b>	<b>6.6%</b>

PCC	Assets at 31 March 2020		Assets at 31 March 2021		Asset Split as at 31 March 2021	
	£000	%	£000	%	Quoted	Unquoted
Equities	7,402	72.7%	9,942	79.5%	79.0%	0.5%
Property	906	8.9%	950	7.6%	1.5%	6.1%
Cash	1,364	13.4%	1,038	8.3%	8.3%	0.0%
Other	509	5.0%	575	4.6%	4.6%	0.0%
<b>Total</b>	<b>10,182</b>	<b>100.0%</b>	<b>12,505</b>	<b>100.0%</b>	<b>93.4%</b>	<b>6.6%</b>

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

Analysis of Amount Recognised in Other Comprehensive Income										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Actual Return Less Expected return on Pension Scheme Assets	27,461	(9,703)	30,433	32,444	0	0	0	0	0	0
Experience Gains and Losses Arising on the Scheme Liabilities	0	0	0	0	0	0	0	0	0	0
Other Experience Gains/(Losses) on Liabilities	0	0	0	0	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	(32,226)	(1,189)	(205,789)	133,182	(13,554)	15,357	(17,186)	2,104	(45,964)	775
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>(4,765)</b>	<b>(10,892)</b>	<b>(175,356)</b>	<b>165,626</b>	<b>(13,554)</b>	<b>15,357</b>	<b>(17,186)</b>	<b>2,104</b>	<b>(45,964)</b>	<b>775</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0	0	0	0	0	0
Fall and Other Factors	0	0	0	0	0	0	0	0	0	0
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>(4,765)</b>	<b>(10,892)</b>	<b>(175,356)</b>	<b>165,626</b>	<b>(13,554)</b>	<b>15,357</b>	<b>(17,186)</b>	<b>2,104</b>	<b>(45,964)</b>	<b>775</b>
Effect of Change in Accounting Methodology	0	0	0	0	0	0	0	0	0	0

<b>Summary</b>	<b>31/03/21</b>	<b>31/03/20</b>
	<b>£000</b>	<b>£000</b>
Local Government Pension Scheme	(4,765)	(10,892)
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
<b>Total Gains/(Loss) Recognised</b>		
<b>CIES</b>	<b>(256,825)</b>	<b>172,970</b>

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

Analysis of Amount Recognised in Other Comprehensive Income		
PCC	Local Government Pension Scheme	
	Year to 31/03/21	Year to 31/03/20
	£000	£000
Actual Return Less Expected return on Pension Scheme Assets	2,336	(1,241)
Experience Gains and Losses Arising on the Scheme Liabilities	0	0
Other Experience Gains/(Losses) on Liabilities	0	0
Changes in Demographic/Financial Assumptions Underlying the Scheme Liabilities	(3,735)	(350)
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>(1,399)</b>	<b>(1,591)</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0
Fall and Other Factors	0	0
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>(1,399)</b>	<b>(1,591)</b>

Asset and Benefit Obligation Reconciliation										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20	Year to 31/03/21	Year to 31/03/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening Defined Benefit Obligation	125,045	116,707	1,374,311	1,513,779	77,433	91,389	49,383	49,999	110,702	82,920
Current Service Cost	8,914	5,755	5,508	4,894	1,802	1,604	211	248	22,389	21,899
Interest costs	3,506	2,897	31,076	35,628	1,752	2,165	1,137	1,200	2,608	2,045
Actuarial losses (gains)	32,226	1,189	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	(3,403)	(2,858)	(47,481)	(48,045)	(2,523)	(2,368)	27	(42)	(222)	(227)
Past Service Cost	61	212	0	0	0	0	0	0	0	0
Contribution by Scheme participants	1,463	1,143	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
<b>Closing Defined Benefit Obligation</b>	<b>263,494</b>	<b>125,045</b>	<b>1,570,034</b>	<b>1,374,311</b>	<b>92,018</b>	<b>77,433</b>	<b>68,015</b>	<b>49,383</b>	<b>187,068</b>	<b>110,702</b>

Opening fair value of Scheme assets	82,976	89,329	0	0	0	0	0	0	0	0
Expected return on Scheme assets	2,189	2,248	0	0	0	0	0	0	0	0
Actuarial gains (losses)	27,461	(9,703)	30,433	32,444	0	0	0	0	0	0
Contributions by employer including unfunded benefits	3,269	2,817	16,217	14,364	2,523	2,368	(98)	(40)	(5,405)	(4,613)
Contributions by Scheme participants	1,463	1,143	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	(3,403)	(2,858)	(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
<b>Fair Value of Scheme Assets at end of Period</b>	<b>173,826</b>	<b>82,976</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(42,069)	(27,378)	(1,374,311)	(1,513,779)	(77,433)	(91,389)	(49,383)	(49,999)	(110,702)	(82,920)
Current Service Cost	(8,914)	(5,755)	(5,508)	(4,894)	(1,802)	(1,604)	(211)	(248)	(22,389)	(21,899)
Contributions by employer including unfunded benefits	3,269	2,817	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)	(212)	0	0	0	0	0	0	0	0
Interest Costs	(3,506)	(2,897)	(31,076)	(35,628)	(1,752)	(2,165)	(1,137)	(1,200)	(2,608)	(2,045)
Expected return on Scheme assets	2,189	2,248	0	0	0	0	0	0	0	0
Gain on Settlement	(35,811)	0	0	0	0	0	0	0	0	0
Actuarial (losses) gains	(4,765)	(10,892)	(175,356)	165,626	(13,554)	15,357	(17,186)	2,104	(45,964)	775
<b>Fair Value of Scheme Assets/ (Liabilities) at end of Period</b>	<b>(89,668)</b>	<b>(42,069)</b>	<b>(1,570,034)</b>	<b>(1,374,311)</b>	<b>(92,018)</b>	<b>(77,433)</b>	<b>(68,015)</b>	<b>(49,383)</b>	<b>(187,068)</b>	<b>(110,702)</b>

Summary	31/03/21 £000	31/03/20 £000
Local Government Pension Scheme	(89,668)	(42,069)
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)
	<b>(2,006,803)</b>	<b>(1,653,898)</b>

<b>Asset and Benefit Obligation Reconciliation</b>		
<b>PCC</b>	<b>Local Government Pension Scheme</b>	
	<b>Year to 31/03/21 £000</b>	<b>Year to 31/03/20 £000</b>
<b>Opening Defined Benefit Obligation</b>	<b>14,952</b>	<b>14,190</b>
Current Service Cost	368	338
Interest Cost	339	349
Actuarial losses (gains)	3,735	350
Losses (gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Estimated benefits paid net of transfers in	(507)	(532)
Past Service Cost	0	173
Contribution by Scheme participants	94	84
<b>Closing Defined Benefit Obligation</b>	<b>18,981</b>	<b>14,952</b>

<b>Opening fair value of Scheme assets</b>	<b>10,182</b>	<b>11,341</b>
Expected return on Scheme assets	231	281
Actuarial gains (losses)	2,336	(1,241)
Contributions by employer including unfunded benefits	169	249
Contributions by Scheme participants	94	84
Change to Accounting Policies	0	0
Estimated benefits paid including unfunded benefits	(507)	(532)
<b>Fair Value of Scheme Assets at end of Period</b>	<b>12,505</b>	<b>10,182</b>

<b>Opening Surplus / (Deficit)</b>	<b>(4,770)</b>	<b>(2,849)</b>
Current Service Cost	(368)	(338)
Contributions by employer including unfunded benefits	169	249
Contributions by Scheme participants	0	0
Past Service Costs	0	(173)
Interest Costs	(339)	(349)
Expected return on Scheme assets	231	281
Actuarial (losses) gains	(1,399)	(1,591)
<b>Fair Value of Scheme Assets/ (Liabilities) at end of Period</b>	<b>(6,476)</b>	<b>(4,770)</b>

#### Estimated Pension Expense in Future Periods

<b>PCC</b>	<b>Local Government Pensions</b>	<b>Local Government Pensions</b>
	<b>Year to 31/03/22</b>	<b>Year to 31/03/23</b>
	<b>£000s</b>	<b>£000s</b>
Service cost	552	572
Net Interest cost	134	145
<b>Total</b>	<b>686</b>	<b>717</b>

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 20/21	-0.1% p.a.
<b>1987 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
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%
<b>Rate of General increase in Salaries</b>			
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%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	1,595,155	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%
<b>Post retirement mortality assumption</b>			
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%
<b>2006 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
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%
<b>Rate of General increase in Salaries</b>			
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%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	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%
<b>Post retirement mortality assumption</b>			
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%

<b>Injury Awards :-</b>			
<b>Discount Rate Assumptions</b>			
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%
<b>Rate of General increase in Salaries</b>			
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%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	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%
<b>Post retirement mortality assumption</b>			
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%
<b>2015 Police Pension Scheme :-</b>			
<b>Discount Rate Assumptions</b>			
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%
<b>Rate of General increase in Salaries</b>			
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%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	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%
<b>Post retirement mortality assumption</b>			
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%

Funded LGPS benefits : Group	Sensitivity Analysis			Sensitivity Analysis			Sensitivity Analysis		
	PCC			Cleveland Police			Group		
	+0.1% p.a.	Base 20/21	-0.1% p.a.	+0.1% p.a.	Base 20/21	-0.1% p.a.	+0.1% p.a.	Base 20/21	-0.1% p.a.
<b>Discount Rate Assumptions</b>									
Present Value of total obligation (£000's)	18,563	18,981	19,418	238,350	244,211	250,072	256,913	263,192	269,490
% change in present value of total obligation	-2.2%		2.3%	-2.4%		2.4%	-2.4%		2.4%
Projected Service cost (£000's)	533	552	572	11,352	11,776	12,212	11,885	12,328	12,784
Approx % change in projected service cost	-3.5%		3.6%	-3.6%		3.7%	-3.6%		3.7%
<b>Rate of General increase in Salaries</b>									
Present Value of total obligation (£000's)	19,038	18,981	18,924	245,188	244,211	243,234	264,226	263,192	262,158
% change in present value of total obligation	0.3%		-0.3%	0.4%		-0.4%	0.4%		-0.4%
Projected Service cost (£000's)	552	552	552	11,776	11,776	11,776	12,328	12,328	12,328
Approx % change in projected service cost	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>									
Present Value of total obligation (£000's)	19,342	18,981	18,620	24,945	244,211	239,327	268,437	263,192	257,947
% change in present value of total obligation	1.9%		-1.9%	2.0%		-2.0%	2.0%		-2.0%
Projected Service cost (£000's)	572	552	533	12,212	11,776	11,352	12,784	12,328	11,885
Approx % change in projected service cost	3.6%		-3.5%	3.7%		-3.6%	3.7%		-3.6%
<b>Post retirement mortality assumption</b>									
Present Value of total obligation (£000's)	19,683	18,981	18,298	253,247	244,211	235,419	272,930	263,192	253,717
% change in present value of total obligation	3.7%		-3.6%	3.7%		-3.6%	3.7%		-3.6%
Projected Service cost (£000's)	576	552	528	12,271	11,776	11,293	12,847	12,328	11,821
Approx % change in projected service cost	4.3%		-4.3%	4.2%		-4.1%	4.2%		-4.1%

## 22. LEASED ASSETS – RENTALS

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

## 23. OFFICERS' EMOLUMENTS

During the financial year 2020/2021, the numbers of police officers and staff whose remuneration, excluding employers' pension contributions and compensation for loss of office, was £50,000 or more in bands of £5,000 were: (note the analysis only includes those bands which contain employees.)

### Group

Remuneration Band	Number of Employees 2020/21			2019/20
	Police Officers	Support Staff	Total	
£50,000 - £54,999	121	5	126	112
£55,000 - £59,999	87	1	88	72
£60,000 - £64,999	18	3	21	16
£65,000 - £69,999	7	2	9	11
£70,000 - £74,999	6	0	6	10
£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	1	2	2
£125,000 - £129,999	0	1	1	0
£150,000 - £154,999	0	0	0	1
£160,000 - £164,999	1	0	1	0
<b>Total</b>	<b>261</b>	<b>21</b>	<b>282</b>	<b>243</b>

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

### Group Remuneration Disclosure 2020/21:

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
The PCC : Note 1	71,400	31,336	0	0	31,336	4,544
The Acting PCC Note 2	71,400	38,873	0	0	38,873	5,637
DCC 1	123,648	122,089	0	0	122,089	0
DCC 2 : Note 3	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
CFO : PCC	96,519	127,249	119	0	127,368	18,451
Chief of Staff-PCC	94,974	124,741	37	0	124,778	18,086

Notes:-

- 1) The PCC left his position on the 8th September 2020
- 2) The Acting PCC was appointed on the 15th September 2020
- 3) The DCC 2 was appointed on 15<sup>th</sup> August 2020.
- 4) An ACC was a temporary secondment from Northumbria Police and was in post for the period 1st April 2020 to the 31<sup>st</sup> March 2021. The total costs incurred in 20/21 were £163,166. (inclusive of pension contributions).
- 5) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2020/21 the remuneration costs recharged to the North Yorkshire PFCC totalled £81,023.
- 6) A collaboration agreement was put in place from the 1st April 2019, and continues to be in place, for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC. All costs incurred in provided this service to North Yorkshire are recharged. During 2020/21 the remuneration costs recharged to the North Yorkshire PFCC totalled £78,994.

### Group Remuneration Disclosure 2019/20:

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

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

## PCC

Remuneration Band	Number of Employees 2020/21			2019/2020
	Police Officers	Support Staff	Total	
£50,000 - £54,999	0	0	0	1
£55,000 - £59,999	0	0	0	1
£60,000 - £64,999	0	1	1	0
£65,000 - £69,999	0	1	1	0
£70,000 - £74,999	0	0	0	1
£120,000 - £124,999	0	1	1	2
£125,000 - £129,999	0	1	1	0
<b>Total</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>5</b>

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

### PCC Remuneration Disclosure 2020/2021:

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

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 20/21	Pension Contributions
	£	£	£	£	£
The PCC	71,400	31,336	0	31,336	4,544
The PCC 1	71,400	38,873	0	38,873	5,637
CFO: PCC	96,519	127,249	119	127,368	18,451
Chief of Staff- PCC	94,974	124,741	37	124,778	18,086

- 1) The PCC left his position on the 8<sup>th</sup> September 2020
- 2) The Acting PCC was appointed on the 15<sup>th</sup> September 2020
- 3) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2020/21 the remuneration costs recharged to the North Yorkshire PFCC totalled £81,023.
- 4) A collaboration agreement was put in place from the 1st April 2019, and continues to be in place, for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC. All costs incurred in provided this service to North Yorkshire are recharged. During 2020/21 the remuneration costs recharged to the North Yorkshire PFCC totalled £78,994.

## PCC Remuneration Disclosure 2019/2020:

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

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

## 24. TERMINATION BENEFITS

In the financial year the PCC group paid a termination benefit to the value of £0.200m of which all related to the Force. (£0.185m 2019/20).

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

## 25. MEMBERS ALLOWANCES

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

Group and PCC	2020/2021 £000	2019/2020 £000
Allowances for approved duties	9	10
Other Allowances	0	6
<b>Total Members Allowances</b>	<b>9</b>	<b>16</b>

## 26. RELATED PARTIES

### Group and PCC

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

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

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

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

<b>Government Departments</b>	
	<b>£000's</b>
<b>Income</b>	
Police Grant	50,147
NNDR	41,486
Pension Top up Grant	25,637
Local Council Tax Support	6,868
PFI Grant	4,106
Capital Grant & Contributions	138
Grant in Lieu of Council Tax	800
Dedicated Security Posts Funding	144
Ministry of Justice Victim & Witness Grant	1,363
Incentivisation Grant	228
Special Grant	3,326
Youth intervention Fund	-1
Cyber Grant	154
Police Pension Grant	1,324
Uplift Grant	2,015
Safer Streets Grant	936
Police Surge Funding Grant	1,201
Loss of Income (Covid) Grant	334
Airwaves (ESMCP) Grant	256
	<b>140,463</b>
<b>Expenditure</b>	
Home Office: National Law Enforcement ICT Charges	989
	<b>989</b>

During 2020/21 no-one has declared related parties interests.

## 27. PRIVATE FINANCE INITIATIVE

### Group and PCC

As at the end of 2020/21 the PCC Group has 2 long term contracts under the Private Finance Initiative.

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

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

The contract expires in 2025/26.

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

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

The contract expires in 2031/32.

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

<b>2020/2021</b>	<b>Urlay Nook</b>		<b>Action Stations</b>		<b>Total</b>	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	4,047	(3,130)	23,499	(18,525)	27,546	(21,655)
Movements:						
Depreciation	(107)	0	(742)	0	(849)	0
Lifecycle maintenance	0	0	0	0	0	0
Revaluation / Reclassification	0	0	0	0	0	0
Principal repayment	0	390	0	807	0	1,197
<b>Balance c/f</b>	<b>3,939</b>	<b>(2,740)</b>	<b>22,758</b>	<b>(17,718)</b>	<b>26,697</b>	<b>(20,458)</b>

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

	<b>Urlay Nook</b>		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	820	688	412
2 to 5 years	3,221	2,454	2,328
6 to 10 years	0	0	0
11 to 15 years	0	0	0

	<b>Action Stations</b>		
	Services £000s	Finance Cost £000s	Principal Repayment £000s
Within 1 year	2,706	1,851	1,059
2 to 5 years	12,126	6,369	4,787
6 to 10 years	15,607	5,939	9,556
11 to 15 years	2,202	900	2,315
16 to 20 years	0	0	0

## 28. AUDIT COSTS

In 2020/21 the PCC Group incurred the following fees for external audit services:

### Group Audit Fees

	<b>2020/2021 £000</b>	<b>2019/2020 £000</b>
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	48	38
<b>Total Audit Costs</b>	<b>48</b>	<b>38</b>

## PCC Audit Fees

	2020/2021 £000	2019/2020 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	34	26
<b>Total Audit Costs</b>	<b>34</b>	<b>26</b>

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

### Group and PCC

Capital Expenditure and Financing	31 March 2021 £000	31 March 2020 £000
<b>Capital Investment:</b>		
Property, Plant and Equipment	6,623	4,059
Intangible Assets	238	554
Capital expenditure not adding to asset values	1,372	696
<b>Total Capital Investment</b>	<b>8,234</b>	<b>5,309</b>
<b>Sources of Finance:</b>		
Capital Receipts	-	(71)
Government Grants and Contributions	(782)	-
Other Grants and Contributions	-	-
Direct Revenue Contributions	(5,910)	(4,208)
Internal Borrowing	-	(1,030)
Supported Borrowing	-	-
Unsupported Borrowing	(170)	-
<b>Total Finance</b>	<b>(6,862)</b>	<b>(5,309)</b>

Capital Financing Requirement	31 March 2021 £000	31 March 2020 £000
<b>Opening Capital Financing Requirement</b>	<b>58,179</b>	<b>59,734</b>
Additions in Year	8,234	5,309
Sources of Finance (Excluding Borrowing)	(6,692)	(4,279)
Minimum / Voluntary Revenue Provision	(2,175)	(2,584)
<b>Closing Financing Requirement</b>	<b>57,546</b>	<b>58,179</b>

### 30. BORROWING

#### Group and PCC

Interest rates vary between 1.64% and 4.52%. The weighted average rate is 3.02%

	31 March 2021 £000	31 March 2020 £000
<b>Public Works Loans Board</b>		
Due in the next Financial Year	(4,000)	(3,272)
Long Term Loans	(21,020)	(25,020)
<b>Total Borrowing</b>	<b>(25,020)</b>	<b>(28,292)</b>

Maturity Period	31 March 2021 £000	31 March 2020 £000
1/2 years	(3,000)	(4,000)
2/5 years	(3,260)	(6,260)
5/10 years	(2,260)	(760)
Over 10 years	(12,500)	(14,000)
<b>Total Long Term Loans</b>	<b>(21,020)</b>	<b>(25,020)</b>

### 31. AGENCY SERVICES

#### Consortium Charges

The PCC Group has an agency agreement with the North East Fingerprint Bureau to provide fingerprinting services. Payments in 2020/21 amounted to £0.351m (£0.368m in 2019/20).

#### National Police Air Service (NPAS)

The PCC group has an agency agreement with the National Police Air Service (effective from 1<sup>st</sup> April 2013) to provide Helicopter support services. The annual contribution in 2020/21 was £0.571m. (£0.313m 2019/20).

#### Other National Police Services

The PCC Group made a subscription payment to the Home Office for a range of National Law Enforcement ICT services. Annual cost for 2020/21 was £0.989m. (£0.859m in 2019/20).



## 32. USABLE RESERVES

### Group and PCC

Description of Reserve	31 March 2019 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2020 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2021 £000
Earmarked Reserves	(9,941)	(4,455)	5,205	(9,191)	(7,286)	8,501	(7,975)
Revenue Grants Unapplied Reserve	(136)	0	37	(100)	0	0	(100)
Capital Grants Unapplied Reserve	(1,517)	(526)	0	(2,042)	(139)	782	(1,399)
Capital Receipts Unapplied Reserve	0	(71)	71	0	(3,139)	0	(3,139)
General Fund	(5,992)	0	950	(5,042)	0	0	(5,042)
<b>Total Usable Reserves</b>	<b>(17,586)</b>	<b>(5,052)</b>	<b>6,263</b>	<b>(16,375)</b>	<b>(10,563)</b>	<b>9,283</b>	<b>(17,654)</b>

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

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

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

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

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

## 33. UNUSABLE RESERVES

### Group

Description of Reserve	31 March 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
Revaluation Reserve	(6,515)	0	79	(6,436)	0	3,187	(3,249)
Capital Adjustment Account	(2,219)	(3,584)	3,159	(2,643.53)	(6,692)	4,315	(5,020)
Pension Reserve	1,765,466	(17,144)	(94,423)	1,653,899	(18,695)	371,599	2,006,803
Collection Fund Adjustment Account	(300)	(28)	300	(28)	0	1,325	1,297
Accumulated Absence Reserve	2,298	2,626	(2,298)	2,626	4,488	(2,626)	4,488
<b>Total Unusable Reserves</b>	<b>1,758,730</b>	<b>(18,130)</b>	<b>(93,183)</b>	<b>1,647,417</b>	<b>(20,899)</b>	<b>377,801</b>	<b>2,004,319</b>

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

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

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

**Collection Fund Adjustment Account** – manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from

tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

**Accumulated Absence Reserve** – absorbs the differences that would otherwise arise on the General fund balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact on the General Fund balance is neutralised by transfers to/from the account. The reduction in year represents the settlement of prior year liability and the addition in year reflects the liability as the 31<sup>st</sup> March 2021.

## PCC

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
Revaluation Reserve	(6,515)	0	80	(6,435)	0	3,187	(3,249)
Capital Adjustment Account	(2,219)	(3,584)	3,159	(2,644)	(6,692)	4,315	(5,020)
Pension Reserve	2,849	687	1,234	4,770	707	999	6,476
Collection Fund Adjustment Account	(300)	(28)	300	(28)	0	1,325	1,297
Accumulated Absence Reserve	2,298	2,626	(2,298)	2,626	4,488	(2,626)	4,488
<b>Total Unusable Reserves</b>	<b>(3,886)</b>	<b>(299)</b>	<b>2,474</b>	<b>(1,711)</b>	<b>(1,497)</b>	<b>7,201</b>	<b>3,992</b>

## 34. CAPITAL ADJUSTMENT ACCOUNT

### Group and PCC

Group and PCC	31 March 2021 £000	31 March 2020 £000
<b>Balance at 1 April</b>	<b>(2,644)</b>	<b>(2,219)</b>
Capital expenditure not adding to asset values	1,372	696
Revaluation / Impairment adjustments	482	-
Partnership financing of Capital Expenditure	(782)	-
Revenue contribution to capital	(5,910)	(4,209)
MRP less Depreciation	2,437	3,007
Capital Receipts Applied	-	(71)
Disposals	25	152
<b>Balance at 31 March</b>	<b>(5,020)</b>	<b>(2,644)</b>

## 35. GRANT INCOME

### Group and PCC

ANALYSIS OF GRANTS	31 March 2021 £000	31 March 2020 £000
<b>Credited to Taxation and Non specific Grant Income:</b>		
National Non Domestic Rates	(41,486)	(38,756)
Police Grant	(50,947)	(47,297)
Precepts	(39,520)	(38,512)
Local Council Tax Support	(6,868)	(6,868)
Capital Grants and Contributions	(138)	(526)
	<b>(138,960)</b>	<b>(131,960)</b>
<b>Credited to services:</b>		
PFI - Urlay Nook	(941)	(941)
Dedicated Security Posts Funding	(144)	(227)
PFI - Action Stations	(3,165)	(3,165)
Capital Financing Grant	-	(1,213)
Incentivisation Grant	(228)	(206)
PCC Victim & Witness	(1,363)	(651)
Special Grant	(3,326)	(3,195)
Police Transformation Fund	-	(152)
Violence against Women	-	(164)
Female Offender Grant	-	(156)
Youth intervention Fund	1	(224)
Cyber Grant	(154)	(113)
Police Pension Grant	(1,324)	-
Heroin & Crack Action Grant	-	(43)
Uplift Grant	(2,015)	(345)
Safer Streets Grant	(936)	-
Police Surge Funding Grant	(1,201)	-
Loss of Income (Covid) Grant	(334)	-
Airwaves (ESMCP) Grant	(256)	-
Partnership Grants	(41)	-
	<b>(15,427)</b>	<b>(10,795)</b>
<b>Total Grant Income</b>	<b>(154,387)</b>	<b>(142,754)</b>

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

## 36. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

The Cleveland Police Force has 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. NERSOU: Special Branch: Fixed Intelligence Management 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
<b>Road Policing</b>				
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
<b>Tactical Training Unit</b>				
Employees Costs	858	50%	429	429
Non Pay Costs	1,179	50%	589	589
Income	(46)	50%	(23)	(23)
	1,991		996	996
<b>Total Unit Costs</b>	12,565	-	6,282	6,282
<b>Reserve as 31st March</b>	<b>Total Reserves</b>			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

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

## 2 North East Regional Special Operations Unit (NERSOU)

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

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit but the funding is through a combination of Home Office Grants and Force contributions. The Force allocation is based

on Home Office Core Grant allocations and for the financial period April 2020 to March 2021 the funding contributions made were Cleveland 24.62%, Durham 22.80% and Northumbria 52.58%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £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.

<b>North East Regional Special Operations Unit</b>				
	<b>Apportionment Total Costs</b>	<b>Durham 2020/21 22.84% £000's</b>	<b>Cleveland 2020/21 24.62% £000's</b>	<b>Northumbria 2020/21 52.54% £000's</b>
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
<b>Contributions / Reserve</b>				
Durham	1,812	1,812		
Cleveland	1,953		1,953	
Northumbria	4,167			4,167
<b>Reserve movements</b>	(270)	(62)	(67)	(141)
	7,662	1,750	1,886	4,026
<b>Reserve as 31st March</b>	954	215	230	509

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

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

#### **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 1<sup>st</sup> April 2020 to 30<sup>th</sup> 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 30<sup>th</sup> 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.

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

<b>Cleveland and North Yorkshire Major Incident Team</b>			
	<b>Apportionment Total Costs</b>	<b>Cleveland 2019/20 51.50% £000's</b>	<b>North Yorkshire 2019/20 48.50% £000's</b>
Employees Costs	3,410	1,756	1,654
Non Pay Costs	147	76	71
Income	0	0	0
	3,557	1,832	1,725
<b>Contributions</b>			
Cleveland	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 31<sup>st</sup> 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
<b>Contributions</b>			
Cleveland	75	75	
North Yorkshire	75		75
	150	75	75

### 37. CONTINGENT LIABILITIES / ASSETS

#### Contingent Liabilities: -

#### Municipal Mutual Insurance (MMI)

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

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

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

The Chief Constable for 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 October 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.

## **38. POST BALANCE SHEET EVENT**

There are no post balance sheet events to report.

## **39. AUTHORISATION OF ACCOUNTS**

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

# **PENSION FUND**

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

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

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

## Notes to the Pension Fund

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

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

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

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

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

The Fund is administered by the entity.

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

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

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

## **GLOSSARY OF TERMS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) International Financial Reporting Standards;

(b) International Accounting Standards; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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