

Chief Constable of Cleveland

STATEMENT OF ACCOUNTS – 2021/22

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CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE

INTRODUCTION

1. CHANGES TO ACCOUNTING POLICIES

In line with IAS 8 the Authority has reviewed those standards issued but not yet adopted by the code and has concluded that they are not applicable. Therefore, there are no changes to the accounting policies for the 2021/22 financial year.

2. FURTHER INFORMATION

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

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

Simon Hart
INTERIM CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE

STATEMENT OF RESPONSIBILITIES

The Chief Constable's Responsibilities

The Chief Constable as a Corporation Sole is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

DECLARATION

The Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as a Corporation Sole at the accounting date and the Force's income and expenditure for the year ended 31st March 2022.

Signature:

Date:

INTERIM CHIEF FINANCE OFFICER TO THE CHIEF CONSTABLE

Signature:

Date:

Chief Constable for Cleveland Police

**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF
CONSTABLE FOR CLEVELAND**

Report on the audit of the financial statements.

Opinion on the financial statements.

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NARRATIVE STATEMENT (PERFORMANCE/FINANCIAL REVIEW)

1. INTRODUCTION

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

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

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

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

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

The accounting arrangements between the PCC and CC during the financial year 2021/22 are that the accounts of the CC are integrated into the group accounts of the PCC. The PCC is responsible for the finances of the whole group and controls all assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the group.

2. THE STATEMENT OF ACCOUNTS

This Statement of Accounts covers the financial year ended 31st March 2022 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 and the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

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

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

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

In addition, regarding assets, the following apply:

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

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

Regarding employees, the following judgement has also been made:

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

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

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) are detailed below along with the objective of each statement:

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

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

Balance Sheet – The Balance Sheet shows the value of the assets and liabilities as at 31st March 2022. These are the assets or liabilities in respect of the Police Pension Fund / Scheme and Local Government Pension Scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are held in the PCC's accounts and are charged for in the Comprehensive Income and Expenditure Statement.

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

3. THE CHIEF CONSTABLE FOR CLEVELAND REVENUE POSITION

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

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

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

	Original 2021/22 Budget	Revised 2021/22 Budget	Year End 2021/22 Position	Outturn
<u>Police Force Planned Expenditure</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Pay	80,246	79,306	78,769	(536)
Police Overtime	2,339	3,771	3,670	(101)
Police Community Support Officer Pay	3,897	3,756	3,621	(135)
Staff Pay	31,364	30,175	29,763	(412)
Non-Pay	27,199	28,265	29,154	889
Total Planned Expenditure	145,045	145,272	144,977	(295)

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

Total Comprehensive Income and Expenditure	£000's
Actuarial Gains / /loss on Pension Schemes:-	(103,054)
Local Government Pension Scheme	22,746
Police Pension 1987	124,307
Injury Awards	5,932
Police Pension 2006	7,467
Police Pension 2015	24,034
(Surplus) or Deficit on Provision of Service	81,432
Net change in Pension Liability	(97,525)
Employers Pension Contributions	16,093
Resources Returned to the PCC	(295)
Outturn	(295)

Key Issues 2021 /2022

Pay Budgets

A key point to note in relation to the pay budgets was that the Force had ambitious plans to recruit both Officers and Staff in 2021/22 and prioritised its recruitment to address the areas of greatest need. The finance department in conjunction with recruitment colleagues have met on a regular basis to update recruitment plans and reflect this ever-changing landscape in the financial forecast. As you will appreciate there are multiple factors that influence the forecast, namely planned recruitment, leavers,

retirements, market pressures in terms of specialist areas e.g. ICT roles or specialist Officer transferee roles.

It should be noted regardless of the pressures on recruitment the Force has experienced a high level of resignations from staff & Officers that has not been present in previous financial years and has contributed to overall underspend in the year.

Recruitment plans have delivered a Police Officer establishment of 1,445 FTE as at the 31st March, below the projected average for the year.

The staff establishment for the year was budgeted to be 880 FTE. As outlined above recruiting to this establishment has been a significant challenge and as at the 31st March the staff FTE was 775 FTE, 105 FTE below the overall establishment, despite in year recruitment of 127 FTE.

As reported in Period 8 we have made £1,038K budget adjustments / virements to reallocate the pay budget, and negate some of the previously reported variances. The Executive approved the following: -

- 1 £500K transfer to reserves for investment in FCMU
- 2 £362K to address the previously reported savings target.
- 3 £176K to set budgets for agency staff for difficult to fill roles within ICT and enabling services.

The adjustments above total £1,038k and coupled with some minor movements left a revised underspend of £283k as at period 11, this has increased by £224k to £544k at the year end. This primarily as a result of additional / unbudgeted funding of £119k for Op Adder and Futures for Families, plus an underspend of £80k against the Force control room staff budget which was ring fenced to offset overtime and additional police officer costs within the unit. Plus, further savings due to delays in onboarding / recruiting.

Covid-19

The on-going impact of the Covid-19 pandemic has presented the Force with both financial and operational challenges in the financial period.

The Force has received notification from the Home Office that it will continue to support the PPE requirements of the Force. However, although there is still a requirement to report to the Home Office the costs associated with Covid, no additional funding has been provided by the Government in 2021/22.

As part of the Closure of accounts the OPCC / Force has agreed to distribute the part of the 2020/21 underspend to areas of potential risk. As a result, £150K was added to the Covid reserve to mitigate future unbudgeted costs. (note: this reserve has been released in Period 5).

As at the end of the financial year we had incurred £232K on non-pay Covid related costs e.g. additional cleaning etc... (excluding overtime related to Operation Twickenham). The additional costs have been absorbed within the outturn position for the Force.

Major Incidents and Forensics

The cost of Major Incident investigations and forensic have been a significant financial risk to the Force in the reporting period. However, in the final months of the year the number of new incidents decreased, and costs associated with current incidents remained within allocated budgets. However, there was still an overspend against the Major Incident budget which was initially to be funded from reserves. However, as a result of savings across Force budgets and additional funding this additional cost has been absorbed within the current forecast.

As at the end of the reporting period we currently have 24 on-going investigations.

Force Control Room Overtime:

The Force Control Room (FCR) was identified as a financial and operational risk to the Force in year.

In order to minimise the financial risk whilst recruitment and training plans are delivered in the period and beyond, the staffing budget was ring fenced to offset the cost of Police Officer support, additional overtime and zero hours contracts to maintain service delivery.

The FCR incurred actual spend of £532K on Police and Staff overtime. This has been offset by savings on staff budgets and has resulted in an overall underspend of £80k across the FCR unit. The ringfencing of the budget has enabled the unit to resource the operation during high levels of vacant posts. Recruitment into the FCR continues a rolling basis and this will continue into the new financial year.

Training Budget: Training Needs Analysis

The Force has completed an assessment of its training requirements for financial year as part of its training needs analysis (TNA) work. This has been assessed against the annual training budget and presented a financial risk to the Force.

However, the Force has under spent against its allocated budget in 2021/22 by £93k. This is partly due the cancellation of old commitments for courses that have not taken place at the time due to Covid restrictions but will have a future commitment in the coming year and partly due to delays in course delivery as we emerge from the pandemic.

The 2022/23 TNA exercise has been completed and the current requirements are significantly above budget £543k set for the coming year. This budget will again require detailed monitoring to ensure Force priorities are delivered whilst remaining with the financial constraints of the budget.

Ill Health Retirement Budget

The Force over recent years has increased the budget to fund the pension costs associated with the Police Officer retirements which have on average costs £80k per retirement. The Force has anticipated 11 such retirements in this financial year. However, although these remain in the pipeline, the actual retirements dates have slipped due to external factors. (As a result, and in order to mitigate the financial year risk to next year's budget,) a transfer of £700k into the ill health retirement reserve has been completed. The reserve now amounts to £862k.

Table 1 also highlights that the majority of both the budgeted as well as actual spend is made against pay (80.5% of budgeted expenditure in 2021/22). The Force has an annual budgeted establishment of both police officers and police staff (which includes Police Community Support Officers). The following table illustrates the budgeted establishments for both the 2021/22 and 2020/21 financial years against its available workforce as at the 31st March 2022 and the 31st March 2021.

	Budgeted Establishment 2021/22	Available Workforce @ 31/3/22	Variance to Budget 2021/2022	Budgeted Establishment 2020/21	Available Workforce @ 31/3/21	Variance to Budget 2020/2021
	FTE	FTE	FTE	FTE	FTE	FTE
Police Officers	1,453	1,445	-8	1,390	1,412	22
Police Staff*	876	986	110	942	851	-91
Total	2,329	2,431	102	2,332	2,263	-69

* Police Staff includes PCSO (106 FTE).

4. CAPITAL

The Group funded an annual capital budget for the 2021/22 financial year of £8,886k, this was revised in year to £5,699k (excluding Lifecycle costs of £904k associated with the PFI's). The group did not spend all its capital allocation this is due in the main delays due to Covid-19 resulting in vehicles and equipment not being delivered and slipping in to 2022/23. The amount of underspend against the capital budget was £385k (£358k underspend 2020/21).

The Group spent £6,218k on capital projects during the year including the PFI Lifecycle costs. The programme was fully financed from a combination of internal borrowing and capital resources in the year.

5. PENSIONS

As part of the terms and conditions of employment of its officers and designated staff, the CC offers retirement benefits. Although these will not actually be payable until employees retire, the CC has a commitment to make the payments. This is a requirement of IAS19. The commitment, therefore, needs to be recognised at the time that employees earn their future entitlement. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the CC. A Pension liability of £1,897m is recorded in the Balance sheet of the CC.

6. CHANGE FROM 2020/21 POSITION

The 2021/22 statements highlight the following areas of change from the 2020/21 position:

Comprehensive Income & Expenditure Statement

Net Cost of Services (NCOS) has decreased by £16.037m. This is comprised of an decrease in the technical accounting adjustments to record the potential pension liability as at the end of the accounting period of £18.179m, an increase in Police Pay of £2.951m, increase in staff pay and PCSO pay of £5.701m and a reduction of non-pay & Non distributed costs expenditure of £6.510m

Balance Sheet

The increase in the Balance sheet of £103.054m reflects the decreased Pension liability as reported by the actuary.

7. NON-FINANCIAL PERFORMANCE DATA

Performance management strategy and measurement framework

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

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

Within our performance framework we have identified a number of key performance questions, these are the questions we will ask during our performance conversations. We will answer these questions by tracking and monitoring around 150 quantifiable performance indicators alongside additional qualitative

evidence and insight. Through our analysis of this data we will be able to evidence the progress we have made and identify where further improvements are still required.

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

HMIC Inspection

As previously reported, in September 2019, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) graded the Force as 'inadequate'. At this time HMICFRS identified 6 causes of concern which resulted in the force being issued with 30 recommendations.

The causes of concern relate to:

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

Although inspection activity was paused for much of 2020 due to the COVID pandemic, this has now recommenced and as a result the HMICFRS have assessed the progress the Force has made and closed down 30 actions linked to PEEL (16), Abuse of Position, Hate Crime, Mental Health, Domestic Abuse, Child Protection and Fraud.

A further four actions are awaiting sign off by the Chief of Staff at HMICFRS.

In addition, 10 actions have been superseded and a further 36 closed as No Further Action; the majority of these relate to Undercover thematic inspection (16) and the recent SuperComplaints that have been finalised by the HMICFRS (15).

During the last year the force has also been given 16 new 'force specific' recommendations and have a further 38 recommendations/areas for improvement which remain outstanding from previous 'force specific' inspections - a total of 54. In addition to this, the Force also has number of national recommendations and areas for improvement to deliver; identified from thematic inspections which are issued to 'all forces'.

The governance and scrutiny arrangements associated with HMICFRS activity are the responsibility of the Deputy Chief Constable led Inspection and Audit Monitoring Board. Whilst the Board has

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

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

Since the 2019 PEEL inspection, Force change activity was prioritised to deal with the PEEL related areas, with a dedicated Service Improvement Team established to drive the improvements required. A staged approach to improvement was developed which took into consideration the scale of the change required, sequencing and priorities over a 4-year period across all Causes of Concern. Stages 0, 1 & 2 are now completed and following the development of the strategic planning process the programme has now evolved to cover all areas of change for the force, the Towards 2025 programme. This has resulted now in a combination of inspection improvement work as well as supporting change where the force has identified and prioritised risk, where required ownership for HMICFRS recommendations has been re-aligned across business areas and or the change programme accordingly.

Each Cause of Concern was reviewed during 2021 and feedback provided through published letters confirming that progress was being made and recognised and supported by performance improvements. The long-term nature of the scale of the work was also acknowledged.

As part of wider development, the Review & Assurance team were re-established within Corporate Services providing a central location within the organisation to co-ordinate all inspection and audit activity. This team have co-ordinated a detailed review of all other outstanding areas including work from Service Improvement and delivery leads to capture the following information:

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

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

Overall Public Confidence and Perceptions of Police Performance

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

The CSEW is a national survey, commissioned by the Home Office and conducted via face to face interviews. Unfortunately, due to COVID restrictions these interviews have been put on hold and have been replaced with a shorter telephone survey. In addition to a reduction in the number of questions asked, there has also been a reduction in the number of interviews taking place. This means that data relating to 2020-21 and 2021-22 is not available. Although face to face interviewing has now recommenced, force level data is not anticipated until at least 2023.

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

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

Victim Satisfaction

In January 2020 we introduced a new online Victim Experience Survey. At this time, research had identified this as the preferred option providing a less instructive approach which allowed service users to provide their feedback at a time and location that is convenient to them. The feedback obtained via this survey would suggest a satisfaction rate of 57%, whilst not directly comparable this is significantly lower than the level of satisfaction expressed via our previous telephone survey (72% at the point this survey ended in July 2019).

During the 15 months of its operation, 7097 text invites were sent out asking victims to take part in the survey. From these we obtained 452 responses, giving a disappointing response rate of 6.4% (although this did rise to a high of 10% in March 2021). This together with the negative nature of the feedback received raised questions regarding how accurate and representative the results were and whether they were potentially skewed.

In order to address this issue and ensure that the feedback we receive is an accurate reflection of the service provided to victims of crime, a decision was taken to re-introduction of an independent telephone survey. The telephone survey has now been in operation since May 2021 and with 1152 victims interviewed so far we have achieved a response rate of 16.9%.

The results obtained so far are generally positive and the level of satisfaction is considerably higher than the level expressed via our online version of the survey with 70.8% of victims stating they are satisfied with the overall level of service provided. The rate of satisfaction achieved by service aspect is shown in the table below.

Victim satisfaction rates by service aspect

Service aspect	Satisfaction rate
Ease of contact	88.4%
Initial actions taken	74.6%
Follow up	62.5%
Treatment by officers/staff	88.9%
Overall service provided	70.8%

Acknowledging these results currently represent a relatively small proportion of victims, the results tend to confirm some of our previous concerns regarding negative bias amongst those completing the online version.

Further analysis has shown that the main reasons for dissatisfaction include a lack of follow up or poor communication following the initial police response and a feeling that some officers did not always take the crime seriously. Furthermore, satisfaction levels are consistently higher amongst those victims receiving a physical response rather than those who were dealt with entirely over the telephone (resolved without deployment).

Recorded Crime

Over the last 12 months there has been an 18% reduction in total crime, this equates just over 11,000 fewer crimes, and therefore potential victims. The observed increase is believed to have been impacted to some extent by the COVID pandemic with an unusually low number of crimes recorded in the previous year during periods of 'lockdown', a pattern which has also been observed nationally.

Whilst increases have been observed in relation to most categories of crime, the largest increase in terms of volume can be attributed to offences of violence (up by around 3800 offences) and theft (up by around 3900) and more specifically a rise in shoplifting.

In terms of violence, there has been an increase in offences both with and without injury and also stalking and harassment. Whilst some of this is believed to be the result of the steps the force has taken to improve the quality of its crime data integrity and improved officer awareness, a number of other factors continue to have a negative impact on crimes of this nature, most noticeably, the continual growth in cyber enabled harassment through the inappropriate use of social media.

Anti-Social Behaviour Incidents (ASB)

Incidents of **antisocial behaviour** have fallen significantly over the past year, down 33% (almost 11,500 fewer incidents) when compared to the 2020-21. However, once again, this comparison needs to be treated with caution during the previous year the number of incidents reported by members of the public in relation to COVID 19 and associated recording practices resulted in unusually high volumes.

Further analysis show that the most significant reduction has occurred in relation to the number of incidents classed as 'nuisance' behaviour (around 7300 fewer incidents) and 'environmental' (around 3200 fewer incidents) rather than those of a personal nature (around 900 fewer incidents). Again, this reflects recording practices employed during 2020-21 in relation to COVID related issues and concerns.

Sickness Absence

In the 12 months to March 2022 the proportion of contractual hours lost due to sickness was 7.3% for police officers and 6.0% for police staff. Whilst this represents an increase in police officer sickness (up 2.4% points) for police staff a slight reduction has been observed (down 0.4% points).

Sickness absence rates continue to fluctuate on a monthly basis and sickness absence continues to place an additional pressure on limited and reducing resources. In the 12 months to March 2022 the proportion of contractual hours lost due to sickness was 7.3% for police officers and 6.0% for police staff. Whilst this represents an increase in police officer sickness (up 2.4% points) for police staff a slight reduction has been observed (down 0.4% points). Current levels of sickness absence higher than those observed in other forces. For example, the national average is currently reported as 3.5% for officers and 3.9% for staff although these figures are now somewhat out of date and must therefore be treated with caution. With an average absence of 92 hours lost per officer and 64 hours lost per police staff member, this equates to almost £6,709,000 the equivalent of 64 police officers and 33 members of police staff.

8. EVENTS AFTER THE REPORTING PERIOD

No adjusting post balance sheet events have been identified for the period accounting period 2021/22.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT **FOR THE YEAR ENDED 31st MARCH 2022**

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

DETAIL	2021/2022			2020/2021		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	113,896	0	113,896	96,161	0	96,161
Police Community Support Officer Pay Costs	4,527	0	4,527	8,136	0	8,136
Police Staff Support Pay Costs	37,212	0	37,212	60,865	0	60,865
Police Non Pay Costs	28,907	0	28,907	35,114	0	35,114
Undistributed Costs	46	0	46	349	0	349
Net Cost of Services	184,588	0	184,588	200,625	0	200,625
Intra Group Funding		(144,776)	(144,776)		(142,634)	(142,634)
Net Cost of Services	184,588	(144,776)	39,812	200,625	(142,634)	57,991
Financing & Investment Income & Expenditure (Note 8)			41,620			37,782
(Surplus) or Deficit on Provision of Service			81,432			95,773
Re-measurement of the defined benefit liability (Note 14)			(184,486)			255,426
Other Comprehensive Income and Expenditure			(184,486)			255,426
Total Comprehensive Income and Expenditure			(103,054)			351,199

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2021	0	0	0	0	0	0	2,000,327	2,000,327
(Surplus) or deficit on provision of services (accounting basis)	81,432	0	0	0	0	81,432	0	81,432
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(184,486)	(184,486)
Total Comprehensive Expenditure and Income	81,432	0	0	0	0	81,432	(184,486)	(103,054)
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	(81,432)	0	0	0	0	(81,432)	81,432	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(0)	0	0	0	0	(0)	(103,054)	(103,054)
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	(0)	0	0	0	0	(0)	(103,054)	(103,054)
Balance at 31 March 2022	(0)	0	0	0	0	(0)	1,897,273	1,897,273

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2020	0	0	0	0	0	0	1,649,128	1,649,128
(Surplus) or deficit on provision of services (accounting basis)	95,773	0	0	0	0	95,773	0	95,773
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	255,426	255,426
Total Comprehensive Expenditure and Income	95,773	0	0	0	0	95,773	255,426	351,199
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	(95,773)	0	0	0	0	(95,773)	95,773	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	351,199	351,199
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	351,199	351,199
Balance at 31 March 2021	0	0	0	0	0	0	2,000,327	2,000,327

BALANCE SHEET AT 31st MARCH 2022

The Balance Sheet shows the value of the assets and liabilities as at 31st March 2022. These are the assets or liabilities in respect of the Police Pension Fund and the Local Government Pension scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are charged for in the Comprehensive Income and Expenditure Statement.

	Notes	31 March 2022 £000	31 March 2021 £000
Property, Plant and Equipment		-	-
Investment Property		-	-
Intangible Assets		-	-
Long Term Investments		-	-
Long Term Debtors		-	-
Total Long Term Assets		-	-
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories		-	-
Short Term Debtors		-	-
Cash and Cash Equivalents		-	-
Total Current Assets		-	-
Total Assets		-	-
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing		-	-
Short Term Creditors		-	-
Provisions		-	-
Total Current Liabilities		-	-
Long Term Creditors		-	-
Provisions		-	-
Long Term Borrowing		-	-
Other Long Term Liabilities : PFI		-	-
Pensions Liability	14	(1,897,273)	(2,000,327)
Total Long Term Liabilities		(1,897,273)	(2,000,327)
Total Liabilities		(1,897,273)	(2,000,327)
Net Liabilities		(1,897,273)	(2,000,327)
Usable Reserves		-	-
Unusable Reserves	15	1,897,273	2,000,327
Total Reserves		1,897,273	2,000,327

CASHFLOW STATEMENT 2021/2022

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

	2021/2022 £000	2020/2021 £000
OPERATING ACTIVITIES		
<u>Cash Outflows</u>	-	-
<u>Cash Inflows</u>	-	-
Operating Activities Net Cash Flow	-	-
INVESTING ACTIVITIES		
<u>Returns on Investments and Servicing of Finance</u>		
<u>Capital Activities</u>	-	-
Investing Activities Net Cash Flow	-	-
Net Cash Outflow/(Inflow) before financing	-	-
FINANCING ACTIVITIES		
<u>Management of Liquid Resources</u>		
<u>Financing</u>		
Financing Activities Net Cash Flow	-	-
Net (Increase)/Decrease in cash	-	-
Cash brought forward		
Cash carried forward		
Net (Increase)/Decrease in cash	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A) OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, apart from:

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

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

B) VALUE ADDED TAX

VAT is included in the accounts only if it is irrecoverable from Her Majesty Revenue Customs (HMRC). There have been no significant VAT issues in 2021/22.

C) PRIOR PERIOD ADJUSTMENTS

Exceptional and Extraordinary items, of which the CC has none in 2021/22, would be disclosed on the face of the Comprehensive Income & Expenditure Account and fully explained in the notes to the accounts.

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

D) REVENUE RECOGNITION

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

E) PENSIONS

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

i) Uniformed Police

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

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

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

ii) Support Staff

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

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

F) RESERVES

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

G) POST BALANCE SHEET EVENTS

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

H) CONTINGENT LIABILITIES

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

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

I) CONTINGENT ASSETS

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

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

J) JOINT CONTROLLED OPERATIONS

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

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

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

K) FAIR VALUE

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

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

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

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

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

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

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

2. EXPENDITURE & FUNDING ANALYSIS

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

	Expenditure Chargeable to the General Fund £000's	2021/2022 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	2020/2021 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
Funding						
Police Officer Pay Costs	82,439	(31,457)	113,896	79,488	(16,673)	96,161
Police Community Support Officer Pay Costs	3,621	(906)	4,527	3,264	(4,872)	8,136
Police Staff Support Pay Costs	29,763	(7,449)	37,212	24,419	(36,446)	60,865
Police Non Pay Costs	28,907	0	28,907	35,114	0	35,114
Undistributed Costs	46	0	46	349	0	349
Net Cost of Services	144,776	(39,812)	184,588	142,634	(57,991)	200,625
Intra Group Funding	(144,776)	0	(144,776)	(142,634)	0	(142,634)
Net Cost of Services	0	(39,812)	39,812	0	(57,991)	57,991
Other Operating Expenditure (Note 9)	0	0	0	0	0	0
Financing & Investment Income & Expenditure (Note 8)	0	(41,620)	41,620	0	(37,782)	37,782
Taxation & Non-Specific Grant Income (Note 11)	0	0	0	0	0	0
(Surplus) or Deficit on Provision of Service	0	(81,432)	81,432	0	(95,773)	95,773

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
Notes to Funding Analysis 2021/2022				
Police Officer Pay Costs	(31,457)	0	(31,457)	0
Police Community Support Officer Pay Costs	(906)	0	(906)	0
Police Staff Support Pay Costs	(7,449)	0	(7,449)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(39,812)	0	(39,812)	0
Financing & Investment Income & Expenditure (Note 8)	(41,620)	0	(41,620)	0
(Surplus) or Deficit on Provision of Service	(81,432)	0	(81,432)	0

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

2a Adjustments for Capital Purpose

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

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

2b Pension Adjustments

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

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

2c Other Adjustments

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under

generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses and Deficits on the Collection Fund.

3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

No new accounting standards were issued that were not adopted.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICES

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

Future government funding

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

Accounting principles

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

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

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

Pension Liability: Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries is engaged to provide the CC with expert advice about the assumptions to be applied. Details of which are contained within Note: 14 Pension liability. The overall pension liability at the 31st March 2022 is £1,897m.

6. MATERIAL ITEMS OF INCOME AND EXPENSE

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

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

FOR THE YEAR ENDED 31ST MARCH 2022

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(97,525)	0	0	0	0	(97,525)	97,525	0
	(97,525)	0	0	0	0	(97,525)	97,525	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	16,093	0	0	0	0	16,093	(16,093)	0
	16,093	0	0	0	0	16,093	(16,093)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(81,432)	0	0	0	0	(81,432)	81,432	0

FOR THE YEAR ENDED 31ST MARCH 2021

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

8. FINANCING AND INVESTMENT INCOME & EXPENDITURE

	2021/2022 £000	2020/2021 £000
Pension interest cost & expected return on pension assets	41,620	37,782
Total Finance and Investment Income and Expenditure	41,620	37,782

9. OFFICERS' EMOLUMENTS

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

Remuneration Band	Number of Employee 2021/22			2020/2021
	Police Officers	Support Staff	Total	
£50,000 - £54,999	129	11	140	126
£55,000 - £59,999	75	3	78	88
£60,000 - £64,999	21	0	21	20
£65,000 - £69,999	7	0	7	8
£70,000 - £74,999	7	3	10	6
£75,000 - £79,999	4	1	5	8
£80,000 - £84,999	5	5	10	10
£85,000 - £89,999	2	1	3	2
£90,000 - £94,999	2	1	3	4
£95,000 - £99,999	1	0	1	2
£100,000 - £104,999	1	0	1	0
£105,000 - £109,999	0	1	1	1
£110,000 - £114,999	1	0	1	0
£115,000 - £119,999	0	0	0	1
£120,000 - £124,999	1	0	1	1
£125,000 - £129,999	1	1	2	0
£160,000 - £164,999	0	0	0	1
Total	257	27	284	278

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

Remuneration Disclosure 2021/22:

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

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Benefits in Kind	Total Remuneration excluding Pension Contribution 21/22	Pension Contributions
	£	£	£	£	£	£
Chief Constable - R Lewis : Note 1	164,904	109,978	0	0	109,978	34,093
Acting / Temporary Chief Constable - H McMillian : Note 2	149,913	6,001	0	472	6,473	0
DCC 1	123,648	120,023	0	7,255	127,278	0
DCC 2	123,648	122,357	0	6,707	129,064	37,207
ACC	119,220	114,144	0	8,969	123,113	38,402
Acting ACC	105,600	100,987	0	4,805	105,792	27,407
CFO : CC Note 3	107,625	81,028	0	0	81,028	11,704
Interim CFO : CC	170,638	40,762	0	0	40,762	0

Notes: -

- 1) The Chief Constable – R Lewis left on the 11/12/2021
- 2) The Acting / Temp CC – H McMillian covered the period from 11/12/2021 to the 31st March 2022.

- 3) The CFO left the organisation on the 31/12/2021.
- 4) The interim CFO was appointed on the 13/12/2021 via a recruitment agency on a temporary basis. The costs within the table above are based on the applicable day rate within the contract with the agency. The day rate is inclusive of salary, holiday pay, pension and recruitment agency fee.

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
DCC 1	123,648	122,089	0	0	122,089	0
DCC 2 : Note 1	123,648	82,705	0	3,741	86,446	25,149
ACC 1	119,270	118,951	0	3,817	122,768	36,080
CFO: CC	107,625	106,531	0	0	106,531	15,447

Notes: -

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

Key: -

DCC = Deputy Chief Constable

ACC = Assistant Chief Constable

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

10. TERMINATION BENEFITS

In the financial year no termination benefits were paid. (£0.200m 2020/21).

11. RELATED PARTIES

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

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

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

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

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

12. AUDIT COSTS

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

	2021/2022 £000	2020/2021 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	14	14
Total Audit Costs	14	14

13. PENSIONS

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

The CC participates in two Pension schemes namely:

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

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

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

	Local Government Pension Scheme		Police Pension Scheme		Total	
	2021/ 2022 £000	2020/ 2021 £000	2021/ 2022 £000	2020/ 2021 £000	2021/ 2022 £000	2020/ 2021 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	12,026	8,546	43,879	29,910	55,905	38,456
Curtailment/settlements	-	35,811	-	-	-	35,811
Past service cost	-	61	-	-	-	61
Financing and Investment Income and Expenditure						
Interest cost	5,227	3,167	39,786	36,573	45,013	39,740
Expected return on assets	(3,393)	(1,958)	-	-	(3,393)	(1,958)
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	13,860	45,627	83,665	66,483	97,525	112,110
Other post employment Benefit Charged to the CIES						
Return on Plan assets	(12,739)	(25,125)	-	-	(12,739)	(25,125)
Actuarial (gains) /losses : Financial Assumptions	(10,742)	31,020	(116,206)	300,998	(126,948)	332,018
Actuarial (gains) /losses: Demographic assumptions	-	-	(18,450)	-	(18,450)	-
Actuarial (gains) /losses : liability experience	735	(2,529)	5,778	(18,505)	6,513	(21,034)
Total Post Employment Benefit Charged to the CIES	(8,886)	48,993	(45,213)	348,976	(54,099)	397,969
Movement in Reserves Statement:						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(13,860)	(45,627)	(83,665)	(66,483)	(97,525)	(112,110)
Actual amount charged against General fund balances for pensions in the year:						
Contribution in year	3,646	3,100	12,422	13,237	16,068	16,337

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

	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/22 £000	31/03/21 £000	31/03/22 £000	31/03/21 £000	31/03/22 £000	31/03/21 £000	31/03/22 £000	31/03/21 £000	31/03/22 £000	31/03/21 £000	31/03/22 £000	31/03/21 £000
Estimated funded liabilities in scheme	248,223	244,211	-	-	-	-	-	-	-	-	248,223	244,211
Estimated unfunded liabilities in scheme	321	302	1,464,154	1,570,034	87,640	92,018	62,359	68,015	212,485	187,068	1,826,959	1,917,437
Less :Estimated assets in scheme	177,909	161,321	-	-	-	-	-	-	-	-	177,909	161,321
Net Liability	70,635	83,192	1,464,154	1,570,034	87,640	92,018	62,359	68,015	212,485	187,068	1,897,273	2,000,327

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

14. PENSIONS LIABILITY

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

The underlying assets and liabilities for retirement benefits attributable to the CC at 31st March 2022 are as follows.

- The liabilities show the underlying commitments that the PCC has in the long run to pay retirement benefits. The total liability of £1,897m has a substantial impact on the net worth of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £1,897m. However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.
- Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme Fund and Local Government Pension Scheme liabilities have been assessed by Aon Hewitt, an independent firm of actuaries, with estimates for the CC being based on the latest full valuation of the scheme as at 31st March 2022.

The main assumptions used in their calculations are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	31/03/22	31/03/21	31/03/22	31/03/21
Rate of inflation (CPI) (Note 1)	2.7%	2.7%	3.0%	2.7%
Rate of increase in salaries	4.2%	3.7%	4.0%	3.7%
Rate of increase in pensions	2.7%	2.7%	3.0%	2.7%
Pension accounts revaluation rate	3.2%	2.7%	4.3%	3.1%
Rate for discounting scheme liabilities	2.8%	2.1%	2.7%	2.1%

Note 1: The accounting standard requires employers to use their best estimate of long-term inflation (consumer prices inflation for the LGPS). Therefore, the assumption in the table above represents our best estimate of average annual inflation for the next 20 years.

Mortality Assumptions				
	Local Government Pension Scheme		All Police Pension Schemes	
	Males	Females	Males	Females
Retiring today	21.90	23.60	22.10	24.20
Retiring in 20 years	23.30	25.40	23.80	26.00

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

	Assets at 31 March 2021		Assets at 31 March 2022		Asset Split as at 31 March 2022	
	£000	%	£000	%	Quoted	Unquoted
Equities	141,438	79.5%	103,667	73.5%	73.5%	0.0%
Property	13,521	7.6%	21,185	11.9%	11.9%	0.0%
Cash	14,766	8.3%	19,973	11.2%	11.2%	0.0%
Other	8,184	4.6%	6,084	3.4%	3.4%	0.0%
Total	161,321	100.0%	177,909	100.0%	100.0%	0.0%

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

Analysis of Amount Recognised in Other Comprehensive Income										
	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000
Actual Return Less Expected return on Pension Scheme Assets	12,739	25,125	32,862	30,433	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	10,007	(28,491)	91,445	(205,789)	5,932	(13,554)	7,467	(17,186)	24,034	(45,964)
Actuarial Gain/ (Loss) in Pension Plan	22,746	(3,366)	124,307	(175,356)	5,932	(13,554)	7,467	(17,186)	24,034	(45,964)
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	22,746	(3,366)	124,307	(175,356)	5,932	(13,554)	7,467	(17,186)	24,034	(45,964)

Summary of Costs recognised in Other Comprehensive Income: -

	31/03/22 £000	31/03/21 £000
Local Government Pension Scheme	22,746	(3,366)
1987 Police Pension Scheme	124,307	(175,356)
Injury Awards	5,932	(13,554)
2006 Police Pension Scheme	7,467	(17,186)
2015 Police Pension Scheme	24,034	(45,964)
Total	184,486	(255,426)

Asset and Benefit Obligation Reconciliation										
	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000	Year to 31/03/22 £000	Year to 31/03/21 £000
Opening Defined Benefit Obligation	244,513	110,093	1,570,034	1,374,311	92,018	77,433	68,015	49,383	187,068	110,702
Current Service Cost	12,026	8,546	1,952	5,508	2,245	1,802	240	211	39,442	22,389
Interest Cost	5,227	3,167	32,460	31,076	1,905	1,752	1,430	1,137	3,991	2,608
Actuarial losses (gains)	(10,007)	28,491	(91,445)	205,789	(5,932)	13,554	(7,467)	17,186	(24,034)	45,964
Losses (gains) on curtailments	0	0	0	0	0	0	0	0	0	0
Liabilities extinguished on settlements	0	95,682	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	(4,858)	(2,896)	(49,257)	(47,481)	(2,596)	(2,523)	64	27	(277)	(222)
Past Service Cost	0	61							0	
Contribution by Scheme participants	1,668	1,369	410	831	0	0	77	71	6,295	5,627
Additional Employer Contributions	0	0	0	0	0	0	0	0	0	0
Unfunded pension payments	(25)	0	0	0	0	0	0	0	0	0
Closing Defined Benefit Obligation	248,544	244,513	1,464,154	1,570,034	87,640	92,018	62,359	68,015	212,485	187,068

Opening fair value of Scheme assets	161,321	72,794	0	0	0	0	0	0	0	0
Expected return on Scheme assets	3,393	1,958		0	0	0	0	0	0	0
Actuarial gains (losses)	12,739	25,125	32,862	30,433	0	0	0	0	0	0
Contributions by employer including unfunded benefits	3,671	3,100	15,985	16,217	2,596	2,523	(141)	(98)	(6,018)	(5,405)
Contributions by Scheme participants	1,668	1,369	410	831	0	0	64	71	6,295	5,627
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(4,883)	(2,896)	(49,257)	(47,481)	(2,596)	(2,523)	77	27	(277)	(222)
Gain on Settlement	0	59,871	0	0	0	0	0	0	0	0
Fair Value of Scheme Assets at end of Period	177,909	161,321	0	0	0	0	0	0	0	0

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(83,192)	(37,299)	(1,570,034)	(1,374,311)	(92,018)	(77,433)	(68,015)	(49,383)	(187,068)	(110,702)
Current Service Cost	(12,026)	(8,546)	(1,952)	(5,508)	(2,245)	(1,802)	(240)	(211)	(39,442)	(22,389)
Contributions by employer including unfunded benefits	3,671	3,100	15,985	16,217	2,596	2,523	(141)	(98)	(6,018)	(5,405)
Contributions by Scheme participants	0	0	0	0	0	0	(13)	0	0	0
Past Service Costs	0	(61)	0	0	0	0	0	0	0	0
Interest Costs	(5,227)	(3,167)	(32,460)	(31,076)	(1,905)	(1,752)	(1,430)	(1,137)	(3,991)	(2,608)
Expected return on Scheme assets	3,393	1,958	0	0	0	0	0	0	0	0
Gain on Settlement	0	(35,811)	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	0	0	0	0	0	0	13	0	0	0
Actuarial (losses) gains	22,746	(3,366)	124,307	(175,356)	5,932	(13,554)	7,467	(17,186)	24,034	(45,964)
Fair Value of Scheme Assets/ (Liabilities) at end of Period	(70,635)	(83,192)	(1,464,154)	(1,570,034)	(87,640)	(92,018)	(62,359)	(68,015)	(212,485)	(187,068)

Summary Reconciliation of Closing Net Obligation			31/03/22 £000	31/03/21 £000
Local Government Pension Scheme			(70,635)	(83,192)
1987 Police Pension Scheme			(1,464,154)	(1,570,034)
Injury Awards			(87,640)	(92,018)
2006 Police Pension Scheme			(62,359)	(68,015)
2015 Police Pension Scheme			(212,485)	(187,068)
Total			(1,897,273)	(2,000,327)

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

	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/23 £000s	Year to 31/03/24 £000s	Year to 31/03/23 £000s	Year to 31/03/24 £000s
Funded: -				
Service cost	40,748	42,474	11,365	11,837
Net Interest cost	48,691	49,889	1,938	2,212
Total	89,439	92,363	13,303	14,049

	Police Pension Schemes	Police Pension Schemes	Local Government Pensions	Local Government Pensions
	Year to 31/03/23 £000s	Year to 31/03/24 £000s	Year to 31/03/23 £000s	Year to 31/03/24 £000s
UnFunded :-				
Service cost	-	-	-	-
Net Interest cost	-	-	-	-
Total	-	-	-	-

Funded LGPS benefits : Cleveland Police	Sensitivity Analysis		
	+0.1% p.a.	Base 21/22	-0.1% p.a.
Discount Rate Assumptions			
Present Value of total obligation (£000's)	243,317	248,402	253,606
% change in present value of total obligation	-2.0%		2.0%
Projected Service cost (£000's)	11,050	11,365	11,690
Approx % change in projected service cost	-3.0%		3.0%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	249,391	248,402	247,424
% change in present value of total obligation	0.0%		0.0%
Projected Service cost (£000's)	11,365	11,365	11,365
Approx % change in projected service cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	252,571	248,402	244,307
% change in present value of total obligation	2.0%		-2.0%
Projected Service cost (£000's)	11,688	11,365	11,051
Approx % change in projected service cost	3.0%		-3.0%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	238,466	248,402	258,338
% change in present value of total obligation	-4.0%		4.0%
Projected Service cost (£000's)	10,910	11,365	11,820
Approx % change in projected service cost	-4.0%		4.0%

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 21/22	-0.1% p.a.
1987 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	1,436,335	1,464,154	1,491,973
% change in present value of total obligation	-1.9%		1.9%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	1,467,082	1,464,154	1,461,226
% change in present value of total obligation	0.2%		-0.2%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	1,487,580	1,464,154	1,440,728
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	1,515,399	1,464,154	1,412,909
% change in present value of total obligation	3.5%		-3.5%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
2006 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	60,176	62,359	64,604
% change in present value of total obligation	-3.5%		3.6%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	63,357	62,359	61,361
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	63,544	62,359	61,174
% change in present value of total obligation	1.9%		-1.9%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	64,542	62,359	60,176
% change in present value of total obligation	3.5%		-3.5%
Projected Service Costs (£000's)	0	0	0
Approx % Change in Projected Service Cost	0.0%		0.0%

Injury Awards :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	85,975	87,640	89,305
% change in present value of total obligation	-1.9%		1.9%
Projected Service Costs (£000's)	2,120	2,177	2,234
Approx % Change in Projected Service Cost	-2.6%		2.6%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	87,903	87,640	87,377
% change in present value of total obligation	0.3%		-0.3%
Projected Service Costs (£000's)	2,199	2,177	2,155
Approx % Change in Projected Service Cost	1.0%		-1.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	89,042	87,640	86,238
% change in present value of total obligation	1.6%		-1.6%
Projected Service Costs (£000's)	2,212	2,177	2,142
Approx % Change in Projected Service Cost	1.6%		-1.6%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	90,707	87,640	84,573
% change in present value of total obligation	3.5%		-3.5%
Projected Service Costs (£000's)	2,253	2,177	2,101
Approx % Change in Projected Service Cost	3.5%		-3.5%
2015 Police Pension Scheme :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	205,261	212,485	220,134
% change in present value of total obligation	-3.4%		3.6%
Projected Service Costs (£000's)	37,105	38,571	40,075
Approx % Change in Projected Service Cost	-3.8%		3.9%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	212,485	212,485	212,485
% change in present value of total obligation	0.0%		0.0%
Projected Service Costs (£000's)	38,751	38,571	38,571
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	220,134	212,485	205,261
% change in present value of total obligation	3.6%		-3.4%
Projected Service Costs (£000's)	40,075	38,571	37,105
Approx % Change in Projected Service Cost	3.9%		-3.8%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	219,922	212,485	205,048
% change in present value of total obligation	3.5%		-3.5%
Projected Service Costs (£000's)	40,191	38,571	36,990
Approx % Change in Projected Service Cost	4.2%		-4.1%

15. UNUSABLE RESERVES

Description of Reserve	31 March 2020 £000	Additions in Year £000	Reductions in Year £000	31 March 2021 £000	Additions in Year £000	Reductions in Year £000	31 March 2022 £000
Pension Reserve	1,649,128	(18,295)	369,494	2,000,327	(210,131)	107,077	1,897,273
Total Unusable Reserves	1,649,128	(18,295)	369,494	2,000,327	(210,131)	107,077	1,897,273

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

16. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

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

They are:

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

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 several 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 2021/ 22 £000's	Cleveland 2021/ 22 £000's
Road Policing				
Employees Costs	10,006	50%	5,003	5,003
Non Pay Costs	925	50%	462	462
Income	(294)	50%	(147)	(147)
	10,637		5,319	5,319
Tactical Training Unit				
Employees Costs	877	50%	439	439
Non Pay Costs	1,490	50%	745	745
Income	(127)	50%	(64)	(64)
	2,240		1,120	1,120
Total Unit Costs	12,878	-	6,439	6,439
Reserve as 31st March	Total Reserves			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

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

2 North East Regional Special Operations Unit (NERSOU)

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

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit, but the funding is through a combination of Home Office Grants and Force contributions. The Force allocation is based on Home Office Core Grant allocations and for the financial period April 2021 to March 2022 the funding contributions made were Cleveland 24.38%, Durham 23.00% and Northumbria 52.62%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £580K (NBV) of which Cleveland's share is valued at £165K. The unit has reserves of £885K of which Cleveland's share is £213K (Prior year £230K).

NERSOU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2021/22 as required under the Section 22A agreement.

North East Regional Special Operations Unit				
	Apportionment Total Costs	Durham 2021/ 22 23.00% £000's	Cleveland 2021/ 22 24.38% £000's	Northumbria 2021/ 22 52.62% £000's
Employees Costs	10,985	2,527	2,678	5,780
Non Pay Costs	1,693	389	413	891
Income	(3,755)	(864)	(915)	(1,976)
	8,923	2,052	2,175	4,695
Contributions / Reserve				
Durham	2,036	2,036		
Cleveland	2,159		2,159	
Northumbria	4,659			4,659
Reserve movements	69	16	17	36
	8,923	2,052	2,175	4,695
Reserve as 31st March	885	199	213	473

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

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

NERSOU Special Branch FIMU is a joint unit staffed by the Cleveland, Durham and Northumbria Police Forces to assess and manage counter terrorism intelligence across the North East Region.

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit. The funding is via on Force contributions. The Force allocations are based NRE and for the financial period 1st August 2021 to March 2022 the funding contributions made were Cleveland 24.38%, Durham 23.00% and Northumbria 52.62%.

NERSOU SB FIMU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2021/22 as required under the Section 22A agreement.

North East Regional Special Operations Unit SB FIMU				
	Apportionment Total Costs	Durham 2021/ 22 23.00% £000's	Cleveland 2021/ 22 24.38% £000's	Northumbria 2021/ 22 52.66% £000's
Employees Costs	650	150	158	342
Non Pay Costs	8	2	2	4
Income		-	-	-
	658	151	160	346
Contributions / Reserve				
Durham	151	151		
Cleveland	160		160	
Northumbria	346			346
Reserve movements		-	-	-
	658	151	160	346
Reserve as 31st March	-	-	-	-

North East Regional Special Operations Unit SB FIMU from 01/08/20				
	Apportionment Total Costs	Durham 2020/ 21 22.84% £000's	Cleveland 2020/ 21 24.62% £000's	Northumbria 2020/ 21 52.54% £000's
Employees Costs	423	97	104	222
Non Pay Costs	7	1	2	4
Income		-	-	-
	430	98	106	226
Contributions / Reserve				
Durham	98	98		
Cleveland	106		106	
Northumbria	226			226
Reserve movements		-	-	-
	430	98	106	226
Reserve as 31st March	-	-	-	-

4 Cleveland North Yorkshire Major Cold Case Review Team.

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

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

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

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

Cleveland and North Yorkshire Cold Case Review Team			
	Apportionment Total Costs	Cleveland 2021/22 50.00% £000's	North Yorkshire 2021/22 50.00% £000's
Employees Costs	264	132	132
Non Pay Costs	12	6	6
Income	0	0	0
	276	138	138
Contributions			
Cleveland	138	138	
North Yorkshire	138		138
	276	138	138

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

5 National Police Air Service (NPAS).

The National Police Air Service provides air support services under a section 22 agreement. The annual contribution for each Force is calculated on the percentage of flying hours per region. The overall budget for 2021/22 was £43.554m for all Police Forces. The annual contribution in 2021/22 by Cleveland Police was £0.647m. (£0.571m 2020/21).

17. CONTINGENT LIABILITIES / ASSETS

Contingent Liabilities: -

Municipal Mutual Insurance (MMI)

Due to the potential liabilities that the force may face in regard 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

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

Decisions were taken by the Government in 2012 to reduce the burden of public sector pensions to the taxpayer. The Police Pension Schemes 1987 and 2006 were to be closed on 1 April 2015 and all members transferred to the Police Pension Scheme 2015. Members of the 1987 and 2006 schemes were given transitional arrangements to leave their existing schemes dependent upon their age. This was challenged by the judiciary and firefighters and found to be discriminatory (known as the

McCloud/Sergeant judgement). The challenge has been confirmed as also applying to the Police Pension Schemes.

In order to make amendments to the Police Pension Schemes, primary legislation has been passed. The Public Service Pensions and Judicial Offices Act 2022 has closed the 1997 and 2006 Police Pension Schemes and all members transferred to the 2015 scheme on 1 April 2022. For members in the 1987 and 2006 schemes, they will be given a choice as to which scheme is most beneficial to them from 1 April 2015 to 31 March 2022. This choice is not made until the point at which the member retires as the circumstances of retirement could mean that one scheme is more beneficial than another for this period.

There are a number of issues that still need to be addressed and secondary legislation is to be drafted in 2022 to address these issues. Further challenges are still ongoing, primarily in relation to part time workers who will be impacted by the changes.

Due to the complexities of the pension schemes, all data held on Members is being rechecked during 2022/23 and the legislation allows up to 1 October 2023 for the secondary legislation to be in place and acted upon. Until all legislation is in place, the financial impact of the judgment cannot be financially quantified.

There have also been a number of claims for compensation due to 'injury to feelings' from pension scheme members due to the impact of these changes. The Chief Constable (along with the Chief Constables from all other Forces) has delegated this to the Home Office to settle (and pay the associated costs with no recharge to the Force).

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/Sergeant 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/Sergeant 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.

Contingent Asset

There are no assets as at the balance sheet date.

18. POST BALANCE SHEET EVENT

There are no post balance sheet events to report.

19. AUTHORISATION OF ACCOUNTS

The Chief Finance Officer of the Chief Constable for Cleveland Police has set and authorised the date of issue for the Statement of Accounts as the 11th XXXX 2022. This is the date up to which events after the Balance Sheet date have been considered.

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POLICE PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

PENSION FUND ACCOUNT	2021/ 2022	2020/ 2021
	£000	£000
Contributions Receivable		
From Employer		
Normal	(15,709)	(15,161)
Capital contribution due to Ill Health Early Retirement	(276)	(1,056)
From Members	(6,769)	(6,542)
Transfers In		
Individual Transfers in from Other Schemes	(582)	(471)
Benefits Payable		
Pensions	41,352	40,410
Commutations and Lump Sum Retirement Benefits	7,972	6,302
Lump Sum death benefits	122	6
Ill Health Lump Sum Benefits	499	1,880
Payments to and on Account of Leavers		
Refunds of Contributions	79	21
Inter Authority Adjustments	290	247
Individual Transfers out to Other Schemes	0	0
Sub-Total for the year before transfer from the PCC to fund the deficit for the year	26,980	25,636
Additional funding payable to the PCC to fund the deficit for the year (Home Office)	(26,980)	(25,637)
Additional funding payable by the PCC to fund the deficit for the year	0	1
Net Amount Payable/ Receivable for the Year	0	0

NET ASSETS STATEMENT	31 March 2022	31 March 2021
	£000	£000
Current Assets		
Debtors:-		
Other Local Authorities	0	475
Bodies External to General Government	0	205
Total Current Assets	0	680
Long Term Assets		
Bodies External to General Government	0	0
Total Long Term Assets	0	0
Current Liabilities		
Creditors :-		
Other Local Authorities	0	475
Bodies External to General Government	0	205
Total Current Liabilities	0	680
Long Term Liabilities		
Bodies External to General Government	0	0
Total Long Term Liabilities	0	0
Net Assets	0	0
PENSION FUND ACCOUNT	0	0

Notes to the Pension Fund

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

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

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

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

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

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

The Fund is administered by the entity.

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

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

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

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GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTTURN: The actual amount spent in the financial year.

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

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

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

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

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

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

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

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

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

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

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

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

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