

# GROUP AND PCC STATEMENT OF ACCOUNTS – 2022/23

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

## **1. INTRODUCTION**

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

All the financial transactions incurred during 2022/23 for policing in Cleveland have been recognised within this Statement of Accounts, which sets out the overall position of the Cleveland PCC Group for the year ended 31st March 2023. The Group position 'PCC Group' reflects the consolidated accounts of the PCC and the Chief Constable. This narrative statement provides an overview of the accounting arrangements and outlines the financial performance of the PCC Group during 2022/23.

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

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

This Statement of Accounts covers the financial year ended 31st March 2023 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) are detailed below along with the objective of each statement:

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

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

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

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

**Balance Sheet** – The Balance Sheet shows the value as at 31<sup>st</sup> March 2023 of the assets and liabilities recognised by the PCC Group.

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

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

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

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

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

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

The 2022/23 statements highlight the following areas of change from the 2021/22 position:

**Group Comprehensive Income & Expenditure Statement:**

- Net Cost of Services (NCOS) has decreased by £7.118m. This is comprised of a decrease in the technical accounting adjustments to record the potential pension liability as at the end of the accounting period of £14.653m, an increase in Police Pay of £3.326m, increase in Police staff & PCSO pay £2.987m, decrease in OPCC staff pay of £0.011m, increase in OPCC & Police non-pay expenditure and undistributed costs of £4.699m and a increase in Income of £3.510m
- The deficit on the Provision of Service has moved from a £78.275m deficit to a £73.709m deficit. A decrease of £4.566m. This is as a result of the movement in NCOS detailed above and the impact of an increase in Financing & Investment costs of £8.379m an decrease in the other operating expenditure of £0.417m and an increase in Taxation & Non-specific grant funding of £5.379m.
- Other Comprehensive Income and Expenditure has decreased by £462.530m due to changes in actuarial assumptions relating to the Pension Fund of £462.530m.

### **Group Balance Sheet:**

- Property, Plant & Equipment, Intangible Assets and Assets held for sale has decreased by £3.965m which comprises spend of £6.524m which is offset by in year depreciation charges of £5.138m, a revaluation reduction of £1.930m and disposals of assets held for sale and other assets of £3.420m.
- The value of Debtors (long and short term) has increased by £8.204m, primarily as an increase in Government debtors of £3.877m (comprising Pension and Uplift Grants), and net increase in Local Authority debtors and Other debtors of £1.454m (mainly due to Council tax rebate) an increase in Prepayments £3.569m (mainly due to the Pension payroll) and decrease in long term debtors of (£0.158m) and an increase in provision for bad debt of (£0.538m).
- The value of Creditors (short and long term) has decreased by £0.126m, primarily as a result of the increase in the liability across all creditors with the main increase on Local Authority and Sundry creditors £0.608m offset by a reduction in the accumulated absence amount of £0.734m
- Provisions have increased by £0.428m, as a result of the release of Insurance related provision £1.078m to offset the costs of Insurance claims paid and settled in year and in year additions of £1.505m to meet future liabilities.
- New borrowing of £4.000m was undertaken in the year, however £3.000m was repaid, total borrowing stands at £22.020m and is well within the limits approved by the PCC.
- The Pension Liability and Reserves have both decreased by £578.664m, mainly as a result of changes in actuarial assumptions as detailed within the notes to the accounts.
- The Usable Reserves of the PCC Group has seen a net overall increase of £3.277m; primarily due to the final capital receipt in respect of former Police HQ (Ladgate Lane). As a result the capital receipts reserve has increased by £3.131m. A detailed breakdown of the earmarked reserves can be found at Note 9 of the accounts.

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

- The Group had a Net decrease in cash in the year of £1.566m, this has resulted from a cash inflow from operating activities of £3.513m offset by a cash outflow of £6.079m from investment activities. The resulting £2.566m cash outflow before financing has been reduced by a net increase in borrowing of £1.000m.

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

- Net Cost of Services (NCOS) has increased by £7.485m, primarily as the result of the increased income of £3.465m, an increase in inter-group funding to the Force of £9.643m, offset by a net increase in costs and salaries of £1.307m
- The deficit on the Provision of Service has decreased by £1.123m to a £2.114m surplus. This is a combination of the impact an increase funding of £5.379m decrease in financing costs of £0.534m & other expenditure of £0.417m. Net of the increase in NCOS.
- Other Comprehensive Income and Expenditure has moved by £4.351m due to changes in actuarial assumptions relating to the Pension Fund of £4.351m.

### PCC Balance Sheet:

- The overall movement on the PCC balance sheet is an increase in Net assets and total Reserves of £9.283m. The only variation from those reported in the Group Balance sheet above relates to the Pension Liability. The PCC only records Pensions for the PCC staff and this balance has increased by £6.418m.

### 3. THE POLICE & CRIME COMMISSIONER REVENUE BUDGET FOR 2022/23

The following table shows the 2022/23 budget and the final outturn:

	Original 2022/2023 Budget	Revised 2022/23 Budget	Year End 2022/23 Position	Outturn
	£000s	£000s	£000s	£000s
Police Grant	(56,542)	(56,542)	(56,394)	149
RSG/National Non Domestic Rate	(46,278)	(46,278)	(46,427)	(149)
<b>Government Grant</b>	<b>(102,820)</b>	<b>(102,820)</b>	<b>(102,820)</b>	<b>0</b>
Council Tax Precept	(43,401)	(43,401)	(43,401)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(51,069)</b>	<b>(51,069)</b>	<b>(51,069)</b>	<b>(0)</b>
Specific Grants	(11,372)	(14,860)	(15,024)	(164)
Partnership Income/Fees and Charges	(4,094)	(5,328)	(7,493)	(2,166)
<b>Total Funding</b>	<b>(169,354)</b>	<b>(174,076)</b>	<b>(176,407)</b>	<b>(2,330)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Staff Pay	808	808	643	(165)
Non Pay Expenditure	244	244	333	89
Income	(92)	(92)	(85)	7
<b>Total Planned Expenditure</b>	<b>960</b>	<b>960</b>	<b>890</b>	<b>(69)</b>
<b>Central Services</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Staff Pay	830	774	418	(357)
Non Pay Expenditure	85	85	69	(16)
PFI	7,670	2,710	2,573	(137)
Asset Management	1,715	5,570	5,475	(95)
	<b>10,300</b>	<b>9,139</b>	<b>8,534</b>	<b>(605)</b>
<b>Proposed Community Safety Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Community Safety Initiatives</b>	<b>1,627</b>	<b>2,396</b>	<b>2,271</b>	<b>(125)</b>
<b>Victims and Witnesses Initiatives</b>	<b>1,023</b>	<b>1,409</b>	<b>1,265</b>	<b>(144)</b>
<b>Violence Reduction Unit Initiatives</b>	<b>0</b>	<b>1,414</b>	<b>1,414</b>	<b>(1)</b>
<b>Serious Violence Duty</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>29</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(155,444)</b>	<b>(158,758)</b>	<b>(162,033)</b>	<b>(3,274)</b>
<b>Police Force Planned Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Police Pay	82,926	83,147	82,090	(1,057)
Police Overtime	2,364	3,712	4,177	465
Police Community Support Officer Pay	3,830	3,754	3,522	(232)
Staff Pay	33,203	32,516	33,089	573
Non-Pay	28,992	30,657	32,454	1,797
<b>Total Planned Expenditure</b>	<b>151,315</b>	<b>153,786</b>	<b>155,332</b>	<b>1,546</b>
<b>(Surplus)/Deficit</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>(Surplus)/Deficit</b>	<b>(4,129)</b>	<b>(4,972)</b>	<b>(6,672)</b>	<b>(1,699)</b>
Transfers from Earmarked Reserves	(290)	(1,306)	(1,254)	53
Transfers to Earmarked Reserves	4,419	6,278	6,134	(144)
<b>Net (Surplus)/Deficit Prior to additional to Reserves</b>	<b>0</b>	<b>0</b>	<b>(1,791)</b>	<b>(1,791)</b>

As can be seen from the table above the overall position for the Group as at the 31<sup>st</sup> March 2023 was an £1.699m underspend. The 2021/22 Group underspend was £2.075m.

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

There were no periods of unknown cash restrictions during the financial year and the OPCC is not expecting any issues with the Cashflow during the 2023/24 financial period.

The following table shows the 2022/23 budget and the final outturn for the PCC:

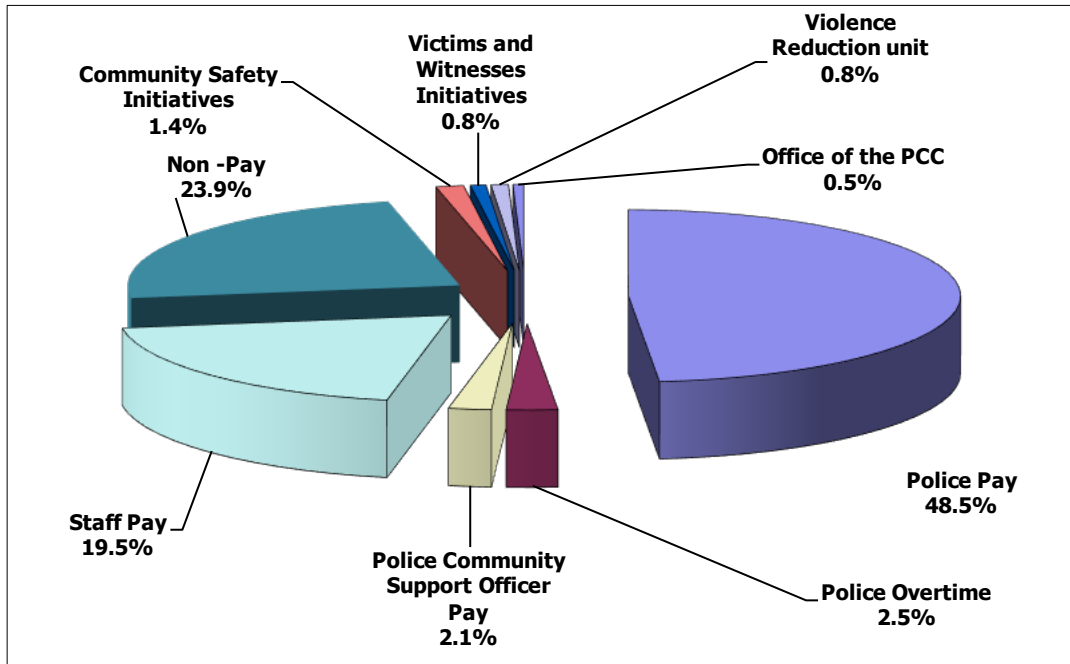
	Original 2022/2023 Budget	Revised 2022/23 Budget	Year End 2022/23 Position	Outturn
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RSG/National Non Domestic Rate	(46,278)	(46,278)	(46,427)	(149)
<b>Government Grant</b>	<b>(102,820)</b>	<b>(102,820)</b>	<b>(102,820)</b>	<b>0</b>
Council Tax Precept	(43,401)	(43,401)	(43,401)	(0)
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(0)
<b>Precept related Funding</b>	<b>(51,069)</b>	<b>(51,069)</b>	<b>(51,069)</b>	<b>(0)</b>
Specific Grants	(11,372)	(14,860)	(15,024)	(164)
Partnership Income/Fees and Charges	(4,094)	(5,328)	(7,493)	(2,166)
<b>Total Funding</b>	<b>(169,354)</b>	<b>(174,076)</b>	<b>(176,407)</b>	<b>(2,330)</b>
<b>Office of the PCC Planned Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Staff Pay	808	808	643	(165)
Non Pay Expenditure	244	244	333	89
Income	(92)	(92)	(85)	7
<b>Total Planned Expenditure</b>	<b>960</b>	<b>960</b>	<b>890</b>	<b>(69)</b>
<b>Central Services</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Staff Pay	830	774	418	(357)
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<b>Proposed Community Safety Expenditure</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Total Community Safety Initiatives</b>	<b>1,627</b>	<b>2,396</b>	<b>2,271</b>	<b>(125)</b>
<b>Victims and Witnesses Initiatives</b>	<b>1,023</b>	<b>1,409</b>	<b>1,265</b>	<b>(144)</b>
<b>Violence Reduction Unit Initiatives</b>	<b>0</b>	<b>1,414</b>	<b>1,414</b>	<b>(1)</b>
<b>Serious Violence Duty</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>29</b>
<b>Office of the PCC Planned Expenditure</b>	<b>(155,444)</b>	<b>(158,758)</b>	<b>(162,033)</b>	<b>(3,274)</b>

As can be seen from the table above the overall position for the PCC as at the 31<sup>st</sup> March 2023 was a £3.274k underspend prior to movement on reserves and return of resources provided to the Force of £0.647m. Overall this represents a total underspend of 1.90% against the group budget (Compared with 1.20% 2021/22).

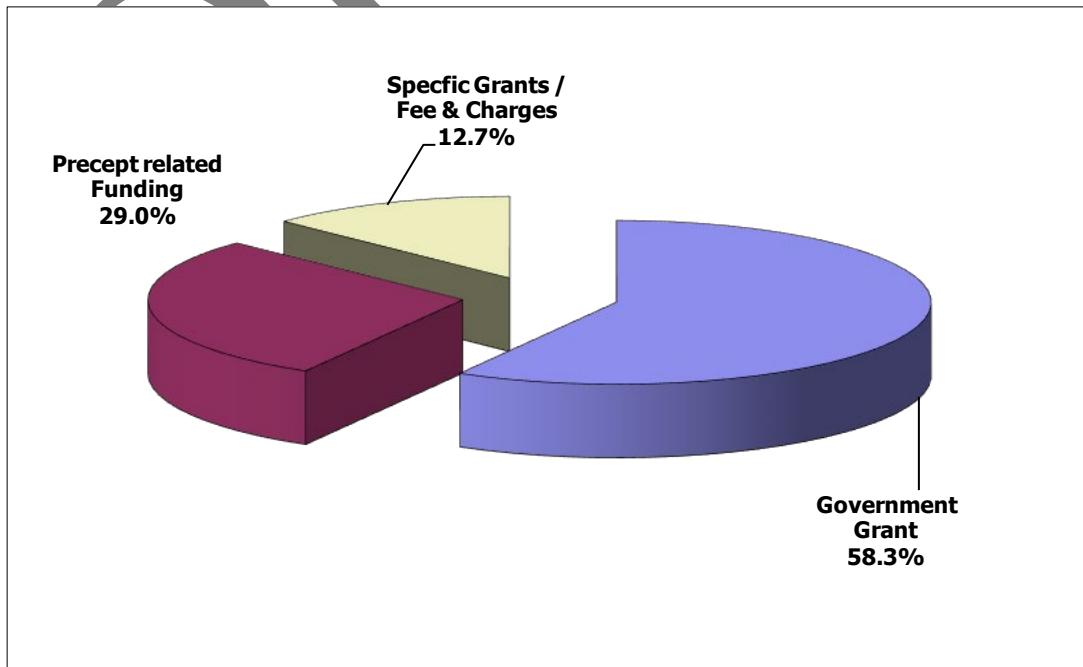
#### 4. POLICE & CRIME COMMISSIONER GENERAL REVENUE BALANCES

	2022/2023 £000	2021/2022 £000
<b>Opening Balance</b>	<b>(5,042)</b>	<b>5,042</b>
Budgeted transfer (into)/from balances	0	0
<b>Planned Position</b>	<b>(5,042)</b>	<b>(5,042)</b>
(Surplus) or Deficit on Years activities	0	0
<b>Available balance at 31 March</b>	<b>(5,042)</b>	<b>(5,042)</b>

**WHERE THE MONEY GOES TO:**



**WHERE THE MONEY COMES FROM:**





## **5. CAPITAL**

The Group funded an annual capital budget for the 2022/23 financial year of £8,620k, this was revised in year to £5,510k (excluding Lifecycle costs of £1,105k associated with the PFI's). The amount of underspend against the capital budget was £91k (£385k underspend 2021/22). The group did not spend all its capital allocation resulting slippage into 2022/23 on schemes relating to vehicles, ICT and equipment. The slippage amounted to £2,532k.

The Group spent £6,524k 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.

## **6. PENSIONS**

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers retirement benefits. Although these will not actually be payable until employees retire, the PCC Group has a commitment to make the payments, which need to be recognised at the time that employees earn their future entitlement. This is a requirement of International Accounting Standard (IAS) 19 – Employee Benefits. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the Group. A Pension liability of £1,318m is recorded in the Balance sheet of the Group.

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

In line with IAS 8 the Group has reviewed those standards issued but not yet adopted by the code and has concluded that they are not applicable. Therefore, there are no changes to the accounting policies for the 2022/23 financial year.

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

No adjusting post balance sheet events have been identified for 2022/23.

## **9. BORROWING FACILITIES**

The PCC currently has £22.02m worth of borrowing taken out with the Public Works Loan Board (PWLb), the repayment of these loans is phased over the next 40 years and have been taken out to fund the PCC's capital programme. The PCC undertook £4.000m of new borrowing and repaid £3.000m in the 2022/23 financial year.

## **10. IMPACTS OF HIGH INFLATION AND INCREASED INTEREST RATES**

These accounts cover a period that have seen interest rates increase from 0.75% at the start of the financial year to 4.25% by the end of the financial year. Since the end of the financial year interest rates have increased further to 4.5%.

These increases are aimed at reducing inflation which during the 12 months to March 2023 was reported as increasing by:

- Consumer Price Index – 10.1%
- Consumer Prices Index including owner occupiers' housing costs - 8.9%
- Retail Price Index – 13.5%

### Interest Rates

The PCC currently has just over £22m of loans in place - all of which are at fixed rates of interest and as such there is no exposure to the PCC from these increases in interest rates.

As a result of a strategic plan to effectively re-finance the organisation during the period of very low interest rates only 3 of these loans, totalling just over £4m, are due for repayment before 2030.

While the current medium capital programme to 2026/27 does not factor in any new borrowing there is the potential that borrowing may need to be undertaken for cash flow purposes. The current plans factor in £6.7m of borrowing, at rates of 4.55% to 4.8%, over the next 2 years. These rates are still realistic levels for the PCC to borrow at however the borrowing will only be taken out as/if needed.

Given that borrowing has been undertaken at fixed interest rates then there is an element of upside to higher interest rates to the PCC in terms of Treasury Management activities, with interest receivable on cash balances and investments being £300k higher than expected in 2022/23 (£317k versus a budget of £14k).

The budget for interest receivable for 2023/24 was increased to £330k however this might be overachieved.

### Inflation

The vast majority (75-80%) of the funding available to the PCC is spent on employment costs (i.e. Pay, National Insurance, Pensions etc.). Given pay awards that were agreed in 2022/23 and expected to be agreed in 2023/24, it is extremely unlikely that this area of expenditure will increase by anywhere close to the level of general inflation that is being recorded.

The overall budget for 2023/24 includes sufficient funding for a 4% pay award from September 2023.

Beyond pay budgets there were around £37m of 'non-pay' budgets in 2022/23, and the inflationary pressures referred to earlier led to overspends across these areas of £1.65m during 2022/23.

The budgets across these areas have been increased to around £40m in 2023/24, reflecting the continued increases and pressures that are expected. These will clearly need to be closely monitored throughout 2023/24 to ensure these are sufficient.

Given the significant likelihood of higher than budgeted costs across almost all areas of the budget the PCC has strengthened reserves during 2022/23, using some of the additional income received in year to bolster the 'Pay and Price Reserve' to almost £1.7m. This reserve will be used as needed to address any short-term pressures so that longer term plans can be put in place to meet these costs on a recurring basis.

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

In May 2021, which was a year later than previously planned, Steve Turner was elected to be the new PCC for Cleveland

As PCC, he has a responsibility to develop a [Police and Crime Plan](#), which sets the blueprint for policing and community safety in Cleveland for his term of office.

Steve's Plan aims to:

- Put the pride back into Cleveland Police
- Make Cleveland a safe place for those who live and work here

The Plan acts as a strategic direction for Cleveland Police, who will be measured on their performance against the plan on a regular basis.

Steve worked closely with criminal justice agencies, local partners and victim organisations in developing his three-year plan. He also consulted widely with Cleveland's communities, to ensure the Plan best met the needs of our communities.

The Plan will remain fluid and Steve is keen to continue an open, two-way dialogue with Cleveland residents on how to make Cleveland a safe place.

### **The Commissioner's 10-Point Plan**

Steve's plan has ten key objectives to help reduce crime and support victims in Cleveland.

Whilst all ten objectives are of equal importance, following our consultation with Cleveland's communities, they have been listed in order of importance to them.

They are:

- Bringing offenders to justice.
- Getting tough on drugs and gangs.
- Tackling anti-social behaviour head-on.
- Helping to provide an effective police and criminal justice system.
- Preventing, reducing and tackling serious violence.
- Putting more police on the streets.
- Tackling violence against women and girls.
- Building confidence in Cleveland's communities.
- Providing effective, quality support for victims and witnesses.
- Using technology to combat crime.

Every year, the Police and Crime Commissioner publishes an Annual Report to show how well he has performed against the objectives set out in the Police and Crime Plan. This year's report will be provided to the Police and Crime Panel later this year and published on the [PCC Website](#) when finalised.

### **Notable Achievements/Developments during 2022/23**

#### **Launch of Cleveland's first policing app COPA**

After just six months, Cleveland's first policing app has been downloaded by 4,524 people to their smartphones. Intelligence received via the app is helping to map crime, target hotspots and catch criminals.

#### **Successful first year for Cleveland's first violence reduction partnership CURV**

By the end of March 2023, the partnership had reached more than 30,000 people across Cleveland via a range of anti-violence projects. Interventions were cost-effective, working out at an average of just £17 per head

#### **HMICFRS recognise significant improvements by Cleveland Police**

The force's grading has improved since the last inspection in 2019, with inspectors remarking on the increased progress under Chief Constable Mark Webster.

#### **267 extra police officers recruited since 2019**

Cleveland Police now has its largest establishment of officers for a decade. At the end of 2022-23, Cleveland had 1,493 officers – 28 more than target figure supplied by the Government as part of its three year-plus Uplift programme.

#### **Increased funding to combat violence against women and girls (VAWG)**

The OPCC spent more than £1.1m on services to support victims of domestic abuse and sexual assault in 2022-23.

### **Progress and delivery against the Police and Crime Plan**

The PCC reports regularly to the Police and Crime Panel on progress against the Police and Crime Plan with specific focus, attention and details provided against all of the 'Key Deliverables' that underpin the '10-Point Plan', which in turn underpin the Strategic Objectives of the Police and Crime Plan. Some of the highlights across each of the 10-Points are as follows:

### **Bringing offenders to justice**

Since the end of 2018, 'Divert' has worked with 1,187 men and women to look at the root causes of their offending. The programme aims to divert first time and low-level offenders away from the criminal justice system.

Re-offending rates for people taking part in Divert are 4.5%. This compares to 13.3% for those people, who don't engage with it.

This year, Divert was highly commended in the Ruth Cranfield Awards, organised by prison charity Nepacs.

### **Getting tough on drugs and gangs**

PCC leads on introducing Cleveland Combatting Drugs Partnership with the Cleveland Combatting Drugs Partnership formed in Autumn 2022. The PCC is the Senior Responsible Owner for the partnership.

That means he's responsible for bringing agencies together to discuss what they are going to do about the problem of drug misuse locally. He also must report back to the Government to tell ministers what the partnership is doing and evidence the effectiveness of their work.

### **Tackling anti-social behaviour head-on**

Safer Streets 4. Cleveland OPCC secured Home Office funding as part of Round Four of the Safer Streets Fund. Work on projects aimed at cutting criminal damage, arson, attacks on emergency services, serious violence and drug dealing in public places started in autumn 2022. It continues in Hemlington and Pallister Park, until the end of 2023.

Youth Outreach. Cleveland OPCC has invested £148,000 per year over the next three years in targeted youth outreach services throughout Cleveland. They aim to prevent youth violence and antisocial behaviour.

Hotspot Policing and Immediate Justice. In March 2023, Cleveland OPCC was announced as one of a handful of Government pilots as part of its new Antisocial Behaviour Plan. As a result, Cleveland will be one of the areas trialling high visibility patrols in ASB hotspots and immediate justice for offenders.

Training in Community Trigger. Cleveland OPCC organised Community Trigger training to make sure residents across Cleveland could access this multi-agency tool to tackle ASB. Training came ahead of a PCC campaign to raise awareness.

### **Helping to provide an effective police and criminal justice system.**

Cleveland Local Criminal Justice Board (LCJB.) The PCC chairs the Cleveland Criminal Justice Board, which met for the first time during 2022-23. The board brings together a number of agencies with responsibility for delivering criminal justice as well as services for victims and offenders. It looks at reducing crime and, therefore, the risks to Cleveland's communities

Appropriate Adults. The OPCC re-commissioned the award-winning service, which helps vulnerable adults in the criminal justice system, for a further two years with an option to extend for a further year if required.

First full year of new complaints system. 2022-23 was the first full year, in which the OPCC took the fullest responsibility for handling police complaints.

Police performance figures published. As part of new statutory duties, the PCC started to publish police performance on the OPCC website. Cleveland Police performance was published alongside National Priorities for Policing.

Improvements in call handling. PCC scrutiny revealed improvements in handling emergency (999) and non-emergency (101) calls to Cleveland Police.

### **Preventing, reducing and tackling serious violence.**

Statutory Duty. At the start of 2023, the Serious Violence Duty came into force as part of the Police, Crime, Sentencing and Courts (PCSC) Act 2022. That means specific organisations – including the OPCC – must work more closely to lessen serious violence.

APCC Joint Lead for serious violence. The PCC has a national profile in preventing serious violence.

National Chair of the Violence Reduction Unit's Sport, Youth and Serious Violence Prevention Board. The board believes sport can play a positive part in turning young people's lives around and diverting them from a life of antisocial behaviour and crime.

Investment in Sport and MFC Kicks, Middlesbrough Football Club Foundation will receive £86,000 over the next three years to fund its Premier League Kicks programme until March 2025. PL Kicks is just one of a number of PCC-funded sports programmes aimed at engaging young people.

### **Putting more police on the streets.**

Police Officer Numbers. By 31 March 2023, Cleveland had the largest number of frontline officers for 10 years. Cleveland smashed the Government's target of 239 new officers. Cleveland Police had an establishment of 1,493 by the end of 2022-23 - exceeding the Government's uplift target by 28.

Neighbourhood policing. The PCC backed Chief Constable Mark Webster's plans to introduce a new model for operational policing from spring 2023. The new structure is based around a Neighbourhood policing model. Frontline police and PCSOs get to know the key characters, locations and vehicles involved in criminality or antisocial behaviour in their area. Their knowledge helps to identify patterns and hotspots, which means they can use a problem-solving approach to nip issues in the bud.

APCC Joint Lead for Local Policing. This role leads the association's work on neighbourhood and community policing nationally. It includes looking at problems like antisocial behaviour.

### **Tackling violence against women and girls.**

Bridging the Gap Pilot. After research into the needs of victims from Cleveland's ethnically diverse communities, the OPCC launched Bridging the Gap in conjunction with Stockton development agency Catalyst. As a result, six specialist organisations shared £30,000-worth of funding to run domestic abuse projects run for and by minority communities.

Trauma-informed pilot for Victims of sexual assault. In 2023, the PCC funded an innovative pilot to support victims of sexual harassment and violence. Run by Middlesbrough-based charity Arch Teesside, the 18-month pilot focusses on the long-term impact of the incident on the victim rather than the severity of the crime.

Funding for services to support victims of domestic abuse. The OPCC provided a total of £632,428 to fund a range of services – including Independent Domestic Violence Advocates (IDVAs) and specialist counsellors - to support victims of domestic abuse.

Specialist help for ethnicity diverse communities. Halo was given £27,000 annual funding for three years to employ a black and minority ethnic advocate to assist with issues around forced marriage and cultural harms.

Funding for services to support victims of sexual violence. During 2022 to 2023, the OPCC spent a total of £490,545 on services to support the victims of sexual violence. The figure included funding for Teesside Sexual Assault Referral Centre (SARC) and services provided by charities Arch Teesside and A Way Out.

**Building confidence in Cleveland's communities.**

Community funding. This year, Cleveland OPCC gave out grants totalling more than £187,500 to good causes throughout Cleveland. Grants funded everything from the work of a substance abuse recovery charity to a community skatepark in Saltburn. Funding came from the PCC Community Safety Fund and Police Property Act Fund.

Youth Advisory Committee. Building on the work of Cleveland youth Commission, the OPCC commissioned charity The Junction to set up and run Cleveland's first Youth Advisory Group (YAG.) The group is tasked to tell community leaders what they want from policing, community safety and victims' services in Cleveland. The first meeting took place in January 2023.

A Different Vision on child sexual abuse. More than 100 delegates attended the Different Vision conference. Under the banner of the Cleveland Child Sexual Abuse Transformation Project, agencies called for all services to strengthen their approach to supporting victims and their families.

Rural Crime. In spring 2023, the OPCC launched a survey into rural crime. Its results will feed into future strategy and scrutiny.

**Providing effective, quality support for victims and witnesses.**

Fraud Victims Advocate at Victim Care and Advice Service (VCAS.) The PCC funded a fixed-term post to help victims of fraud recover stolen cash. In the eight months to May 2023, the role worked with 39 victims, who had lost a total of £1,043k. The advocate managed to recover £554k of the stolen cash.

Study into youth victims. As part of £6m Government victims' uplift funding, Cleveland OPCC has commissioned a survey into youth victims of crime. The survey examined what young people want and need from a victim support service.

Extra support for Restorative Justice. VCAS has employed a Restorative Cleveland court worker to raise the profile of RJ among victims, offenders and those working in the criminal justice system. It's also launched an Ambassador programme, in which victims and offenders with previous experience of RJ, talk about its benefits.

VCAS re-commissioning. Safer Communities' Victim Care and Advice Service (VCAS) was re-commissioned for a further four years, giving the service greater stability and continuity of funding.

**Using technology to combat crime.**

COPA. In September 2022, Cleveland OPCC launched the first crime and community safety app of its kind - COPA. The app allows the public to ask questions about policing, crime and community safety and share concerns about nuisance behaviour. COPA also allows the public to give feedback on their experience with Cleveland Police and access links to useful websites.

## **12. FURTHER INFORMATION**

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

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

M. PORTER,  
CHIEF FINANCE OFFICER FOR THE PCC

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# **STATEMENT OF RESPONSIBILITIES**

## **The PCC's Responsibilities**

The PCC is required to:

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

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

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

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

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

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

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

The Statement of Accounts give a true and fair view of the financial position of the Group & PCC at the accounting date and its income and expenditure for the year ended 31st March 2023

Date:

Signature: M Porter

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

## **The PCC's Responsibilities**

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

Date:

Signature:

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



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

**Report on the audit of the financial statements to follow.**

|

Gavin Barker  
Director  
For and on behalf of Mazars LLP

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

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## **GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31st MARCH 2023**

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

DETAIL	2022/2023			2021/2022		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	103,060		103,060	113,896		113,896
Police Community Support Officer Pay Costs	4,253		4,253	4,527		4,527
Police Staff Support Pay Costs	40,033		40,033	37,212		37,212
OPCC Staff Pay Costs	1,646		1,646	1,708		1,708
Police Non Pay Costs	32,250		32,250	28,907		28,907
OPCC Non Pay Costs	14,753		14,753	13,399		13,399
OPCC Income	0	22,285	(22,285)	0	18,820	(18,820)
Undistributed Costs	55		55	53		53
<b>Net Cost of Services</b>	<b>196,050</b>	<b>22,285</b>	<b>173,765</b>	<b>199,702</b>	<b>18,820</b>	<b>180,882</b>
Other Operating Expenditure			443			860
Financing & Investment Income and Expenditure (Note 10)			53,423			45,044
Taxation & Non-Specific Grant Income (Note 11)			(154,264)			(148,511)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>73,367</b>			<b>78,275</b>
(Surplus)/Deficit on Revaluation of PPE			0			0
Re-measurements of the defined benefit liability (Note 21)			(654,907)			(192,377)
<b>Other Comprehensive Income and Expenditure</b>			<b>(654,907)</b>			<b>(192,377)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(581,540)</b>			<b>(114,102)</b>

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## **PCC COMPREHENSIVE INCOME AND EXPENDITURE** **STATEMENT FOR THE YEAR ENDED 31st MARCH 2023**

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

DETAIL	2022/2023			2021/2022		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
OPCC Staff Pay Costs	1,646	0	1,646	1,708	0	1,708
OPCC Non Pay Costs	14,753	0	14,753	13,399	0	13,399
OPCC Income	0	22,285	(22,285)	0	18,820	(18,820)
Undistributed Costs	22	0	22	7	0	7
<b>Net Cost of Services before Funding</b>	<b>16,421</b>	<b>22,285</b>	<b>(5,864)</b>	<b>15,114</b>	<b>18,819</b>	<b>(3,706)</b>
Intra Group Funding	154,419	0	154,419	144,776	0	144,776
<b>Net Cost of Services</b>	<b>170,840</b>	<b>22,285</b>	<b>148,555</b>	<b>159,890</b>	<b>18,819</b>	<b>141,070</b>
Other Operating Expenditure			443			860
Financing & Investment Income & Expenditure (Note 10)			2,810			3,344
Taxation & Non-Specific Grant Income (Note 11)			(154,264)			(148,511)
<b>(Surplus) or Deficit on Provision of Service</b>			<b>(2,455)</b>			<b>(3,237)</b>
(Surplus)/Deficit on Revaluation of PPE			0			0
Re-measurements of the defined benefit liability (Note 21)			(6,838)			(2,487)
<b>Other Comprehensive Income and Expenditure</b>			<b>(6,838)</b>			<b>(2,487)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(9,293)</b>			<b>(5,724)</b>

## GROUP MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2023

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Group Reserves £000
<b>Balance at 31st March 2022</b>	(5,042)	(10,595)	(6,163)	0	0	(21,799)	1,894,362	1,872,563
(Surplus) or deficit on provision of services (accounting basis)	73,367	0	0	0	0	73,367	0	73,367
<b>Other Comprehensive Income and Expenditure</b>								
<b>Total Comprehensive Expenditure and Income</b>	73,367	0	0	0	0	73,367	(654,897)	(581,530)
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	(73,515)	0	(3,131)	0	0	(76,646)	76,646	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	(147)	0	(3,131)	0	0	(3,278)	(578,252)	(581,530)
<b>Total Transfers (to)/from Reserves</b>	147	(147)	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>	(0)	(147)	(3,131)	0	0	(3,278)	(578,252)	(581,530)
<b>Balance at 31 March 2023</b>	(5,042)	(10,741)	(9,294)	(0)	0	(25,077)	1,316,111	1,291,033
<b>Reserves held for:</b>								
Capital purposes	0	(2,645)	(6,163)	0	0	(8,808)		
Revenue Purpose	(5,042)	(7,950)	0	0	0	(12,991)		
<b>Total at 31 March 2022</b>	(5,042)	(10,595)	(6,163)	0	0	(21,799)		
Capital purposes	0	(2,436)	(9,294)	0	0	(11,730)		
Revenue Purposes	(5,042)	(8,305)	0	0	0	(13,348)		
<b>Total at 31 March 2023</b>	(5,042)	(10,741)	(9,294)	(0)	0	(25,077)		

## PCC MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2023

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000 Restated	Total Unusable Reserves £000	Total PCC Reserves £000
<b>Balance at 31st March 2022</b>	(5,042)	(10,594)	(6,163)	0	(0)	(21,799)	2,413	(19,386)
(Surplus) or deficit on provision of services (accounting basis)	(2,455)	0	0	0	0	(2,455)	0	(2,455)
<b>Other Comprehensive Income and Expenditure</b>	0	0	0	0	0	0	(6,828)	(6,828)
<b>Total Comprehensive Expenditure and Income</b>	(2,455)	0	0	0	0	(2,455)	(6,828)	(9,284)
<b>Total Adjustments between accounting basis &amp; funding basis under regulations (Note 8)</b>	2,308	0	(3,131)	0	0	(823)	822	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	(147)	0	(3,131)	0	0	(3,278)	(6,006)	(9,284)
<b>Total Transfers (to)/from Reserves</b>	147	(147)	0	0	0	0	0	0
<b>(Increase) / Decrease in Year</b>	(0)	(147)	(3,131)	0	0	(3,278)	(6,006)	(9,284)
<b>Balance at 31 March 2022</b>	(5,042)	(10,741)	(9,294)	0	(0)	(25,077)	(3,593)	(28,670)
<b>Reserves held for:</b>								
Capital purposes	0	(2,645)	(6,163)	0	0	(8,808)		
Revenue Purpose	(5,042)	(7,950)	0	0	0	(12,991)		
<b>Total at 31 March 2022</b>	(5,042)	(10,595)	(6,163)	0	0	(21,801)		
Capital purposes	0	(2,436)	(9,294)	0	(0)	(11,730)		
Revenue Purposes	(5,042)	(8,305)	0	0	0	(13,347)		
<b>Total at 31 March 2023</b>	(5,042)	(10,741)	(9,294)	0	(0)	(25,077)		

## GROUP MOVEMENT ON RESERVES STATEMENT 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 Group Reserves £000
Balance at 31st March 2021	(5,042)	(7,975)	(3,139)	(100)	(1,399)	(17,655)	2,004,319	1,986,664
(Surplus) or deficit on provision of services (accounting basis)	78,275	0	0	0	0	78,275	0	78,275
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(192,377)	(192,377)
Total Comprehensive Expenditure and Income	78,275	0	0	0	0	78,275	(192,377)	(114,102)
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	(80,795)	0	(3,024)	0	1,399	(82,420)	82,420	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,520)	0	(3,024)	0	1,399	(4,145)	(109,957)	(114,102)
Total Transfers (to)/from Reserves	2,520	(2,620)	0	100	0	0	(0)	0
(Increase) / Decrease in Year	0	(2,620)	(3,024)	100	1,399	(4,145)	(109,957)	(114,102)
Balance at 31 March 2022	(5,042)	(10,595)	(6,163)	0	0	(21,799)	1,894,362	1,872,563
Reserves held for:								
Capital purposes	0	(1,716)	(3,139)	0	(1,399)	(6,254)		
Revenue Purpose	(5,042)	(6,259)	0	(100)	0	(11,401)		
<b>Total at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>		
Capital purposes	0	(2,645)	(6,163)	0	0	(8,808)		
Revenue Purposes	(5,042)	(7,950)	0	0	0	(12,992)		
<b>Total at 31 March 2022</b>	<b>(5,042)</b>	<b>(10,595)</b>	<b>(6,163)</b>	<b>0</b>	<b>0</b>	<b>(21,799)</b>		

## PCC MOVEMENT ON RESERVES STATEMENT 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 PCC Reserves £000
Balance at 31st March 2021	(5,042)	(7,975)	(3,139)	(100)	(1,399)	(17,654)	3,992	(13,662)
(Surplus) or deficit on provision of services (accounting basis)	(3,237)	0	0	0	0	(3,237)	0	(3,237)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(2,487)	(2,487)
Total Comprehensive Expenditure and Income	(3,237)	0	0	0	0	(3,237)	(2,487)	(5,724)
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	717	0	(3,024)	0	1,399	(908)	908	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(2,520)	0	(3,024)	0	1,399	(4,145)	(1,579)	(5,724)
Total Transfers (to)/from Reserves	2,520	(2,620)	0	100	0	0	0	0
(Increase) / Decrease in Year	(0)	(2,620)	(3,024)	100	1,399	(4,145)	(1,579)	(5,724)
Balance at 31 March 2022	(5,042)	(10,594)	(6,163)	0	0	(21,799)	2,413	(19,386)
Reserves held for:								
Capital purposes	0	(1,716)	(3,139)	0	(1,399)	(6,254)		
Revenue Purpose	(5,042)	(6,259)	0	(100)	0	(11,401)		
<b>Total at 31 March 2021</b>	<b>(5,042)</b>	<b>(7,975)</b>	<b>(3,139)</b>	<b>(100)</b>	<b>(1,399)</b>	<b>(17,655)</b>		
Capital purposes	0	(2,645)	(6,163)	0	0	(8,808)		
Revenue Purposes	(5,042)	(7,949)	0	0	0	(12,991)		
<b>Total at 31 March 2022</b>	<b>(5,042)</b>	<b>(10,594)</b>	<b>(6,163)</b>	<b>0</b>	<b>0</b>	<b>(21,799)</b>		

## **GROUP BALANCE SHEET AT 31st MARCH 2023**

The Group Balance Sheet shows the value of the assets and liabilities recognised by the PCC Group as at 31<sup>st</sup> March 2023.

	Notes	31 March 2023 £000	31 March 2022 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	51,581	51,647
Intangible Assets	13	5,116	5,896
Assets Held for Sale	17	0	3,119
Long Term Debtors	15	-	158
<b>Total Long Term Assets</b>		<b>56,698</b>	<b>60,821</b>
<b>Current Assets</b>			
Short Term Investments		4,500	4,500
Inventories		138	125
Short Term Debtors	15	28,105	19,742
Cash and Cash Equivalents	16	1,773	3,338
<b>Total Current Assets</b>		<b>34,517</b>	<b>27,705</b>
<b>Total Assets</b>		<b>91,214</b>	<b>88,526</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(2,500)	(3,000)
Short Term Creditors	18	(22,348)	(22,475)
Provisions	19	(2,603)	(2,175)
<b>Total Current Liabilities</b>		<b>(27,451)</b>	<b>(27,650)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(19,520)	(18,020)
Other Long Term Liabilities : PFI	27	(17,509)	(18,987)
Pensions Liability	21	(1,317,768)	(1,896,432)
<b>Total Long Term Liabilities</b>		<b>(1,354,797)</b>	<b>(1,933,439)</b>
<b>Total Liabilities</b>		<b>(1,382,248)</b>	<b>(1,961,089)</b>
<b>Net Liabilities</b>		<b>(1,291,034)</b>	<b>(1,872,563)</b>
<b>Reserves</b>			
Usable Reserves	32	(25,077)	(21,799)
Unusable Reserves	33	1,316,111	1,894,362
<b>Total Reserves</b>		<b>1,291,034</b>	<b>1,872,563</b>

## **PCC BALANCE SHEET AT 31st MARCH 2023**

The PCC Balance Sheet shows the value of the assets and liabilities recognised by the PCC as at 31<sup>st</sup> March 2023.

	Notes	31 March 2023 £000	31 March 2022 £000
<b>Long Term Assets</b>			
Property, Plant and Equipment	12	51,581	51,647
Intangible Assets	13	5,116	5,896
Asset Held for Sale	17	0	3,119
Long Term Debtors	15	-	158
<b>Total Long Term Assets</b>		<b>56,698</b>	<b>60,821</b>
<b>Current Assets</b>			
Short Term Investments		4,500	4,500
Inventories		138	125
Short Term Debtors	15	28,105	19,742
Cash and Cash Equivalents	16	1,773	3,338
<b>Total Current Assets</b>		<b>34,517</b>	<b>27,705</b>
<b>Total Assets</b>		<b>91,214</b>	<b>88,526</b>
<b>Current Liabilities</b>			
Short Term Borrowing	30	(2,500)	(3,000)
Short Term Creditors	18	(22,348)	(22,474)
Provisions	19	(2,603)	(2,175)
<b>Total Current Liabilities</b>		<b>(27,451)</b>	<b>(27,650)</b>
<b>Long Term Liabilities</b>			
Long Term Borrowing	30	(19,520)	(18,020)
Other Long Term Liabilities : PFI	27	(17,509)	(18,987)
Pensions Liability	21	1,935	(4,483)
<b>Total Long Term Liabilities</b>		<b>(35,094)</b>	<b>(41,490)</b>
<b>Total Liabilities</b>		<b>(62,545)</b>	<b>(69,140)</b>
<b>Net Assets</b>		<b>28,669</b>	<b>19,386</b>
Usable Reserves	32	(25,077)	(21,799)
Unusable Reserves	33	(3,592)	2,413
<b>Total Reserves</b>		<b>(28,669)</b>	<b>(19,386)</b>

## **GROUP & PCC CASHFLOW STATEMENT 2022/23**

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

	<b>2022/2023 £000</b>	<b>2021/2022 £000</b>
<b>OPERATING ACTIVITIES</b>		
<u>Cash Outflows</u>		
Cash paid to and on behalf of employees	127,758	120,223
Cash payment to reduce the PFI liability	1,478	1,471
Cash paid to suppliers of goods and services	67,244	60,181
	<b>196,481</b>	<b>181,876</b>
<u>Cash Inflows</u>		
Precept received	(43,401)	(40,947)
National non-domestic rates	(46,427)	(43,828)
Other grants	(102,839)	(101,749)
Rents	(36)	(58)
Cash received for goods and services	(662)	(951)
Other operating cash receipts	(6,629)	(5,118)
	<b>(199,994)</b>	<b>(192,651)</b>
<b>Operating Activities Net Cash Flow</b>	<b>(3,513)</b>	<b>(10,776)</b>
<b>INVESTING ACTIVITIES</b>		
<u>Returns on Investments and Servicing of Finance</u>		
Cash outflows - Interest paid	3,003	3,203
Cash inflows - Interest received	(317)	(6)
	<b>2,686</b>	<b>3,197</b>
<u>Capital Activities</u>		
Cash outflows - Purchase of non current assets	6,524	4,609
Cash inflows - Sale of non current assets	(3,131)	(3,024)
- Capital grant received	-	(168)
	<b>3,393</b>	<b>1,417</b>
<b>Investing Activities Net Cash Flow</b>	<b>6,079</b>	<b>4,614</b>
<b>Net Cash Outflow/(Inflow) before financing</b>	<b>2,566</b>	<b>(6,161)</b>
<b>FINANCING ACTIVITIES</b>		
<u>Management of Liquid Resources</u>		
Net increase/(decrease) in investments	-	4,500
Net increase/(decrease) in imprests	-	-
	<b>-</b>	<b>4,500</b>
<u>Financing</u>		
Cash outflows - Repayment of amounts borrowed	3,000	4,000
Cash inflows - New loans raised	(4,000)	-
	<b>(1,000)</b>	<b>4,000</b>
<b>Financing Activities Net Cash Flow</b>	<b>(1,000)</b>	<b>8,500</b>
<b>Net (Increase)/Decrease in cash</b>	<b>1,566</b>	<b>2,339</b>
<b>Cash brought forward</b>	<b>3,338</b>	<b>5,678</b>
<b>Cash carried forward</b>	<b>1,773</b>	<b>3,338</b>
<b>Net (Increase)/Decrease in cash</b>	<b>1,566</b>	<b>2,339</b>



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

## **1. GROUP ACCOUNTING POLICIES**

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

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

Surplus assets are valued at Fair Value.

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

#### **Revaluations & Impairment**

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

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

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

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

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

### **Impairment**

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

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

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

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

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

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and a significantly different useful economic life, the components are depreciated separately from 1<sup>st</sup> April 2010. The PCC Group has undertaken this review and has no significant components in the 2022/23 financial year – this review will be undertaken annually.

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

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

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

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

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

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

Amounts received for a disposal are categorised as capital receipts.

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

## **B) INTANGIBLE ASSETS**

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

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

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

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

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

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

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

## **C) DE MINIMIS LEVEL**

Capital Expenditure – The PCC has agreed a de minimis level of £5,000 for the acquisition, renewal or replacement of buildings, vehicles, plant, machinery or other equipment (this relates to the bulk purchase of ICT rather than the individual elements.) to count as prescribed capital expenditure.

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

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

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

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

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

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

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

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

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

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

## **F) LEASES**

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

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

#### **Finance Leases**

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

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

Lease payments are apportioned between:

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

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

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

### **Operating Leases**

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

## **G) DEBTORS AND CREDITORS**

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

## **H) VALUATION OF INVENTORIES**

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

## **I) LOANS AND RECEIVABLES**

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

## **J) FINANCIAL INSTRUMENTS**

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

## **K) PROVISIONS**

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

## **L) RESERVES**

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

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

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

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

## **N) INVESTMENTS**

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

## **O) EMPLOYEE BENEFITS**

### **Benefits Payable during Employment**

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

## **P) PENSIONS**

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

### **i) Uniformed Police**

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

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

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

## ii) Support Staff

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

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

## Q) OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2022/23 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

## **R) PRIVATE FINANCE INITIATIVE**

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

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

## **S) VALUE ADDED TAX**

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

## **T) PRECEPT**

Precept is accounted for on an agency basis.

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

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

## **V) PRIOR PERIOD ADJUSTMENTS**

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

## **W) REVENUE RECOGNITION**

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

## **X) JOINT CONTROLLED OPERATIONS**

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

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

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

## **Y) CONTINGENT LIABILITIES**

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events



not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

## **Z) CONTINGENT ASSETS**

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

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

## **AA) FAIR VALUE**

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

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

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

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

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

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

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

## **2 EXPENDITURE & FUNDING ANALYSIS**

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

### **Group**

	2022/2023			2021/2022		
	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
<b>Funding Analysis</b>						
Police Officer Pay Costs	86,501	(16,559)	103,060	82,392	(31,505)	113,896
Police Community Support Officer Pay Costs	3,493	(760)	4,253	3,621	(906)	4,527
Police Staff Support Pay Costs	32,877	(7,156)	40,033	29,763	(7,449)	37,212
OPCC Staff Pay Costs	1,350	(296)	1,646	1,361	(347)	1,708
Police Non Pay Costs	25,181	(7,069)	32,250	22,572	(6,335)	28,907
OPCC Non Pay Costs	23,720	8,967	14,753	20,505	7,106	13,399
OPCC Income	(22,285)	0	(22,285)	(18,820)	0	(18,820)
Undistributed Costs	55	0	55	53	0	53
<b>Net Cost of Services</b>	<b>150,892</b>	<b>(22,873)</b>	<b>173,765</b>	<b>141,447</b>	<b>(39,435)</b>	<b>180,882</b>
Other Operating Expenditure	165	(279)	443	257	(603)	860
Financing & Investment Income & Expenditure (Note 10)	2,686	(50,737)	53,423	3,197	(41,847)	45,044
Taxation & Non-Specific Grant Income	(153,890)	374	(154,264)	(147,421)	1,090	(148,511)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(147)</b>	<b>(73,515)</b>	<b>73,367</b>	<b>(2,520)</b>	<b>(80,795)</b>	<b>78,275</b>
<b>Opening General Fund Balance</b>	(5,042)			(5,042)		
<b>(Surplus) or Deficit on Provision of Service</b>	(147)			(2,520)		
<b>Transfers to earmarked Reserves</b>	147			2,520		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,042)</b>		

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
	<b>Notes to Funding Analysis 2022/2023</b>			
Police Officer Pay Costs	(16,559)	0	(17,294)	735
Police Community Support Officer Pay Costs	(760)	0	(760)	0
Police Staff Support Pay Costs	(7,156)	0	(7,156)	0
OPCC Staff Pay Costs	(296)	0	(296)	0
Police Non Pay Costs	(7,069)	(7,069)	0	0
OPCC Non Pay Costs	8,967	8,967	0	0
<b>Net Cost of Services</b>	<b>(22,873)</b>	<b>1,898</b>	<b>(25,506)</b>	<b>735</b>
Other Operating Expenditure	(279)	(279)	0	0
Financing & Investment Income & Expenditure (Note 10)	(50,737)	0	(50,737)	0
Taxation & Non-Specific Grant Income	374	0	0	374
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(73,515)</b>	<b>1,620</b>	<b>(76,243)</b>	<b>1,109</b>

	Adjustments Between funding & Accounting Basis £000's	Adjustments for Capital Note 2a £000's	Pension Adjustments Note 2b £000's	Other Adjustments Note 2c £000's
	<b>Notes to Funding Analysis 2021/2022</b>			
Police Officer Pay Costs	(31,505)	0	(31,457)	(48)
Police Community Support Officer Pay Costs	(906)	0	(906)	0
Police Staff Support Pay Costs	(7,449)	0	(7,449)	0
OPCC Staff Pay Costs	(347)	0	(347)	0
Police Non Pay Costs	(6,335)	(6,335)	0	0
OPCC Non Pay Costs	7,106	7,106	0	0
<b>Net Cost of Services</b>	<b>(39,435)</b>	<b>771</b>	<b>(40,159)</b>	<b>(48)</b>
Other Operating Expenditure	(603)	(603)	0	0
Financing & Investment Income & Expenditure (Note 10)	(41,847)	0	(41,847)	0
Taxation & Non-Specific Grant Income	1,090	0	0	1,090
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(80,795)</b>	<b>169</b>	<b>(82,006)</b>	<b>1,043</b>

## 2a Adjustments for Capital Purpose

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing 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 receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## 2b Pension Adjustments

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

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

## 2c Other Adjustments

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

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

PCC

Funding	2022/2023			2021/2022		
	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
Police Officer Pay Costs	735	735	0	(48)	(48)	0
Police Community Support Officer Pay Costs	0	0	0	0	0	0
Police Staff Support Pay Costs	0	0	0	0	0	0
OPCC Staff Pay Costs	1,350	(296)	1,646	1,361	(347)	1,708
Police Non Pay Costs	(7,069)	(7,069)	0	(6,336)	(6,336)	0
OPCC Non Pay Costs	23,866	9,113	14,753	23,024	9,626	13,399
OPCC Income	(22,285)	0	(22,285)	(18,820)	0	(18,820)
Undistributed Costs	22	0	22	7	0	7
<b>Net Cost of Services</b>	<b>(3,381)</b>	<b>2,483</b>	<b>(5,864)</b>	<b>(812)</b>	<b>2,895</b>	<b>(3,706)</b>
Intra Group Funding	154,419	0	154,419	144,776	0	144,776
<b>Net Cost of Services</b>	<b>151,038</b>	<b>2,483</b>	<b>148,555</b>	<b>143,964</b>	<b>2,895</b>	<b>141,070</b>
Other Operating Expenditure	165	(279)	443	257	(603)	860
Financing & Investment Income & Expenditure (Note 10)	2,686	(124)	2,810	3,197	(147)	3,344
Taxation & Non-Specific Grant Income	(153,890)	374	(154,264)	(147,420)	1,091	(148,510)
<b>(Surplus) or Deficit on Provision of Service</b>	<b>(0)</b>	<b>2,455</b>	<b>(2,455)</b>	<b>(0)</b>	<b>3,236</b>	<b>(3,236)</b>
<b>Opening General Fund Balance</b>	(5,042)			(5,042)		
<b>(Surplus) or Deficit on Provision of Service</b>	(0)			(0)		
<b>Closing General Fund Balance</b>	<b>(5,042)</b>			<b>(5,042)</b>		

Notes to Funding Analysis 2022/2023	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
Police Officer Pay Costs	735	0	0	735
OPCC Staff Pay Costs	(296)	0	(296)	0
Police Non Pay Costs	(7,069)	(7,069)	0	0
OPCC Non Pay Costs	9,113	8,967	0	146
<b>Net Cost of Services</b>	<b>2,483</b>	<b>1,898</b>	<b>(296)</b>	<b>881</b>
Other Operating Expenditure	(279)	(279)	0	0
Financing & Investment Income & Expenditure (Note 10)	(124)	0	(124)	0
Taxation & Non-Specific Grant Income	374	0	0	374
<b>(Surplus) or Deficit on Provision of Service</b>	<b>2,455</b>	<b>1,620</b>	<b>(420)</b>	<b>1,255</b>

Notes to Funding Analysis 2021/2022	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
Police Officer Pay Costs	(48)	0	0	(48)
OPCC Staff Pay Costs	(347)	0	(347)	0
Police Non Pay Costs	(6,336)	(6,336)	0	0
OPCC Non Pay Costs	9,626	7,106	0	2,520
<b>Net Cost of Services</b>	<b>2,895</b>	<b>770</b>	<b>(347)</b>	<b>2,472</b>
Other Operating Expenditure	(603)	(603)	0	0
Financing & Investment Income & Expenditure (Note 10)	(147)	0	(147)	0
Taxation & Non-Specific Grant Income	1,091	0	0	1,091
<b>(Surplus) or Deficit on Provision of Service</b>	<b>3,236</b>	<b>167</b>	<b>(494)</b>	<b>3,563</b>

### 3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

No new accounting standards were issued that were not adopted.

### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

#### **Future government funding**

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

#### **Accounting principles**

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the PCC Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances and transactions cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the PCC Group's Balance Sheet at 31<sup>st</sup> March 2023 of which there is significant risks of material adjustment in the forthcoming financial year are as follows:

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

**Employee Benefits:** An accrual has been made for employee benefits outstanding at the year end, comprising flexitime, annual leave, Time off in Lieu and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Duty Management system. Approximately 43% of the accrual of £3.801m relates to Annual Leave and 47% relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of Annual Leave and RDIL owed would change the accrual by £0.171m.

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

**Property, Plant and Equipment:** Assets are depreciated over useful lives that are dependent on assumptions about the level of maintenance and repairs that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether current spending on repairs and maintenance will be sustainable, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by £24k for every year that useful lives had to be reduced.

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

The OPCC instructed Surveyors and Valuers as at the 31<sup>st</sup> March 2023 to undertake a desk top review property value. The Surveyors assessment indicated no material impact as at the balance sheet date.

## 6. MATERIAL ITEMS OF INCOME AND EXPENSE

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

## 7. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the Balance sheet date to report.

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

### GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,985)	0	0	0	0	(1,985)	1,985	0
Depreciation and Impairment of fixed assets	(5,006)	0	0	0	0	(5,006)	5,006	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
(Loss)/Gain on the sale of non current assets	(279)	0	0	0	0	(279)	279	0
Sale of Assets	0	0	(3,131)	0	0	(3,131)	3,131	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(93,319)	0	0	0	0	(93,319)	93,319	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Accumulated Absences Adjustment	735	0	0	0	0	735	(735)	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	374	0	0	0	0	374	(374)	0
	<b>(99,558)</b>	<b>0</b>	<b>(3,131)</b>	<b>0</b>	<b>0</b>	<b>(102,689)</b>	<b>102,689</b>	<b>0</b>
Statutory provision for the repayment of debt	2,443	0	0	0	0	2,443	(2,443)	0
Capital expenditure charged to the General Fund Balance	6,524	0	0	0	0	6,524	(6,524)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	17,076	0	0	0	0	17,076	(17,076)	0
	<b>26,043</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,043</b>	<b>(26,043)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(73,515)</b>	<b>0</b>	<b>(3,131)</b>	<b>0</b>	<b>0</b>	<b>(76,646)</b>	<b>76,646</b>	<b>0</b>

**PCC FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023**

	<b>General Fund Balance £000 Restated</b>	<b>Earmarked Reserves £000 Restated</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000 Restated</b>	<b>Total PCC Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,985)	0	0	0	0	(1,985)	1,985	0
Depreciation and Impairment of fixed assets	(5,006)	0	0	0	0	(5,006)	5,006	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
(Loss)/Gain on the sale of non current assets	(279)	0	0	0	0	(279)	279	0
Sale of Assets	0	0	(3,131)	0	0	(3,131)	3,131	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(570)	0	0	0	0	(570)	570	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	0	0	0	0	0	0	0	0
Accumulated Absences Adjustment	735	0	0	0	0	735	(735)	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	374	0	0	0	0	374	(374)	0
	<b>(6,809)</b>	<b>0</b>	<b>(3,131)</b>	<b>0</b>	<b>0</b>	<b>(9,939)</b>	<b>9,940</b>	<b>0</b>
Statutory provision for the repayment of debt	2,443	0	0	0	0	2,443	(2,443)	0
Capital expenditure charged to the General Fund Balance	6,524	0	0	0	0	6,524	(6,524)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	150	0	0	0	0	150	(150)	0
	<b>9,117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,117</b>	<b>(9,117)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>2,308</b>	<b>0</b>	<b>(3,131)</b>	<b>0</b>	<b>0</b>	<b>(822)</b>	<b>822</b>	<b>0</b>

**GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022**

	<b>General Fund Balance £000 Restated</b>	<b>Earmarked Reserves £000 Restated</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000 Restated</b>	<b>Total Group Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,300)	0	0	0	0	(1,300)	1,300	0
Depreciation and Impairment of fixed assets	(4,957)	0	0	0	0	(4,957)	4,957	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
(Loss)/Gain on the sale of non current assets	(603)	0	0	0	0	(603)	603	0
Sale of Assets	0	0	(3,024)	0	0	(3,024)	3,024	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(98,260)	0	0	0	0	(98,260)	98,260	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	1,566	1,566	(1,566)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	168	0	0	0	(168)	0	0	0
Accumulated Absences Adjustment	(48)	0	0	0	0	(48)	48	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	923	0	0	0	0	923	(923)	0
	<b>(104,155)</b>	<b>0</b>	<b>(3,024)</b>	<b>0</b>	<b>1,399</b>	<b>(105,780)</b>	<b>105,780</b>	<b>0</b>
Statutory provision for the repayment of debt	2,457	0	0	0	0	2,457	(2,457)	0
Capital expenditure charged to the General Fund Balance	4,649	0	0	0	0	4,649	(4,649)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	16,254	0	0	0	0	16,254	(16,254)	0
	<b>23,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,360</b>	<b>(23,360)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(80,795)</b>	<b>0</b>	<b>(3,024)</b>	<b>0</b>	<b>1,399</b>	<b>(82,420)</b>	<b>82,420</b>	<b>0</b>



**PCC FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022**

	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Revenue Grants Unapplied Reserve £000</b>	<b>Capital Grants Unapplied Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total PCC Reserves £000</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>								
Amortisation of intangible fixed assets	(1,300)	0	0	0	0	(1,300)	1,300	0
Depreciation and Impairment of fixed assets	(4,957)	0	0	0	0	(4,957)	4,957	0
Depreciation on Revaluation	(78)	0	0	0	0	(78)	78	0
(Loss)/Gain on the sale of non current assets	(603)	0	0	0	0	(603)	603	0
Sale of Assets	0	0	(3,024)	0	0	(3,024)	3,024	0
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(655)	0	0	0	0	(655)	655	0
Transfer of Capital Grants to CAA to comply with the Capital Control Regime	0	0	0	0	1,566	1,566	(1,566)	0
Transfer of Capital Grants to the Capital Grants unapplied account to comply with the Capital Control Regime	168	0	0	0	(168)	0	0	0
Accumulated Absences Adjustment	(48)	0	0	0	0	(48)	48	0
Amount by which Council Tax income and residual community charge adjustment included in the Income & Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	923	0	0	0	0	923	(923)	0
	<b>(6,549)</b>	<b>0</b>	<b>(3,024)</b>	<b>0</b>	<b>1,399</b>	<b>(8,175)</b>	<b>8,175</b>	<b>0</b>
Statutory provision for the repayment of debt	2,457	0	0	0	0	2,457	(2,457)	0
Capital expenditure charged to the General Fund Balance	4,649	0	0	0	0	4,649	(4,649)	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	161	0	0	0	0	161	(161)	0
	<b>7,267</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,267</b>	<b>(7,267)</b>	<b>0</b>
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
<b>Total Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>718</b>	<b>0</b>	<b>(3,024)</b>	<b>0</b>	<b>1,399</b>	<b>(908)</b>	<b>908</b>	<b>0</b>

## 9. TRANSFERS TO / FROM EARMARKED RESERVES

Group and PCC Reserves	Balance at 31 March 2021 £000	Transfers In 2021/2022 £000	Transfers Out 2021/2022 £000	Balance at 31 March 2022 £000	Transfers In 2022/2023 £000	Transfers Out 2022/2023 £000	Balance at 31 March 2023 £000
Direct Revenue Funding of Capital	(881)	(6,233)	4,469	(2,645)	(5,209)	5,419	(2,436)
Injury Pension Reserve	(162)	(700)	0	(862)	(405)	0	(1,267)
Airwave Project	(422)	0	166	(256)	(50)	12	(294)
PFI Sinking Fund	(413)	0	250	(163)	(250)	0	(413)
Incentivisation Grant	(677)	(31)	120	(589)	0	37	(552)
Urday Nook TTC	(81)	0	0	(81)	0	0	(81)
Police Property Act Fund	(160)	(74)	25	(209)	(118)	226	(101)
WAN Earmarked Reserve	0	(724)	0	(724)	0	0	(724)
NEROCU	(230)	0	18	(213)	0	33	(180)
Community Safety Fund	(24)	(100)	124	(0)	0	0	(0)
Road Safety Initiative Reserve	(537)	0	380	(157)	0	25	(132)
Collaboration Reserve	(118)	0	90	(28)	0	0	(28)
Insurance / Legal Reserve	(506)	(124)	0	(630)	0	606	(23)
Pay inflation reserve	(1,000)	0	0	(1,000)	(674)	0	(1,674)
PCC Change Reserve	(129)	0	0	(129)	0	0	(129)
Digital Forensic Reserve	(245)	0	245	0	0	0	0
CP Change Reserve	(832)	(500)	0	(1,332)	0	340	(992)
Commissioning Services Reserve	(254)	0	0	(254)	0	0	(254)
North East Transformation Fund	(5)	0	0	(5)	0	0	(5)
Major Incident Reserve	(1,000)	0	0	(1,000)	0	93	(907)
Covid Reserve	(300)	0	300	0	0	0	0
EDI Reserve	0	(50)	0	(50)	0	0	(50)
Recruitment Reserve	0	(270)	0	(270)	(232)	0	(502)
Revenue Grants Unapplied	(100)	0	100	(0)	0	0	(0)
<b>Total</b>	<b>(8,075)</b>	<b>(8,806)</b>	<b>6,286</b>	<b>(10,595)</b>	<b>(6,938)</b>	<b>6,792</b>	<b>(10,741)</b>

### Direct Revenue Funding of Capital

This reserve is held to meet the cost of capital schemes; Contributions to, and applications of revenue funding for, capital schemes have been made in 2022/23.

### Injury Pension Reserve

To allow for the variable nature of future injury/medical retirements of Police Officers and the capital equivalent charges incurred. The reserve was increased by £405K in 2022/23.

### Airwave Projects

This reserve was created in 2018/2019 to support the required investment in Airwave to maintain current capability whilst the National replacement solution is developed / delivered.

### Action Stations PFI Sinking Fund

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

### Incentivisation Grant

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

### **Tactical Training Centre**

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

### **Police Property Act Fund**

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

### **WAN Earmarked Reserve**

The reserve has been created to hold funding to be spent on the development WAN capability across the force.

### **North East Regional Organised Crime Unit (NEROCU)**

North East Regional Organised Crime Unit (NEROCU) is a collaboration between Northumbria, Durham and Cleveland Forces to address organised and serious crime. At the 31<sup>st</sup> March 2023 the reserves position was £750K of which Cleveland's share is £180K.

### **Community Safety Fund**

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

### **Road Safety Initiative Reserve**

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

### **Collaboration Reserve**

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

### **Insurance – Legal Reserve**

The reserve has been created to mitigate and manage the risks associated with increased costs of litigation and claims. The Group transferred £606K to the Insurance provision to cover estimated future liabilities.

### **Pay Inflation Reserve**

The reserve has been created to mitigate and manage the risks associated with increased costs of pay inflation. The Group felt it prudent to transfer £674K to the reserve in light of the current economic climate.

### **PCC Change Reserve**

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

### **Digital Forensic Reserve**

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

### **CP Change Reserve**

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

### **Commissioning Services Reserve**

The reserve has been created to support the OPCC commitment to invest in a range of services and projects.

### **North East Transformation Fund**

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

### **Major Incident Reserve**

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

### **Covid Reserve**

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

### **EDI Reserve**

The reserve has been created to support the Force equality, diversity and inclusion activity.

### **Recruitment Reserve**

The reserve has been created to support setup costs associated with proposed new routes of entry into the organisation both Police & Staff.

### **Revenue Grants Unapplied**

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

## **10. FINANCING AND INVESTMENT INCOME & EXPENDITURE**

<b>Group</b>	<b>2022/2023 £000</b>	<b>2021/2022 £000</b>
Interest payable and similar charges	3,003	3,203
Net interest on defined benefit liability	50,737	41,847
Interest receivable and similar income	(317)	(6)
<b>Total Finance and Investment Income and Expenditure</b>	<b>53,423</b>	<b>45,044</b>

PCC	2022/2023 £000	2021/2022 £000
Interest payable and similar charges	3,003	3,203
Net interest on defined benefit liability	124	147
Interest receivable and similar income	(317)	(6)
<b>Total Finance &amp; Investment Income &amp; Expenditure</b>	<b>2,810</b>	<b>3,344</b>

## 11. TAXATION & NON-SPECIFIC GRANT INCOME

Group and PCC	2022/2023 £000	2021/2022 £000
National Non Domestic rates	(46,427)	(43,828)
Police Grants	(57,194)	(54,382)
Precepts	(43,775)	(41,869)
Local Council Tax Support	(6,868)	(8,264)
Capital Grants and Contributions	0	(168)
<b>Total Taxation and Non Specific Grant Income</b>	<b>(154,264)</b>	<b>(148,511)</b>

## 12. PROPERTY, PLANT AND EQUIPMENT.

### Property, Plant and Equipment 2022/ 23

Group and PCC	Land and Buildings £000	PFI £000	Vehicles £000	Plant and Equipment £000	Non - Operational £000	Total £000
Gross book value at 1 April 2022	16,657	28,658	6,398	21,603	34	73,351
Accumulated depreciation	(1,355)	(2,824)	(4,522)	(13,002)	-	(21,703)
Prior Year Adjustments	-	-	-	-	-	-
<b>Net Book Value at 1 April 2022</b>	<b>15,302</b>	<b>25,834</b>	<b>1,876</b>	<b>8,600</b>	<b>34</b>	<b>51,647</b>
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep	-	-	-	-	-	-
<b>Net Book Value at 1 April 2022</b>	<b>15,302</b>	<b>25,834</b>	<b>1,876</b>	<b>8,600</b>	<b>34</b>	<b>51,647</b>
Additions	825	1,105	1,770	1,821	168	5,690
Reclassification	-	-	(263)	(950)	253	(960)
Disposals	-	-	(306)	(305)	-	(611)
Revaluations : Revaluation Reserves	(825)	(1,105)	-	-	-	(1,930)
Revaluations : Surplus / Deficit	-	-	-	-	-	-
Assets Reclassified (to)/From Assets Held for sale	-	-	-	-	-	-
<b>Book value at 31 March 2023</b>	<b>15,302</b>	<b>25,834</b>	<b>3,078</b>	<b>9,167</b>	<b>456</b>	<b>53,836</b>
Depreciation	(451)	(863)	(509)	(1,331)	-	(3,153)
Depreciation on Disposals	-	-	252	647	-	899
Revaluations / Impairments	-	-	-	-	-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
<b>Net Book Value at 31 March 2023</b>	<b>14,851</b>	<b>24,971</b>	<b>2,820</b>	<b>8,483</b>	<b>455</b>	<b>51,581</b>

## Property, Plant and Equipment 2021/ 2022

Group and PCC	Land and Buildings £000	PFI £000	Vehicles £000	Plant and Equipment £000	Non - Operational £000	Total £000
Gross book value at 1 April 2021	16,657	28,658	6,048	26,938	276	78,578
Accumulated depreciation	(905)	(1,961)	(4,289)	(17,637)	-	(24,791)
Prior Year Adjustments	-	-	-	-	-	-
<b>Net Book Value at 1 April 2021</b>	<b>15,753</b>	<b>26,697</b>	<b>1,760</b>	<b>9,301</b>	<b>276</b>	<b>53,787</b>
Adjustments to opening balances: Cost	-	-	-	-	-	-
Adjustments to opening balances: Dep	-	-	-	-	-	-
<b>Net Book Value at 1 April 2021</b>	<b>15,753</b>	<b>26,697</b>	<b>1,760</b>	<b>9,301</b>	<b>276</b>	<b>53,787</b>
Additions	785	904	441	871	604	3,604
Reclassification	(84)	-	276	582	(845)	(71)
Disposals	-	-	(367)	(6,789)	-	(7,155)
Revaluations : Revaluation Reserves	(701)	(904)	-	-	-	(1,605)
Revaluations : Surplus / Deficit	-	-	-	-	-	-
Assets Reclassified (to)/From Assets Held for sale	-	-	-	-	-	-
<b>Book value at 31 March 2022</b>	<b>15,753</b>	<b>26,697</b>	<b>2,110</b>	<b>3,966</b>	<b>34</b>	<b>48,560</b>
Depreciation	(451)	(863)	(557)	(1,559)	-	(3,430)
Depreciation on Disposals	-	-	323	6,194	-	6,518
Revaluations / Impairments	-	-	-	-	-	-
Revaluations : Surplus / Deficit	-	-	-	-	-	-
<b>Net Book Value at 31 March 2022</b>	<b>15,302</b>	<b>25,834</b>	<b>1,876</b>	<b>8,600</b>	<b>34</b>	<b>51,647</b>

### Depreciation

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

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

### Capital Commitments

As at 31st March 2023, the PCC Group was contractually committed to capital works which amounted to approximately £2.532m (£2.604m at 31<sup>st</sup> March 2022).

### Revaluations

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

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

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

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

## 13. INTANGIBLE ASSETS

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

<b>Group and PCC</b>	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
Balance at 1 April	9,293	8,242
Prior Year Adjustments	-	-
Accumulated Amortisation	(3,397)	(3,728)
Prior Year Adjustments	-	-
<b>Net Carrying Amount 31st March</b>	<b>5,896</b>	<b>4,514</b>
Additions	834	2,612
Reclassification	960	71
Disposals	(1,520)	(1,632)
Revaluations	-	-
Amortisation on Disposals	931	1,631
Amortisation	(1,985)	(1,300)
<b>Net Carrying amount at 31 March</b>	<b>5,116</b>	<b>5,896</b>
<b>Gross Carrying Amounts Accumulated Amortisation</b>	<b>9,567 (4,450)</b>	<b>9,293 (3,397)</b>

## 14. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

<b>Group and PCC</b>	<b>31 March 2023 £000</b>	<b>31 March 2022 £000</b>
<b>Long Term Assets:</b>		
Long Term Investments	-	-
Long Term Debtors	-	158
	<b>-</b>	<b>158</b>
<b>Short-Term Assets:</b>		
Short Term Investments	4,500	4,500
Cash and Cash Equivalents	1,773	3,338
	<b>6,273</b>	<b>7,838</b>
<b>Debtors:</b>		
Government Departments	10,337	6,460
Other Local Authorities	2,872	2,164
Other Debtors	2,066	2,194
Less provision for doubtful debts	-	-
	<b>15,276</b>	<b>10,817</b>
<b>Short-Term Liabilities:</b>		
Short Term Loans	(2,500)	(3,000)
Cash and Cash Equivalents	-	-
	<b>(2,500)</b>	<b>(3,000)</b>
<b>Creditors:</b>		
Government Departments	(221)	(13)
Other Local Authorities	(1,902)	(2,501)
Sundry Creditors	(6,402)	(5,509)
	<b>(8,525)</b>	<b>(8,023)</b>
<b>Long Term Liabilities:</b>		
Long Term Creditors		
Long Term Borrowing	(19,520)	(18,020)
PFI Liabilities	(17,509)	(18,987)
	<b>(37,029)</b>	<b>(37,007)</b>

	<b>31 March 2023</b>	<b>31 March 2022</b>
Interest Expense	3,003	3,203
Interest Income	(317)	(6)
<b>Net (gain)/loss for the year</b>	<b>2,686</b>	<b>3,197</b>

<b>Long Term Borrowing Maturity Period</b>	<b>Fair Value 31 March 2023 £000</b>	<b>Cost 31 March 2023 £000</b>
<b>New Loans Rate :</b>		
1/2 years	751	760
2/5 years	699	760
5/10 years	1,292	1,500
Over 10 years	10,504	16,500
<b>Total Long Term Loans</b>	<b>13,246</b>	<b>19,520</b>
<b>Premature Repayment Rate :</b>		
1/2 years	751	760
2/5 years	723	760
5/10 years	1,417	1,500
Over 10 years	13,100	16,500
<b>Total Long Term Loans</b>	<b>15,991</b>	<b>19,520</b>

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



## 15. DEBTORS

	31 March 2023 £000	31 March 2022 £000
<b>Short Term Group and PCC Debtors</b>		
Government Departments	10,337	6,460
Other Local Authorities	16,750	15,168
Other Debtors	2,066	2,194
	<b>29,153</b>	<b>23,822</b>
Less: Provision for doubtful debts	(7,051)	(6,513)
	<b>22,102</b>	<b>17,309</b>
Add: Payments in Advance	6,003	2,433
<b>Total Short Term Debtors</b>	<b>28,105</b>	<b>19,742</b>
<b>Long Term Group and PCC Debtors</b>		
Other Debtors	-	158
<b>Total Long Term Debtors</b>	<b>-</b>	<b>158</b>

## 16. CASH AND CASH EQUIVALENTS

Group and PCC	31 March 2023 £000	31 March 2022 £000
Cash held by the PCC	59	59
Bank current Accounts	1,714	3,279
Short-term deposits	0	0
<b>Total Cash and Cash Equivalents</b>	<b>1,773</b>	<b>3,338</b>

The OPCC manages two bank accounts which hold cash in relation to Proceeds of Crime and Seized cash with a combined balance of £1.206m. These accounts do not represent the assets of the Group. These balances are therefore excluded from cash and cash equivalents as recorded in the Balance Sheet.

## 17. ASSETS HELD FOR SALE

Group and PCC	31 March 2023 £000	31 March 2022 £000
<b>Balance Outstanding</b>	3,119	6,107
Asset Adjustment	(10)	-
Retirements - Part	(3,109)	(2,988)
<b>Balance outstanding</b>	<b>0</b>	<b>3,119</b>

## 18. CREDITORS

	31 March 2023 £000	31 March 2022 £000
<b>Short Term Group and PCC Creditors</b>		
Government Departments	(221)	(13)
Her Majesty's Revenue & Customs (HMRC)	(2,612)	(2,613)
Other Local Authorities	(8,763)	(9,368)
Accumulated Compensated Absences	(3,801)	(4,535)
Sundry Creditors	(6,402)	(5,509)
<b>Sub total</b>	<b>(21,798)</b>	<b>(22,039)</b>
Add: Income in Advance	(550)	(436)
<b>Total Creditors</b>	<b>(22,348)</b>	<b>(22,475)</b>
<b>Long Term Group and PCC Creditors</b>		
Sundry Creditors	0	0
<b>Total Long Term Creditors</b>	<b>0</b>	<b>0</b>

## 19. PROVISIONS

Group and PCC Provision Description	Balance at 31 March 2021 £000	Transfers In 2021/2022 £000	Transfers Out 2021/2022 £000	Balance at 31 March 2022 £000	Transfers In 2022/2023 £000	Transfers Out 2022/2023 £000	Balance at 31 March 2023 £000
Insurance	(153)	0	0	(153)	0	0	(153)
Insurance Liabilities	(1,242)	0	493	(749)	(1,505)	789	(1,465)
Employee Related Remuneration	(1,287)	0	14	(1,273)	0	289	(985)
<b>Total</b>	<b>(2,682)</b>	<b>0</b>	<b>506</b>	<b>(2,175)</b>	<b>(1,505)</b>	<b>1,078</b>	<b>(2,603)</b>

### Insurance

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

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

MMI have been in 'run off' since September 1992. MMI's funds have now reached a point whereby they may not be able to continue to meet their liabilities; this has resulted in them invoking the Scheme of Arrangement on the 13th November 2012.

An actuarial review of liability was undertaken in March 2019 and indicated the provision be increased to £153K. There are likely to be further charges made against this provision in the future. However, at this time they can't be confirmed in terms of financial magnitude or timeframe. Therefore, there is a contingent liability included in the accounts under note 37.

### Insurance Liabilities

The provision is required to fund the potential liability in respect of current Insurance claims. The potential liability is calculated with reference to the "reserves" set by the Insurers on a case by case basis. An actuarial review of liability was undertaken in March 2019 and indicated the provision be increased to £2,375K. This has subsequently been reduced by £493K and £789K to cover the cost of

settled claims in the respective years. The balance on the provision has been increased by £1,505k to provide for anticipated/ estimated future liabilities.

### **Employee Related Remuneration**

The provision is required to fund the potential costs relating to employee related remuneration claims. In 2021/22 we have released £289K to cover the cost of claims. The balance on the provision is still in line with anticipated liabilities.

## **20. PENSIONS**

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

The PCC Group participates in two pension schemes:

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

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

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

Group	Local Government Pension Scheme		Police Pension Scheme		Total	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services:</b>						
Current service cost	12,357	12,534	30,225	43,879	42,582	56,413
Curtailment/settlements	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Change to accounting policies	-	-	-	-	-	-
<b>Financing and Investment Income and Expenditure</b>						
Interest cost	7,410	5,712	48,710	39,786	56,120	45,498
Expected return on assets	(5,383)	(3,651)	-	-	(5,383)	(3,651)
Other investment Income	-	-	-	-	-	-
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>14,384</b>	<b>14,595</b>	<b>78,935</b>	<b>83,665</b>	<b>93,319</b>	<b>98,260</b>
<b>Other post employment Benefit Charged to the CIES</b>						
Return on Plan assets	2,147	(13,553)	-	-	2,147	(13,553)
Actuarial (gains) /losses : Financial Assumptions	(96,493)	(6,909)	(690,148)	116,206	(786,641)	109,297
Actuarial (gains) /losses: Demographic assumptions	-	(11,236)	-	18,450	-	7,214
Actuarial (gains) /losses : liability experience	12,123	6,035	164,925	(5,778)	177,048	257
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(67,839)</b>	<b>(11,068)</b>	<b>(446,288)</b>	<b>212,543</b>	<b>(514,127)</b>	<b>201,475</b>
<b>Movement in Reserves Statement:</b>						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(14,384)	(14,595)	(78,935)	(83,665)	(93,319)	(98,260)
<b>Actual amount charged against General fund balances for pensions in the year:</b>						
Contribution in year	4,145	3,832	12,931	12,422	17,076	16,254

PCC	Local Government Pension Scheme	
	2022/2023 £000	2021/2022 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current service cost	446	508
Past service cost	-	-
<b>Financing and Investment Income and Expenditure</b>		
Interest cost	518	409
Expected return on assets	(394)	(262)
<b>Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service</b>	<b>570</b>	<b>655</b>
<b>Other post employment Benefit Charged to the CIES</b>		
Return on Plan assets	(180)	1,895
Actuarial (gains) /losses : Financial Assumptions	8,007	52
Actuarial (gains) /losses: Demographic assumptions	109	609
Actuarial (gains) /losses : liability experience	(1,098)	(69)
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>7,408</b>	<b>3,142</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(570)	(655)
<b>Actual amount charged against General fund balances for pensions in the year:</b>		
Contribution in year	150	161

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

Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000	31/03/23 £000	31/03/22 £000
Estimated funded liabilities in scheme	182,584	264,599	-	-	-	-	-	-	-	-	182,584	264,599
Estimated unfunded liabilities in scheme	272	305	1,105,419	1,464,154	63,765	87,640	33,399	62,359	132,366	212,485	1,335,221	1,826,943
Less : Estimated assets in scheme	200,037	195,110	-	-	-	-	-	-	-	-	200,037	195,110
<b>Net Liability</b>	<b>(17,181)</b>	<b>69,794</b>	<b>1,105,419</b>	<b>1,464,154</b>	<b>63,765</b>	<b>87,640</b>	<b>33,399</b>	<b>62,359</b>	<b>132,366</b>	<b>212,485</b>	<b>1,317,768</b>	<b>1,896,432</b>

PCC	Local Government Pension Scheme	
	31/03/23 £000	31/03/22 £000
Estimated funded liabilities in scheme	12,824	19,111
Estimated assets in scheme	14,759	14,628
<b>Net Liability</b>	<b>(1,935)</b>	<b>4,483</b>

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

## 21. PENSIONS LIABILITY

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

The underlying assets and liabilities for retirement benefits attributable to the Group at 31<sup>st</sup> March 2023 are as follows.

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £1,318m (decrease of £578.7m) has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,379m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Scheme and the Teesside Pension Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the PCC Group being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2023.

The main assumptions used in their calculations in line with have been:

Group and PCC	Local Government Pension Scheme		Police Pension Scheme	
	31/03/23	31/03/22	31/03/23	31/03/22
Rate of inflation (CPI) (Note 1)	3.0%	2.7%	2.7%	2.7%
Rate of increase in salaries	4.0%	4.2%	3.7%	4.0%
Rate of increase in pensions	3.0%	3.2%	2.7%	3.0%
Pension accounts Revaluation rate	3.2%	3.2%	4.0%	3.4%
Rate for discounting scheme liabilities	4.8%	2.7%	4.7%	2.7%

**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.

Group and PCC	Mortality Assumptions							
	Local Government Pension Scheme		1987 Police Pension Scheme		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Males	Females	Males	Females	Males	Females	Males	Females
Retiring today	20.60	23.70	22.20	24.30	22.20	24.30	22.20	24.30
Retiring in 20 years	21.50	25.20	23.90	26.10	23.90	26.10	23.90	26.10

### Estimated Pension Expense in Future Periods

Group	Police Pension Schemes	Local Government Pensions
	Year to 31/03/24 £000s	Year to 31/03/24 £000s
<b>Funded :-</b>		
Current Service cost	11,594	(5,478)
Net Interest cost	61,647	788
<b>Total</b>	<b>73,241</b>	<b>(4,690)</b>

Group	Police Pension Schemes	Local Government Pensions
	Year to 31/03/24 £000s	Year to 31/03/24 £000s
<b>Unfunded :-</b>		
Current Service cost	-	-
Net Interest cost	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Group	Assets at 31 March 2022		Assets at 31 March 2023		Asset Split as at 31 March 2023	
	£000	%	£000	%	Quoted	Unquoted
Equities	148,284	76.0%	169,031	84.5%	82.5%	2.0%
Property	15,414	7.9%	17,603	8.8%	1.3%	7.5%
Cash	31,413	16.1%	13,402	6.7%	6.7%	0.0%
Other	0	0.0%	0	0.0%	0.0%	0.0%
<b>Total</b>	<b>195,110</b>	<b>100.0%</b>	<b>200,037</b>	<b>100.0%</b>	<b>90.5%</b>	<b>9.5%</b>

PCC	Assets at 31 March 2022		Assets at 31 March 2023		Asset Split as at 31 March 2023	
	£000	%	£000	%	Quoted	Unquoted
Equities	10,844	76.0%	12,471	84.5%	82.5%	2.0%
Property	1,127	7.9%	1,299	8.8%	1.3%	7.5%
Cash	2,297	16.1%	989	6.7%	6.7%	0.0%
Other	0	0.0%	0	0.0%	0.0%	0.0%
<b>Total</b>	<b>14,268</b>	<b>100.0%</b>	<b>14,759</b>	<b>100.0%</b>	<b>90.5%</b>	<b>9.5%</b>

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

Analysis of Amount Recognised in Other Comprehensive Income										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Actual Return Less Expected return on Pension Scheme Assets	(2,507)	17,343	32,470	32,862	0	0	0	0	0	0
Experience Gains and Losses Arising on the Scheme Liabilities	0	0	0	0	0	0	0	0	0	0
Other Experience Gains/(Losses) on Liabilities	0	0	0	0	0	0	0	0	0	0
Changes in Demographic/Financial Assumptions Underlying the Present Value of the Scheme Liabilities	99,721	13,294	348,411	91,445	25,313	5,932	30,542	7,467	120,957	24,034
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>97,214</b>	<b>30,637</b>	<b>380,881</b>	<b>124,307</b>	<b>25,313</b>	<b>5,932</b>	<b>30,542</b>	<b>7,467</b>	<b>120,957</b>	<b>24,034</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0	0	0	0	0	0
Fall and Other Factors	0	0	0	0	0	0	0	0	0	0
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>97,214</b>	<b>30,637</b>	<b>380,881</b>	<b>124,307</b>	<b>25,313</b>	<b>5,932</b>	<b>30,542</b>	<b>7,467</b>	<b>120,957</b>	<b>24,034</b>
Effect of Change in Accounting Methodology	0	0	0	0	0	0	0	0	0	0

Summary	31/03/23 £000	31/03/22 £000
Local Government Pension Scheme	97,214	30,637
1987 Police Pension Scheme	380,881	124,307
Injury Awards	25,313	5,932
2006 Police Pension Scheme	30,542	7,467
2015 Police Pension Scheme	120,957	24,034
<b>Total Gains/(Loss) Recognised CIES</b>	<b>654,907</b>	<b>192,377</b>

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

Analysis of Amount Recognised in Other Comprehensive Income		
PCC	Local Government Pension Scheme	
	Year to 31/03/23 £000	Year to 31/03/22 £000
Actual Return Less Expected return on Pension Scheme Assets	(180)	1,895
Changes in Demographic/Financial Assumptions Underlying the Scheme Liabilities	7,018	592
<b>Actuarial Gain/(Loss) in Pension Plan</b>	<b>6,838</b>	<b>2,487</b>
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0
<b>Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income</b>	<b>6,838</b>	<b>2,487</b>
Effect of Change in Accounting Methodology	0	0

Asset and Benefit Obligation Reconciliation										
Group	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22	Year to 31/03/23	Year to 31/03/22
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening Defined Benefit Obligation	264,904	263,494	1,464,154	1,570,034	87,640	92,018	62,359	68,015	212,485	187,068
Current Service Cost	12,357	12,534	0	1,952	1,695	2,245	0	240	28,530	39,442
Interest costs	7,410	5,712	38,872	32,460	2,332	1,905	1,682	1,430	5,824	3,991
Actuarial losses (gains)	(99,721)	(13,294)	(348,411)	(91,445)	(25,313)	(5,932)	(30,542)	(7,467)	(120,957)	(24,034)
Losses (gains) on curtailments	0	0	0	0	0	0	0	0	0	0
Liabilities extinguished on settlements	0	0	0	0	0	0	0	0	0	0
Liabilities assumed in a business combination	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid net of transfers in	(3,958)	(5,273)	(49,204)	(49,257)	(2,589)	(2,596)	100	64	(450)	(277)
Past Service Cost	0	0	0	0	0	0	0	0	0	0
Contribution by Scheme participants	1,889	1,756	8	410	0	0	4	77	6,934	6,295
Additional Employer Contributions	0	0	0	0	0	0	0	0	0	0
Unfunded pension payments	(25)	(25)	0	0	0	0	0	0	0	0
<b>Closing Defined Benefit Obligation</b>	<b>182,856</b>	<b>264,904</b>	<b>1,105,419</b>	<b>1,464,154</b>	<b>63,765</b>	<b>87,640</b>	<b>33,603</b>	<b>62,359</b>	<b>132,366</b>	<b>212,485</b>

Opening fair value of Scheme assets	195,110	173,826	0	0	0	0	0	0	0	0
Expected return on Scheme assets	5,383	3,651	0	0	0	0	0	0	0	0
Actuarial gains (losses)	(2,507)	17,343	32,470	32,862	0	0	0	0	0	0
Contributions by employer including unfunded benefits	4,145	3,832	16,726	15,985	2,589	2,596	100	(141)	(6,484)	(6,018)
Contributions by Scheme participants	1,889	1,756	8	410	0	0	4	64	6,934	6,295
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(3,983)	(5,298)	(49,204)	(49,257)	(2,589)	(2,596)	(104)	77	(450)	(277)
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
<b>Fair Value of Scheme Assets at end of Period</b>	<b>200,037</b>	<b>195,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	(69,794)	(89,668)	(1,464,154)	(1,570,034)	(87,640)	(92,018)	(62,359)	(68,015)	(212,485)	(187,068)
Current Service Cost	(12,357)	(12,534)	0	(1,952)	(1,695)	(2,245)	0	(240)	(28,530)	(39,442)
Contributions by employer including unfunded benefits	4,145	3,832	16,726	15,985	2,589	2,596	100	(141)	(6,484)	(6,018)
Contributions by Scheme participants	0	0	0	0	0	0	0	0	0	0
Past Service Costs	0	0	0	0	0	0	0	0	0	0
Interest Costs	(7,410)	(5,712)	(38,872)	(32,460)	(2,332)	(1,905)	(1,682)	(1,430)	(5,824)	(3,991)
Expected return on Scheme assets	5,383	3,651	0	0	0	0	0	0	0	0
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
Actuarial (losses) gains	97,214	30,637	380,881	124,307	25,313	5,932	30,542	7,467	120,957	24,034
Unfunded pension payments	0	50	0	0	0	0	0	0	0	0
<b>Fair Value of Scheme Assets/ (Liabilities) at end of Period</b>	<b>17,181</b>	<b>(69,794)</b>	<b>(1,105,419)</b>	<b>(1,464,154)</b>	<b>(63,765)</b>	<b>(87,640)</b>	<b>(33,399)</b>	<b>(62,359)</b>	<b>(132,366)</b>	<b>(212,485)</b>

Summary	31/03/23 £000	31/03/22 £000
Local Government Pension Scheme	17,181	(69,794)
1987 Police Pension Scheme	(1,105,419)	(1,464,154)
Injury Awards	(63,765)	(87,640)
2006 Police Pension Scheme	(33,399)	(62,359)
2015 Police Pension Scheme	(132,366)	(212,485)
	<b>(1,317,768)</b>	<b>(1,896,432)</b>



<b>Asset and Benefit Obligation Reconciliation</b>		
<b>PCC</b>	<b>Local Government Pension Scheme</b>	
	<b>Year to 31/03/23 £000</b>	<b>Year to 31/03/22 £000</b>
<b>Opening Defined Benefit Obligation</b>	<b>19,111</b>	<b>18,981</b>
Current Service Cost	446	508
Interest Cost	518	409
Actuarial losses (gains)	(7,018)	(592)
Losses (gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Estimated benefits paid net of transfers in	(309)	(283)
Past Service Cost	0	0
Contribution by Scheme participants	76	88
<b>Closing Defined Benefit Obligation</b>	<b>12,824</b>	<b>19,111</b>

<b>Opening fair value of Scheme assets</b>	<b>14,628</b>	<b>12,505</b>
Expected return on Scheme assets	394	262
Actuarial gains (losses)	(180)	1,895
Contributions by employer including unfunded benefits	150	161
Contributions by Scheme participants	76	88
Change to Accounting Policies	0	0
Estimated benefits paid including unfunded benefits	(309)	(283)
<b>Fair Value of Scheme Assets at end of Period</b>	<b>14,759</b>	<b>14,628</b>

<b>Opening Surplus / (Deficit)</b>	<b>(4,483)</b>	<b>(6,476)</b>
Current Service Cost	(446)	(508)
Contributions by employer including unfunded benefits	150	161
Contributions by Scheme participants	0	0
Past Service Costs	0	0
Interest Costs	(518)	(409)
Expected return on Scheme assets	394	262
Actuarial (losses) gains	6,838	2,487
<b>Fair Value of Scheme Assets / (Liabilities) at end of Period</b>	<b>1,935</b>	<b>(4,483)</b>

### Estimated Pension Expense in Future Periods

<b>PCC</b>	<b>Local Government Pensions</b>
	<b>Year to 31/03/24</b>
	<b>£000s</b>
Service cost	(179)
Net Interest cost	91
<b>Total</b>	<b>(88)</b>

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 22/23	-0.1% p.a.
<b>1987 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	1,087,732	1,105,419	1,123,106
% change in present value of total obligation	-1.6%		1.6%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	1,105,419	1,105,419	1,105,419
% change in present value of total obligation	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	1,123,106	1,105,419	1,087,732
% change in present value of total obligation	1.6%		-1.6%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	1,134,160	1,105,419	1,076,678
% change in present value of total obligation	2.6%		-2.6%
<b>2006 Police Pension Scheme:-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	32,397	33,399	34,434
% change in present value of total obligation	-3.0%		3.1%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	33,399	33,399	33,399
% change in present value of total obligation	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	34,434	33,399	32,397
% change in present value of total obligation	3.1%		-3.0%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	34,267	33,399	32,531
% change in present value of total obligation	2.6%		-2.6%

<b>Injury Awards :-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	62,809	63,765	64,721
% change in present value of total obligation	-1.5%		1.5%
Projected Service Costs (£000's)	1,129	1,153	1,177
Approx % Change in Projected Service Cost	-2.1%		2.1%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	63,956	63,765	63,574
% change in present value of total obligation	0.3%		-0.3%
Projected Service Costs (£000's)	1,162	1,153	1,144
Approx % Change in Projected Service Cost	0.8%		-0.8%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	64,530	63,765	63,000
% change in present value of total obligation	1.2%		-1.2%
Projected Service Costs (£000's)	1,168	1,153	1,138
Approx % Change in Projected Service Cost	1.3%		-1.3%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	65,423	63,765	62,107
% change in present value of total obligation	2.6%		-2.6%
Projected Service Costs (£000's)	1,183	1,153	1,123
Approx % Change in Projected Service Cost	2.6%		-2.6%
<b>2015 Police Pension Scheme :-</b>			
<b>Discount Rate Assumptions</b>			
Present Value of total obligation (£000's)	128,527	132,366	136,337
% change in present value of total obligation	-2.9%		3.0%
Projected Service Costs (£000's)	9,867	10,441	11,036
Approx % Change in Projected Service Cost	-5.5%		5.7%
<b>Rate of General increase in Salaries</b>			
Present Value of total obligation (£000's)	132,366	132,366	132,366
% change in present value of total obligation	0.0%		0.0%
Projected Service Costs (£000's)	10,441	10,441	10,441
Approx % Change in Projected Service Cost	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>			
Present Value of total obligation (£000's)	136,337	132,366	128,527
% change in present value of total obligation	3.0%		-2.9%
Projected Service Costs (£000's)	11,036	10,441	9,867
Approx % Change in Projected Service Cost	5.7%		-5.5%
<b>Post retirement mortality assumption</b>			
Present Value of total obligation (£000's)	135,808	132,366	128,924
% change in present value of total obligation	2.6%		-2.6%
Projected Service Costs (£000's)	10,900	10,441	9,982
Approx % Change in Projected Service Cost	4.4%		-4.4%

Funded LGPS benefits : Group	Sensitivity Analysis			Sensitivity Analysis			Sensitivity Analysis		
	PCC			Cleveland Police			Group		
	+0.1% p.a.	Base 22/23	-0.1% p.a.	+0.1% p.a.	Base 22/23	-0.1% p.a.	+0.1% p.a.	Base 22/23	-0.1% p.a.
<b>Discount Rate Assumptions</b>									
Present Value of total obligation (£000's)	12,568	12,824	13,080	166,631	170,032	173,433	179,199	182,856	186,513
% change in present value of total obligation	-2.0%		2.0%	-2.0%		2.0%	-2.0%		2.0%
Projected Service cost (£000's)	174	179	185	5,140	5,299	5,458	5,314	5,478	5,643
Approx % change in projected service cost	-3.0%		3.6%	-3.0%		3.0%	-3.0%		3.0%
<b>Rate of General increase in Salaries</b>									
Present Value of total obligation (£000's)	12,824	12,824	12,824	170,032	170,032	170,032	182,856	182,856	182,856
% change in present value of total obligation	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%
Projected Service cost (£000's)	179	179	179	5,299	5,299	5,299	5,478	5,478	5,478
Approx % change in projected service cost	0.0%		0.0%	0.0%		0.0%	0.0%		0.0%
<b>Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions</b>									
Present Value of total obligation (£000's)	13,080	12,824	12,568	173,433	170,032	166,631	186,513	182,856	179,199
% change in present value of total obligation	2.0%		-2.0%	2.0%		-2.0%	2.0%		-2.0%
Projected Service cost (£000's)	184	179	174	5,458	5,299	5,140	5,642	5,478	5,314
Approx % change in projected service cost	3.0%		-3.0%	3.0%		-3.0%	3.0%		-3.0%
<b>Post retirement mortality assumption</b>									
Present Value of total obligation (£000's)	12,311	12,824	13,337	163,231	170,032	176,833	175,542	182,856	190,170
% change in present value of total obligation	-4.0%		4.0%	-4.0%		4.0%	-4.0%		4.0%
Projected Service cost (£000's)	172	179	186	5,087	5,299	5,511	5,259	5,478	5,697
Approx % change in projected service cost	-4.0%		4.0%	-4.0%		4.0%	-4.0%		4.0%

## 22. LEASED ASSETS – RENTALS

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

## 23. OFFICERS' EMOLUMENTS

During the financial year 2022/23, the numbers of police officers and staff whose remuneration, excluding employers' pension contributions and compensation for loss of office, was £50,000 or more in bands of £5,000 were: (note the analysis only includes those bands which contain employees.)

### Group

Remuneration Band	Number of Employees 2022/23			2021/22
	Police Officers	Support Staff	Total	
£50,000 - £54,999	162	12	174	141
£55,000 - £59,999	114	3	117	79
£60,000 - £64,999	50	1	51	23
£65,000 - £69,999	14	1	15	8
£70,000 - £74,999	9	5	14	10
£75,000 - £79,999	4	3	7	5
£80,000 - £84,999	3	5	8	11
£85,000 - £89,999	7	1	8	3
£90,000 - £94,999	1	1	2	3
£95,000 - £99,999	0	1	1	1
£100,000 - £104,999	1	0	1	1
£105,000 - £109,999	1	1	2	1
£110,000 - £114,999	1	0	1	1
£120,000 - £124,999	1	0	1	1
£125,000 - £129,999	0	0	0	2
£130,000 - £134,999	0	1	1	0
£165,000 - £169,999	1	0	1	0
<b>Total</b>	<b>369</b>	<b>35</b>	<b>404</b>	<b>290</b>

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

### Group Remuneration Disclosure 2022/ 23:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Benefits in Kind	Total Remuneration excluding Pension Contribution 22/ 23	Pension Contributions
	£	£	£	£	£	£
Chief Constable - M Webster :	166,806	164,639	2,481	0	167,120	50,654
The PCC :	73,300	73,141	0	0	73,141	10,605
DCC 1 : Note 2	125,550	82,907	0	0	82,907	0
DCC 2 : Note 3	125,550	14,946	0	0	14,946	4,633
DCC 3 : Note 4	123,648	15,805	0	0	15,805	0
ACC 1	121,122	120,329	0	0	120,329	37,302
Acting ACC 2	93,651	114,635	50	0	114,685	28,786
Temp. ACC 3 : Note 5	107,502	76,900	1,687	0	78,587	23,839
CFO : CC	109,887	73,258	0	0	73,258	10,622
CFO : PCC	98,547	131,257	41	0	131,298	17,478
Chief Executive and Monitoring Officer	94,188	92,691	0	0	92,691	13,440

#### Notes: -

- 1) The Chief Constable – M Webster was appointed on the 04/04/2022.
- 2) The DCC 1 left the organisation on the 30/11/2022.
- 3) The DCC 2 started on the 17/02/2022.
- 4) The DCC 3 left the organisation on the 15/05/2023.
- 5) The Temp. ACC 3 covered the role from 13/07/2022 to 31/03/2023.
- 6) The CFO was appointed on the 01/08/2022.
- 7) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2022/23 the remuneration costs recharged to the North Yorkshire PFCC totalled £84,000.

### Group 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
The PCC	71,400	63,147	0	0	63,147	9,156
Acting PCC	71,400	8,213	0	0	8,213	1,191
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
CFO : PCC	96,519	128,557	37	0	128,594	18,641
Chief Executive and Monitoring Officer : Left 12th May 2021	94,974	10,501	0	0	10,501	1,522
Chief Executive and Monitoring Officer : Appointed 11th May 2021	87,216	74,524	0	0	74,524	10,805

**Notes:-****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 31<sup>st</sup> 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.
- 5) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2021/22 the remuneration costs recharged to the North Yorkshire PFCC totalled £81,859.
- 6) A collaboration agreement that was put in place from the 1st April 2019 for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC came to an end in May 2021. All costs incurred in providing this service to North Yorkshire were recharged. During 2021/22 the remuneration costs recharged to the North Yorkshire PFCC totalled £18,811.

**PCC**

Remuneration Band	Number of Employees 2022/23			2021/2022
	Police Officers	Support Staff	Total	
£50,000 - £54,999	0	1	1	1
£55,000 - £59,999	0	0	0	1
£60,000 - £64,999	0	0	0	2
£70,000 - £74,999	0	2	2	0
£80,000 - £84,999	0	0	0	1
£90,000 - £94,999	0	1	1	0
£125,000 - £129,999	0	0	0	1
£130,000 - £134,999	0	1	1	0
<b>Total</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>6</b>

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

**PCC Remuneration Disclosure 2022/23:**

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

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 22/23	Pension Contributions
	£	£	£	£	£
The PCC	73,300	73,141	0	73,141	10,605
CFO: PCC	98,547	131,257	41	131,298	17,478
Chief Executive and Monitoring Officer	94,188	92,691	0	92,691	13,440

**Notes:-**

- 1) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2021/22 the remuneration costs recharged to the North Yorkshire PFCC totalled £84,000.

**PCC Remuneration Disclosure 2021/2022:**

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Total Remuneration excluding Pension Contribution 21/22	Pension Contributions
	£	£	£	£	£
The PCC	71,400	63,147	0	63,147	9,156
Acting PCC	71,400	8,213	0	8,213	1,191
CFO: PCC	96,519	128,557	37	128,594	18,641
Chief Executive and Monitoring Officer : Left 12th May 2021	94,974	10,501	0	10,501	1,522
Chief Executive and Monitoring Officer : Appointed 11th May 2021	87,216	74,524	0	74,524	10,805

**Notes:-**

- 1) The PCC was appointed on the 13<sup>th</sup> May 2021
- 2) The acting PCC covered the period 1<sup>st</sup> April 2021 to 12<sup>th</sup> May 2021.
- 3) A collaboration agreement was put in place from the 14th July 2014, and continues to be in place, for the PCC's CFO to also provide the statutory role of PCC's Chief Finance Officer to the North Yorkshire PCC. The North Yorkshire PCC took on responsibility for the Governance of North Yorkshire Fire and Rescue Service from November 2018 and the collaboration agreement has been extended to include this. All costs incurred in provided this service to North Yorkshire is recharged. During 2021/22 the remuneration costs recharged to the North Yorkshire PFCC totalled £81,859.
- 4) A collaboration agreement that was put in place from the 1st April 2019 for the PCC's Chief Executive and Monitoring Officer to also provide the statutory role of Chief Executive and Monitoring Officer to the North Yorkshire PFCC came to an end in May 2021. All costs incurred in providing this service to North Yorkshire were recharged. During 2021/22 the remuneration costs recharged to the North Yorkshire PFCC totalled £18,811.

## 24. TERMINATION BENEFITS

In the financial year the PCC group paid no termination benefit to the value of £0.000m of which all related to the Force. (£0.007m 2021/22).

## 25. MEMBERS ALLOWANCES

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

<b>Group and PCC</b>	<b>2022/2023 £000</b>	<b>2021/2022 £000</b>
Allowances for approved duties	11	7
Other Allowances	0	3
Travel and Subsistence	0	0
<b>Total Members Allowances</b>	<b>11</b>	<b>9</b>

## 26. RELATED PARTIES

### Group and PCC

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

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

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

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



<b>Government Departments</b>	
	<b>£000's</b>
<b>Income</b>	
Police Grant	(56,394)
NNDR	(46,427)
Pension Top up Grant	(26,705)
Local Council Tax Support	(6,868)
PFI Grant	(4,106)
Special Grant	(2,485)
Uplift Grant	(2,189)
Ministry of Justice Victim & Witness Grant	(1,580)
Violence against Women	(1,414)
Police Pension Grant	(1,324)
Pay Award Grant	(840)
Grant in Lieu of Council Tax	(800)
Safer Streets Grant	(413)
Incentivisation Grant	(211)
Perpetrator Grant	(142)
Dedicated Security Posts Funding	(122)
Cyber Grant	(119)
Airwaves (ESMCP) Grant	(50)
Serious Violence Duty Grant	(29)
<b>Income Total</b>	<b>(152,217)</b>
<b>Expenditure</b>	
Home Office: National Law Enforcement ICT Charges	1,075
	<b>1,075</b>

During 2022/23 no-one has declared related parties interests.

## 27. PRIVATE FINANCE INITIATIVE

### Group and PCC

As at the end of 2022/23 the PCC Group has 2 long term contracts under the Private Finance Initiative.

- 1) The contract for the Tactical Training Centre for Urlay Nook (referred as Urlay Nook) was entered into in April 2000 with payments commencing in April 2001.
  - The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.
  - At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Support Services (Cleveland) Ltd..
  - The SPA contains rights for the PCC and Support Services (Cleveland) Ltd. to terminate the SPA, and these include: --
    - Termination and compensation rights for default by either party
    - Termination and compensation rights under a 'force majeure' event
    - Rights for voluntary termination by the PCC only

The contract expires in 2025/26.

- 2) During 2006/07 the contract for the Centralised Cell Accommodation and District HQ facilities (referred to as Action Stations) commenced with payments beginning in January 2007.
- The Strategic Partnership Agreement (SPA) with Cleveland FM Services contains clauses and schedules that ensure the services described within the agreement are to be delivered. Schedules contain a design and construction element and an output specification describing the quality of the services required. A payment performance mechanism underpins the contract charges agreed.
  - At the end of the contract term the SPA contains rights for the asset ownership to transfer to the Police and Crime Commissioner (PCC) from Cleveland FM Services.
  - The SPA contains rights for the PCC and Cleveland FM services Ltd to terminate the SPA, and these include: --
    - Termination and compensation rights for default by either party
    - Termination and compensation rights under a 'force majeure' event
    - Rights for voluntary termination by the PCC only
- The contract expires in 2031/32.

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

DRAFT

2022/2023	Urray Nook		Action Stations		Total	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	3,830	(2,328)	22,003	(16,659)	25,833	(18,987)
Movements:						
Depreciation	(109)	0	(754)	0	(863)	0
Lifecycle maintenance	0	0	0	0	0	0
Revaluation / Reclassification	0	0	0	0	0	0
Principal repayment	0	490	0	988	0	1,478
<b>Balance c/f</b>	<b>3,721</b>	<b>(1,838)</b>	<b>21,249</b>	<b>(15,671)</b>	<b>24,970</b>	<b>(17,509)</b>

2021/2022	Urray Nook		Action Stations		Total	
	Asset £000s	Liability £000s	Asset £000s	Liability £000s	Asset £000s	Liability £000s
Balance b/f	3,939	(2,740)	22,758	(17,718)	26,697	(20,458)
Movements:						
Depreciation	(109)	0	(754)	0	(863)	0
Lifecycle maintenance	0	0	0	0	0	0
Revaluation / Impairment	0	0	0	0	0	0
Principal repayment	0	412	0	1,059	0	1,471
<b>Balance c/f</b>	<b>3,830</b>	<b>(2,328)</b>	<b>22,003</b>	<b>(16,659)</b>	<b>25,833</b>	<b>(18,987)</b>

	Urray Nook		
	Services	Finance Cost	Principal Repayment
	£000s	£000s	£000s
Within 1 year	793	641	550
2 to 5 years	1,644	1,656	1,289
6 to 10 years	0	0	0
11 to 15 years	0	0	0

	Action Stations		
	Services	Finance Cost	Principal Repayment
	£000s	£000s	£000s
Within 1 year	2,979	1,656	1,143
2 to 5 years	12,360	5,717	5,892
6 to 10 years	11,587	4,136	8,635
11 to 15 years	0	0	0
16 to 20 years	0	0	0

## 28. AUDIT COSTS

In 2022/23 the PCC Group incurred the following fees for external audit services:

### Group Audit Fees

	2022/2023 £000	2021/2022 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	65	45
<b>Total Audit Costs</b>	<b>65</b>	<b>45</b>

## PCC Audit Fees

	2022/2023 £000	2021/2022 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	40	31
<b>Total Audit Costs</b>	<b>40</b>	<b>31</b>

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

### Group and PCC

Capital Expenditure and Financing	31 March 2023 £000	31 March 2022 £000
<b>Capital Investment:</b>		
Property, Plant and Equipment	3,760	1,999
Intangible Assets	834	2,612
Capital expenditure not adding to asset values	1,930	1,605
<b>Total Capital Investment</b>	<b>6,524</b>	<b>6,216</b>
<b>Sources of Finance:</b>		
Capital Receipts	-	-
Government Grants and Contributions	(1,105)	(1,566)
Other Grants and Contributions	-	-
Direct Revenue Contributions	(5,419)	(4,650)
Internal Borrowing	-	-
Supported Borrowing	-	-
Unsupported Borrowing	-	-
<b>Total Finance</b>	<b>(6,524)</b>	<b>(6,216)</b>

Capital Financing Requirement	31 March 2023 £000	31 March 2022 £000
<b>Opening Capital Financing Requirement</b>	<b>53,717</b>	<b>56,174</b>
Additions in Year	6,524	6,216
Sources of Finance (Excluding Borrowing)	(6,524)	(6,216)
Minimum / Voluntary Revenue Provision	(2,443)	(2,457)
<b>Closing Financing Requirement</b>	<b>51,274</b>	<b>53,717</b>

## 30. BORROWING

### Group and PCC

Interest rates vary between 1.64% and 3.49%. The weighted average rate is 2.73%

	31 March 2023 £000	31 March 2022 £000
<b>Public Works Loans Board</b>		
Due in the next Financial Year	(2,500)	(3,000)
Long Term Loans	(19,520)	(18,020)
<b>Total Borrowing</b>	<b>(22,020)</b>	<b>(21,020)</b>

Maturity Period	31 March 2023 £000	31 March 2022 £000
1/2 years	(760)	(2,500)
2/5 years	-	-
5/10 years	(2,260)	(3,020)
Over 10 years	(16,500)	(12,500)
<b>Total Long Term Loans</b>	<b>(19,520)</b>	<b>(18,020)</b>

### 31. AGENCY SERVICES

#### Consortium Charges

The PCC Group has an agency agreement with the North East Fingerprint Bureau to provide fingerprinting services. Payments in 2022/23 amounted to £0.391m (£0.357m in 2021/22).

#### Other National Police Services

The PCC Group made a subscription payment to the Home Office for a range of National Law Enforcement ICT services. Annual cost for 2022/23 was £1.075m. (£0.989m in 2021/22).

### 32. USABLE RESERVES

#### Group and PCC

Description of Reserve	31 March 2021 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2022 £000	Receipts in Year £000	Transfers/ Payments in Year £000	31 March 2023 £000
Earmarked Reserves	(7,975)	(8,806)	6,186	(10,594)	(6,938)	6,792	(10,741)
Revenue Grants Unapplied Reserve	(100)	0	100	(0)	0	0	(0)
Capital Grants Unapplied Reserve	(1,399)	(168)	1,566	0	0	0	0
Capital Receipts Unapplied Reserve	(3,139)	(3,024)	0	(6,163)	(3,131)	0	(9,294)
General Fund	(5,042)	0	0	(5,042)	0	0	(5,042)
<b>Total Usable Reserves</b>	<b>(17,654)</b>	<b>(11,998)</b>	<b>7,853</b>	<b>(21,799)</b>	<b>(10,069)</b>	<b>6,792</b>	<b>(25,077)</b>

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

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

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

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

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

### 33. UNUSABLE RESERVES

#### Group

Description of Reserve	31 March 2021 £000	Additions in Year £000	Reductions in Year £000	31 March 2022 £000	Additions in Year £000	Reductions in Year £000	31 March 2023 £000
Revaluation Reserve	(3,249)	0	546	(2,703)	0	78	(2,624)
Capital Adjustment Account	(5,020)	(6,215)	6,958	(4,277)	(6,524)	7,967	(2,834)
Pension Reserve	2,006,803	(144,212)	33,841	1,896,432	(403,340)	(175,324)	1,317,768
Collection Fund Adjustment Account	1,297	374	(1,297)	374	1	(374)	1
Accumulated Absence Reserve	4,488	4,535	(4,488)	4,535	3,801	(4,535)	3,801
<b>Total Unusable Reserves</b>	<b>2,004,319</b>	<b>(145,517)</b>	<b>35,560</b>	<b>1,894,362</b>	<b>(406,063)</b>	<b>(172,188)</b>	<b>1,316,111</b>

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

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

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

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

**Accumulated Absence Reserve** – absorbs the differences that would otherwise arise on the General fund balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require the impact on the General Fund balance is neutralised by transfers to/from the account. The reduction in year represents the settlement of prior year liability and the addition in year reflects the liability as the 31<sup>st</sup> March 2022.

#### PCC

Description of Reserve	31 March 2021 £000	Additions in Year £000	Reductions in Year £000	31 March 2022 £000	Additions in Year £000	Reductions in Year £000	31 March 2023 £000
Revaluation Reserve	(3,249)	0	546	(2,703)	0	78	(2,625)
Capital Adjustment Account	(5,020)	(6,215)	6,958	(4,277)	(6,524)	7,967	(2,834)
Pension Reserve	6,476	917	(2,910)	4,483	964	(7,382)	(1,935)
Collection Fund Adjustment Account	1,297	374	(1,297)	374	1	(374)	0
Accumulated Absence Reserve	4,488	4,535	(4,487)	4,536	3,801	(4,535)	3,801
<b>Total Unusable Reserves</b>	<b>3,992</b>	<b>(389)</b>	<b>(1,190)</b>	<b>2,413</b>	<b>(1,759)</b>	<b>(4,246)</b>	<b>(3,592)</b>

## 34. CAPITAL ADJUSTMENT ACCOUNT

### Group and PCC

Group and PCC	31 March 2023 £000	31 March 2022 £000
<b>Balance at 1 April</b>	<b>(4,277)</b>	<b>(5,020)</b>
Capital expenditure not adding to asset values	1,930	1,605
Revaluation / Impairment adjustments	-	-
Partnership financing of Capital Expenditure	(1,105)	(1,566)
Revenue contribution to capital	(5,419)	(4,649)
MRP less Depreciation	2,598	2,202
Disposals	3,439	3,152
<b>Balance at 31 March</b>	<b>(2,834)</b>	<b>(4,277)</b>

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### 35. GRANT INCOME

#### Group and PCC

ANALYSIS OF GRANTS	31 March 2023 £000	31 March 2022 £000
<b>Credited to Taxation and Non specific Grant Income:</b>		
National Non Domestic Rates	(46,427)	(43,828)
Police Grant	(57,194)	(54,382)
Precepts	(43,775)	(41,869)
Local Council Tax Support	(6,868)	(8,264)
Capital Grants and Contributions	-	(168)
	<b>(154,264)</b>	<b>(148,511)</b>
<b>Credited to services:</b>		
PFI - Urlay Nook	(941)	(941)
Dedicated Security Posts Funding	(122)	(140)
PFI - Action Stations	(3,165)	(3,165)
Incentivisation Grant	(211)	(123)
PCC Victim & Witness	(1,580)	(1,397)
Special Grant	(2,485)	(3,226)
Police Transformation Fund	(1)	(154)
Cyber Grant	(119)	(131)
Police Pension Grant	(1,324)	(1,324)
Uplift Grant	(2,189)	(1,297)
Safer Streets Grant	(413)	(654)
Loss of Income (Covid) Grant	-	(4)
Airwaves (ESMCP) Grant	(50)	(1)
Council Tax Collection Fund Losses Compensation Grant	-	(33)
Perpetrator Grant	(142)	(200)
Violence against Women	(1,414)	-
Pay Award Grant	(840)	-
Serious Violence Duty Grant	(29)	-
Partnership Grants	(79)	(83)
	<b>(15,103)</b>	<b>(12,873)</b>
<b>Total Grant Income</b>	<b>(169,367)</b>	<b>(161,384)</b>

These grants have all been recognised within the Income and Expenditure Statement; however, £238k (£242K prior year) sits within creditors as income in advance as there is the potential this may have to be returned to the originating organisation.

### 36. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

The Cleveland Police Force has five strategic collaborative arrangements that are classified as Joint Operations under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

They are:

1. Northeast Regional Organised Crime Unit (NEROCU) (rebranded from Northeast Regional Special Operations Unit (NERSOU).
2. NERSU: Special Branch: Fixed Intelligence Mgt Unit (FIMU).
3. Cleveland North Yorkshire Major Cold Case Review Team
4. 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 North East Regional Organised Crime Unit (NEROCU)**

NEROCU 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 His 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 2022 to March 2023 the funding contributions made were Cleveland 24.24%, Durham 22.86% and Northumbria 52.90%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £1,478K (NBV) of which Cleveland's share is valued at £383K. The unit has reserves of £750K of which Cleveland's share is £180K (Prior year £230K).

NEROCU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2022/23 as required under the Section 22A agreement.

<b>North East Regional Organised Crime Unit</b>				
	<b>Apportionment</b>	<b>Durham 2022/23 22.86% £000's</b>	<b>Cleveland 2022/23 24.24% £000's</b>	<b>Northumbria 2022/23 52.90% £000's</b>
<b>Total Costs</b>				
Employees Costs	11,603	2,652	2,813	6,138
Non Pay Costs	2,854	652	692	1,510
Income	(4,850)	(1,109)	(1,176)	(2,565)
	9,607	2,195	2,329	5,083
<b>Contributions / Reserve</b>				
Durham	2,165	2,165		
Cleveland	2,296		2,296	
Northumbria	5,011			5,011
<b>Reserve movements</b>	135	31	33	71
	9,607	2,196	2,329	5,082
<b>Reserve as 31st March</b>	750	169	180	401

<b>North East Regional Special Operations Unit</b>				
	<b>Apportionment</b>	<b>Durham 2021/22 23.00% £000's</b>	<b>Cleveland 2021/22 24.38% £000's</b>	<b>Northumbria 2021/22 52.62% £000's</b>
<b>Total Costs</b>				
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
<b>Contributions / Reserve</b>				
Durham	2,036	2,036		
Cleveland	2,159		2,159	
Northumbria	4,659			4,659
<b>Reserve movements</b>	69	16	17	36
	8,923	2,052	2,176	4,695
<b>Reserve as 31st March</b>	885	199	213	473

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

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

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit. The funding is via on Force contributions. The Force allocations are based NRE and for the financial period 1<sup>st</sup> August 2021 to March 2022 the funding contributions made were Cleveland 24.38%, Durham 23.00% and Northumbria 52.62%. With effect from 1<sup>st</sup> April 2022 the capability transferred to West Yorkshire Police and Cleveland Police grant was top sliced to fund this operation and no longer operates under a section 22A agreement.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2022/23 as required under the Section 22A agreement.

<b>North East Regional Special Operations Unit SB FIMU</b>				
	<b>Apportionment Total Costs</b>	<b>Durham 2022/23 23.00% £000's</b>	<b>Cleveland 2022/23 24.38% £000's</b>	<b>Northumbria 2022/23 52.66% £000's</b>
Employees Costs	-	-	-	-
Non Pay Costs	-	-	-	-
Income	-	-	-	-
	-	-	-	-
<b>Contributions / Reserve</b>				
Durham	-	-	-	-
Cleveland	-	-	-	-
Northumbria	-	-	-	-
<b>Reserve movements</b>	-	-	-	-
	-	-	-	-
<b>Reserve as 31st March</b>	-	-	-	-

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

### 3 Cleveland North Yorkshire Major Cold Case Review Team.

The Cleveland North Yorkshire Major Cold Case Review Team is staffed by North Yorkshire Police Force 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 to demand and for the financial period 1st April 2022 to 31<sup>st</sup> March 2023 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 2022/23 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 2022/23 50.00% £000's	North Yorkshire 2022/23 50.00% £000's
Employees Costs	242	121	121
Non Pay Costs	14	7	7
Income	0	0	0
	256	128	128
<b>Contributions</b>			
Cleveland	128	128	
North Yorkshire	128		128
	256	128	128

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
<b>Contributions</b>			
Cleveland	138	138	
North Yorkshire	138		138
	276	138	138

#### 4 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 2022/23 was £43.687m for all Police Forces. The annual contribution in 2022/23 by Cleveland Police was £0.551m. (£0.647m 2021/22).

## 37. 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 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 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 all other Chief Constables) 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 affects 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 year's benefits from the remedy and 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.

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

There are no post balance sheet events to report.

### **39. AUTHORISATION OF ACCOUNTS**

The Chief Finance Officer of the Police and Crime Commissioner for Cleveland has set and authorised the date of issue for the Statement of Accounts as the 31<sup>st</sup> May 2023. This is the date up to which events after the Balance Sheet date have been considered.

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## PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

PENSION FUND ACCOUNT	2022/2023	2021/2022
	£000	£000
<b>Contributions Receivable</b>		
From Employer		
Normal	(16,112)	(15,709)
Capital contribution due to Ill Health Early Retirement	(614)	(276)
From Members	(6,945)	(6,769)
<b>Transfers In</b>		
Individual Transfers in from Other Schemes	(255)	(582)
<b>Benefits Payable</b>		
Pensions	43,144	41,352
Commutations and Lump Sum Retirement Benefits	6,058	7,972
Lump Sum death benefits	116	122
Ill Health Lump Sum Benefits	906	499
<b>Payments to and on Account of Leavers</b>		
Refunds of Contributions	120	79
Inter Authority Adjustments	287	290
Individual Transfers out to Other Schemes	0	0
<b>Sub-Total for the year before transfer from the PCC to fund the deficit for the year</b>	26,705	26,980
<b>Additional funding payable to the PCC to fund the deficit for the year (Home Office)</b>	(26,705)	(26,980)
<b>Additional funding payable by the PCC to fund the deficit for the year</b>	0	0
<b>Net Amount Payable/Receivable for the Year</b>	0	0

<b>NET ASSETS STATEMENT</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Current Assets</b>		
Debtors:-		
Other Local Authorities	0	0
Bodies External to General Government	0	0
<b>Total Current Assets</b>	0	0
<b>Long Term Assets</b>		
Bodies External to General Government	0	0
<b>Total Long Term Assets</b>	0	0
<b>Current Liabilities</b>		
Creditors :-		
Other Local Authorities	0	0
Bodies External to General Government	0	0
<b>Total Current Liabilities</b>	0	0
<b>Long Term Liabilities</b>		
Bodies External to General Government	0	0
<b>Total Long Term Liabilities</b>	0	0
<b>Net Assets</b>	0	0
<b>PENSION FUND ACCOUNT</b>	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 1<sup>st</sup> April 2006. Before 1<sup>st</sup> April 2006 the scheme did not have a percentage of pensionable pay type of employer's contribution, rather each Police Authority was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new arrangements the scheme remains unfunded but will no longer be on a pay-as-you-go basis as far as individual entities are concerned. Entities will no longer meet the pension outgoings directly; instead they will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each entity is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the Pension Fund are specified by regulation.

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

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

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

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

The Fund is administered by the entity.



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

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

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

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## **GLOSSARY OF TERMS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) International Financial Reporting Standards;

(b) International Accounting Standards; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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