

Constable of Cleveland

STATEMENT OF ACCOUNTS – 2023/24 CONTENTS

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CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE

INTRODUCTION

1. CHANGES TO ACCOUNTING POLICIES

In line with IAS 8 the Authority has reviewed those standards issued but not yet adopted by the code and has concluded that they are not applicable. Therefore, there are no changes to the accounting policies for the 2023/24 financial year.

2. FURTHER INFORMATION

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

Further information may be obtained from the Director of Finance and Assets at Cleveland Police, St Marks House, St Marks Court, Stockton on Tees, TS17 6QW

Ian Wright
Director of Finance and Assets

STATEMENT OF RESPONSIBILITIES

The Chief Constable's Responsibilities

The Chief Constable as a Corporation Sole is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

DECLARATION

The Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as a Corporation Sole at the accounting date and the Force's income and expenditure for the year ended 31st March 2024.

Signature:



Date: 20 February 2025

Director of Finance and Assets to the Chief Constable

Signature:



Date: 20 February 2025

Chief Constable for Cleveland Police

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CLEVELAND

Report on the audit of the financial statements.

Opinion on the financial statements.

We have audited the financial statements of the Chief Constable for Cleveland (the Chief Constable) for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2024 and of the Chief Constable's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for Qualified Opinion

The Chief Constable's status as an admitted body to the Teesside Pension Fund is described in note 13. The net defined benefit liability as at 31 March 2024 is £nil which comprises £206.488m of gross assets and £173.958m of gross liabilities and £32.530m effect of the asset ceiling as disclosed in note 14.

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Chief Constable to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence over the following material elements of the financial statements:

- the value of scheme assets as at 31 March 2024 (£206.488m) as disclosed in notes 13 and 14;
- the return on plan assets for the year ended 31 March 2024 (£10.514m) as disclosed in note 13; and
- the consequential effects on the remeasurements of the net defined benefit liability included in other comprehensive income and expenditure and the pension reserve.

Our opinion on the 2023/24 financial statements is qualified because we are unable to determine whether any adjustments are necessary on these elements of the financial statements.

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

Conclusions relating to going concern

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

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible

for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

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Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

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

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

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

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

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

We are also required to conclude on whether the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Chief Constable for Cleveland

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

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

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

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

We have nothing to report in these respects.

Use of the audit report

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Group's Whole of Government Accounts consolidation pack.



[Mark Kirkham \(Feb 24, 2025 14:10 GMT\)](#)

Mark Kirkham, Partner

For and on behalf of Forvis Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP
[Date]

NARRATIVE STATEMENT (PERFORMANCE/FINANCIAL REVIEW)

1. INTRODUCTION

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

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

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

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

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

The accounting arrangements between the PCC and CC during the financial year 2023/24 are that the accounts of the CC are integrated into the group accounts of the PCC. The PCC is responsible for the finances of the whole group and controls all assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the group.

2. THE STATEMENT OF ACCOUNTS

This Statement of Accounts covers the financial year ended 31st March 2024 and has been prepared in accordance with the provisions of the Local Audit and Accountability Act 2014 and the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

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

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

In addition, regarding assets, the following apply:

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

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

Regarding employees, the following judgement has also been made:

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

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

The Statements required by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) are detailed below along with the objective of each statement:

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

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

Balance Sheet – The Balance Sheet shows the value of the assets and liabilities as at 31st March 2024. These are the assets or liabilities in respect of the Police Pension Fund / Scheme and Local Government Pension Scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are held in the PCC's accounts and are charged for in the Comprehensive Income and Expenditure Statement.

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

3. THE CHIEF CONSTABLE FOR CLEVELAND REVENUE POSITION

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

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

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

	Original 2023/24 Budget	Revised 2023/24 Budget	Year End 2023/24 Position	Outturn
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Pay	86,611	88,517	88,882	365
Police Overtime	2,718	3,791	4,089	297
Police Community Support Officer Pay	3,895	3,830	3,472	(359)
Staff Pay	35,399	36,815	37,371	556
Non-Pay	31,957	34,137	35,863	1,726
Total Planned Expenditure	160,580	167,090	169,676	2,586

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

	£000's
Total Comprehensive Income and Expenditure	44,613
Actuarial Gains / /loss on Pension Schemes:-	
Local Government Pension Scheme	(14,601)
Police Pension 1987	45,973
Injury Awards	(3,839)
Police Pension 2006	(46)
Police Pension 2015	(5,375)
(Surplus) or Deficit on Provision of Service	66,725
Net change in Pension Liability	(85,824)
Employers Pension Contributions	19,099
Charge to Insurance Provision (funded by OPCC)	0
Resources Received from the PCC	2,586
Outturn	2,586

Key Issues 2023 /2024

Pay Budgets

Police Pay

The Police pay and allowances budget represents 54% of the total Force budget and includes the costs associated with employees pay and allowances, for example: Dog handler's allowances and expenses. It also covers the costs associated with employing Officers, employer's pension contributions and national insurance contributions.

The Force has budgeted for an establishment of 1,513 FTE in the budget year. The Home Office continued to offer Forces the opportunity to recruit above the original uplift targets. As a result, the Force committed to recruit an additional 26 Headcount above its maintenance target.

Excellent progress was made throughout the year and as at the 31st March we achieved an FTE of 1,511 and Headcount of 1,528 (for uplift purposes). This equates to an overshoot of 2 headcount against our uplift target of 1,526.

Police Community Support Officer Pay

The Police Community Support Officers and allowances budget represents 2.6% of the total Force budget and includes the costs associated with employees pay, allowances for example: weekend working. It also covers the costs associated with employing PCSO's, employer's pension contributions and national insurance contributions.

The Force has budgeted for an average of 106 FTE in the financial year. As at the 31st March 2024 the Force employed 90 FTE.

Police Staff Pay

The Police Staff pay, and allowances budget represents 22.8% of the total Force budget and includes the costs associated with employees pay and allowances, for example: shift allowances and expenses. It also covers the costs associated with employing Police Staff, employer's pension contributions and national insurance contributions.

The police staff budgets also contain areas of significant risks namely:

- 1) Significant variations in either the recruitment plans or leavers assumptions.
- 2) A vacancy factor of 12% circa £3.4m.

The projection for staff pay of £500k overspend was broadly in line with the outturn £556k an increase of £56k. The main factors driving the overspend are:

- 1) Recruitment in the last two months of 2022/23 exceeded those anticipated in LTFP and resulted in us starting with a higher FTE and this had an impact on overall costs.
- 2) Current FTE is 877 with a headcount of 953.
- 3) Slippage and the instigation of the staff review panel has slowed planned recruitment and this has reduced, in a controlled manner.
- 4) Additional allocation of a portion of the NEROCU underspend.

Legal Fees & Provision for claims.

The Force endeavours to make sufficient budget allocation and provision for the costs of in year and historic legal claims in respect of employment tribunals, employers liability and other employee related cases eg: Allard judgement.

The costs of the historic cases are provided for from within insurance provision and the provision is replenished at year end from either Force underspends or OPCC allocations where funds allow. This is to ensure we can meet the costs of projected future liabilities. Funds can also be released from the provision if projected liabilities do not materialise.

The significant increase in costs relate to on-going employment tribunals and costs driven by an additional judgement in relation to the Allard case. This has meant that the balance on the provision as at the 31st March 2024 is sufficient to meet the predicted cost of future years claims but insufficient to allow the release of funds to cover the costs incurred in this financial year.

The impact of this is two-fold: -

- 1) The projected overspend for the Force has increased by the cost incurred in this area.

- 2) This increase has reduced the projected overall underspend of the Force & OPCC which had been built into future investment plans.

As a result, the Force in negotiations with the OPCC has agreed: -

- 1) A structure for future review of significant legal cases to assess value for money aspects of pursuing legal proceedings whilst balancing the organisational and reputational risk to the Force.
- 2) To address the shortfall created in future years investment plans by making a budget contribution of £350k per annum over the next four years.

In addition to the in-house legal provision the Force received notification from the NPCC requesting a contribution to a national provision to fund a legal challenge on behalf of all Forces as a result the Force has set aside £127K.

Temporary Contract Increase.

An additional cost of £84K relating to the extension of temporary contracts which were forecast to conclude earlier in the financial period. The impact of this has been discussed with the appropriate department and corrective action taken to address this moving forward.

Increase demand on vehicle repairs & tyres.

The final two periods of the year saw an increase in activity and costs associated with maintaining the Force fleet. This was partly due to an increase demand and partly due to catch-up invoicing resulting in a £52k increase in the forecast. A significant contributor to this was £20k for tyres. This remains an area of concern moving forward. We have increased the budget in 2023/24 to support and address some of the cost issues but we cannot just continue to repair and replace without reference to the overall cost implications. This may have an impact on the availability of vehicles if in year pressures materialise.

Training Needs Analysis (TNA)

The Force recognised that the training budget contained a financial risk given the training needs requested by departments and the available budget. This was managed effectively throughout the year by offsetting the impact of in year requests, by reprioritising other courses and restricting some bookings in the final months of the year. However, the budget did overspend by £45k.

Other Movements.

Other changes to prior forecasts related to additional costs on:

- 1) Ill health retirements which occurred because of a late notification in the final month of the year.
- 2) Increase in costs associated with apprentice levy driven by "holiday pay payments" and overtime.
- 3) Staff overtime cost within the control room and across planned operations.

The pressures identified above have been offset by additional savings identified which are detailed below:

- 1) Utilities: the continued fluctuation in utilities costs and pricing by NEPO make the forecasting of costs a challenge. The end of year adjustments in respect of seasonal variations in price has released a saving of £87K. The budget for 2024/25 has been increased to offset future price increases. However given the installation of solar panels across the estate and possible reduction in costs, this could be of benefit in 2024/25.
- 2) Negotiations have been on-going with BT & EE with regard delays in services delivery for the system network, telephone infrastructure and new mobile contract. Final figures were agreed in March, and this has resulting in the inclusion of some service credits as a one off. The recurring savings on the mobile contract have been factored into the 2024/25 budget.

- 3) There have been on-going national negotiations regarding the Airwave contract this has resulted in reduction in costs and this has increased the anticipated savings.
- 4) Additional savings have been generated on general ICT costs and estates repairs & maintenance budgets.

	Budgeted Establishment 2023/24	Available Workforce @ 31/3/24	Variance to Budget 2023/2024	Budgeted Establishment 2022/23	Available Workforce @ 31/3/23	Variance to Budget 2022/2023
	FTE	FTE	FTE	FTE	FTE	FTE
Police Officers	1,513	1,511	-2	1,472	1,487	15
Police Staff*	1,064	967	-97	1,046	909	-137
Total	2,577	2,478	-99	2,518	2,396	-122

* Police Staff includes PCSO (106 FTE, 90 actual FTE 31st March 2024).

4. CAPITAL

The Group funded an annual capital budget for the 2023/24 financial year of £9,181k, this was revised in year to £5,896k (excluding Lifecycle costs of £1,017k associated with the PFI's). The amount of underspend against the capital budget was £249k (£89k underspend 2022/23). The group did not spend all its capital allocation resulting slippage into 2023/24 on schemes relating to vehicles, ICT and equipment. The slippage amounted to £3,198k.

The Group spent £6,664k on capital projects during the year including the PFI Lifecycle costs. The programme was fully financed from a combination of capital receipts and capital resources in the year.

5. PENSIONS

As part of the terms and conditions of employment of its officers and designated staff, the CC offers retirement benefits. Although these will not actually be payable until employees retire, the CC has a commitment to make the payments. This is a requirement of IAS19. The commitment, therefore, needs to be recognised at the time that employees earn their future entitlement. The cost of this entitlement is recognised in the Comprehensive Income and Expenditure Account of the CC. A Pension liability of £1,364m is recorded in the Balance sheet of the CC.

6. CHANGE FROM 2022/23 POSITION

The 2023/24 statements highlight the following areas of change from the 2022/23 position:

Comprehensive Income & Expenditure Statement

Net Cost of Services (NCOS) has decreased by £4.484m. This is comprised of an decrease in the technical accounting adjustments to record the potential pension liability as at the end of the accounting period of £19.423m, an increase in Police Pay of £7.205m, increase in staff pay and PCSO pay of £4.473m and an increase of non-pay & Non distributed costs expenditure of £3.261m

Balance Sheet

The increase in the Balance sheet of £44.613m reflects the increased Pension liability as reported by the actuary.

7. NON-FINANCIAL PERFORMANCE DATA

Performance management strategy and measurement framework

Our performance management strategy and associated measurement framework continues to reflect NPCC guidelines. The framework is outcome driven and has been built around the Chief Constable's mission and four strategic priorities:

- Protect people
- Protect communities
- Tackle criminals
- Be the best you can be

Within the framework we have identified a number of key performance outcomes which we are able to track and monitor using a wide range of quantifiable performance indicators alongside additional qualitative evidence and insight. Through our analysis of this data, we will be able to evidence the progress we have made and identify where further improvements are still required.

Overall public confidence and perceptions of police performance

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

The CSEW is a national survey, commissioned by the Home Office and conducted via face-to-face interviews. Although this information stream was temporarily paused during the COVID-19 pandemic due to methodological changes, Force level information is now available once again and is our primary source of data which allows us to track and monitor levels of public confidence amongst local communities. The most recent update (based on interviews undertaken in the 12 months to December 2023) would suggest that Cleveland Police has an overall public confidence rating of around 57% compared to the national average of 65%. This is 7% points lower than the rating for the 12 month period ending December 2022, which is not a statistically significant decrease, and 12% points lower than the pre-covid level (12-months ending March 2020) which is a statistically significant reduction.

Over the same period, perceptions of police performance were somewhat lower with 39% of local residents perceiving that the Cleveland Force does a good or excellent job compared to 48% during the 12-months to December 2022, and 51% in 12-months to end of March 2020. The national average for England and Wales was 49%.

Victim satisfaction

The Force aims to place victims at the centre of everything that we do, achieving a high level of victim satisfaction is therefore a key performance outcome. Victim satisfaction is measured via a telephone based 'Victim Experience Survey' which has been in operation since May 2021. Over the past year over 1,500 victims were interviewed and we have achieved a response rate of 17%.

The results obtained via this survey are generally positive indicating an overall satisfaction level of around 71%. There are however still some areas for improvement, particularly in relation to follow up and feedback, which had a numerical decline compared to the previous year (but not a statistically significant reduction) and continued to be the service aspect with the lowest level of satisfaction. Victim satisfaction rates by service aspect

Service aspect	Satisfaction rate
Ease of contact	89%
Initial actions taken	73%
Follow up	61%
Treatment by officers/staff	89%
Overall service provided	71%

Further analysis has shown that the main reasons for dissatisfaction include a lack of follow up or poor communication following the initial police response and a feeling that some officers did not always take the victim's concerns seriously, nor were sympathetic. Furthermore, satisfaction levels continue to remain slightly higher amongst those victims receiving a physical response compared to those who were dealt with entirely over the telephone (resolved without deployment).

Recorded crime

Over the last 12 months there has been a 9% decrease in total recorded crime when compared to the previous year, this equates to around 7,500 fewer crimes, and therefore potential victims. However, the overall crime level is still higher than that recorded pre-covid.

Decreases have been observed in relation to all headline categories of crime, apart from drug offences. The largest decrease in terms of volume can be attributed to offences of violence (down by around 2,800 offences), public order (down by around 2,400 offences), criminal damage and arson (down by around 1,200 offences), and theft (down by around 950 offences) with a large factor being a decrease in residential burglary.

In terms of violence, there have been decreases in offences both with and without injury, stalking and harassment, as well as decreases in public order offences. Whilst Home Office crime recording rule changes introduced in April 2023 have had an impact, Cleveland has seen a larger reduction than that observed nationally.

Antisocial behaviour (ASB) incidents

Incidents of antisocial behaviour have risen slightly over the past year, up 2% (around 400 more incidents) when compared to 2022/23. Further analysis shows that there continued to be a reduction in incidents relating to an 'environmental' issue (around 80 fewer incidents); whilst, there were increases in the number of incidents classed as 'nuisance' behaviour (around 450 more incidents) and those of a 'personal' nature (around 25 more incidents).

Sickness Absence

Sickness absence rates continue to fluctuate on a monthly basis and place an additional pressure on limited resources. In the 12 months to March 2024, the proportion of contractual hours lost due to sickness was around 6% for police officers and 5% for police staff. Whilst there has been a reduction in the proportion of police officer hours lost in the latest 12-month period, current levels of sickness absence are generally higher than those observed in other forces. For example, the national average is currently reported as 4.6% for officers and 5.0% for staff although these figures are now somewhat out of date (12 months to March 2023) and must therefore be treated with caution.

HMICFRS PEEL inspection

The Force's 2021/22 PEEL inspection report was published in March 2023. This assessed the Force's performance against 11 areas of policing with graded judgements provided for 10 of these areas as follows:

- Recording data about crime - good
- Engaging with and treating the public with fairness and respect - adequate

- Preventing crime and antisocial behaviour – inadequate
- Responding to the public – adequate
- Investigating crime - requires improvement
- Protecting vulnerable people - requires improvement
- Managing offenders and suspects – adequate
- Disrupting serious organised crime – adequate
- Building, supporting and protecting the workforce – requires improvement
- Strategic planning, organisational management and value for money – inadequate

The service that Cleveland Police gives to victims of crime was also inspected but not graded.

His Majesty's Chief Inspector of Constabulary (HMICFRS) recognised that improvements had been made across a range of areas and a number of outstanding recommendations and areas for improvement were closed following the inspection. However, HMICFRS identified that further changes were still required and 13 new AFIs were issued. As such, the Force was retained in the enhanced HMICFRS monitoring process and two causes of concern remained outstanding. These related to preventing crime and antisocial behavior; and strategic planning, organisational management and value for money.

Following positive progress reporting via the PPOG process, HMICFRS revisited the Force in August 2023, to review progress against the remaining PEEL causes of concern, during which they interviewed officers and staff from across the force, observed force meetings, and reviewed a range of documents and data. In summary they found that the Force had made significant improvements in both areas and were reassured by the plans in place to continue on this trajectory. Noted improvements included:

- Close alignment of the Force's medium-term financial plan and workforce plan, underpinned by a reinvigorated people strategy
- Significant investment in demand analysis and modelling
- Critical analysis of local processes and partnership arrangements by senior leaders to reduce unnecessary demand.
- Strong evidence of chief officers and senior leaders promoting problem-solving and evidence-based policing
- Capacity and capability to properly evaluate the effectiveness of problem-solving activity
- Strong examples of problem-solving plans designed to address non-crime issues

As a result, both causes of concern and their associated recommendations were discharged and the Force was removed from the 'engage' phase of monitoring.

Governance and scrutiny arrangements associated with HMICFRS activity are the responsibility of the Deputy Chief Constable led GAIN (Governance of Audit and Inspection) Board. This board meets monthly and has responsibility for ensuring that the Force meets the standards of 'good' outlined in the HMICFRS Performance Assessment Framework (PAF) and responds effectively to areas for improvement arising from previous inspection activity. All areas of the PAF have a designated owner at Chief Officer Team level and a nominated delivery lead. The Force's 2023/25 PEEL inspection is now underway and the inspection report is due for publication in March 2025.

8. EVENTS AFTER THE REPORTING PERIOD

No adjusting post balance sheet events have been identified for the period accounting period 2023/24.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31st MARCH 2024

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

DETAIL	2023/2024			2022/2023		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay Costs	97,420	0	97,420	103,060	0	103,060
Police Community Support Officer Pay Costs	3,585	0	3,585	4,253	0	4,253
Police Staff Support Pay Costs	38,596	0	38,596	40,033	0	40,033
Police Non Pay Costs	35,524	0	35,524	32,250	0	32,250
Undistributed Costs	21	0	21	34		34
Net Cost of Services	175,145	0	175,145	179,629	0	179,629
Intra Group Funding		(169,358)	(169,358)		(154,419)	(154,419)
Net Cost of Services	175,145	(169,358)	5,787	179,629	(154,419)	25,210
Other Operating Expenditure			0			0
Financing & Investment Income & Expenditure (Note 8)			60,938			50,613
(Surplus) or Deficit on Provision of Service			66,725			75,823
Re-measurement of the defined benefit liability (Note 14)			(54,642)			(648,069)
Other Comprehensive Income and Expenditure			(54,642)			(648,069)
Total Comprehensive Income and Expenditure			12,083			(572,246)

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st MARCH 2024

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

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2023	0	0	0	0	0	0	1,319,703	1,319,703
(Surplus) or deficit on provision of services (accounting basis)	66,725	0	0	0	0	66,725	0	66,725
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(54,642)	(54,642)
Total Comprehensive Expenditure and Income	66,725	0	0	0	0	66,725	(54,642)	12,083
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	(66,725)	0	0	0	0	(66,725)	66,725	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(0)	0	0	0	0	(0)	12,083	12,083
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	(0)	0	0	0	0	(0)	12,083	12,083
Balance at 31 March 2024	(0)	0	0	0	0	(0)	1,331,786	1,331,786

MOVEMENT ON RESERVES STATEMENT FOR THE YEAR ENDED 31st 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	Total Unusable Reserves £000	Total CC Reserves £000
Balance at 31st March 2022	0	0	0	0	0	0	1,891,949	1,891,949
(Surplus) or deficit on provision of services (accounting basis)	75,823	0	0	0	0	75,823	0	75,823
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(648,069)	(648,069)
Total Comprehensive Expenditure and Income	75,823	0	0	0	0	75,823	(648,069)	(572,246)
Total Adjustments between accounting basis & funding basis under regulations (Note 7)	(75,823)	0	0	0	0	(75,823)	75,823	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	(572,246)	(572,246)
Total Transfers (to)/from Reserves	0	0	0	0	0	0	0	0
(Increase) / Decrease in Year	0	0	0	0	0	0	(572,246)	(572,246)
Balance at 31 March 2023	0	0	0	0	0	0	1,319,703	1,319,703

BALANCE SHEET AT 31st MARCH 2024

The Balance Sheet shows the value of the assets and liabilities as at 31st March 2024. These are the assets or liabilities in respect of the Police Pension Fund and the Local Government Pension scheme in line with the accounting standard IAS19. Assets used by the CC in the delivery of policing services are charged for in the Comprehensive Income and Expenditure Statement.

	Notes	31 March 2024 £000	31 March 2023 £000
Long Term Assets			
Property, Plant and Equipment		-	-
Investment Property		-	-
Intangible Assets		-	-
Long Term Investments		-	-
Long Term Debtors		-	-
Pension Asset		-	15,246
Total Long Term Assets		-	15,246
Current Assets			
Short Term Investments		-	-
Assets Held for Sale		-	-
Inventories		-	-
Short Term Debtors		-	-
Cash and Cash Equivalents		-	-
Total Current Assets		-	-
Total Assets		-	15,246
Current Liabilities			
Cash and Cash Equivalents		-	-
Short Term Borrowing		-	-
Short Term Creditors		-	-
Provisions		-	-
Total Current Liabilities		-	-
Long Term Creditors		-	-
Provisions		-	-
Long Term Borrowing		-	-
Other Long Term Liabilities : PFI		-	-
Pensions Liability	14	(1,364,316)	(1,334,949)
Total Long Term Liabilities		(1,364,316)	(1,334,949)
Total Liabilities		(1,364,316)	(1,334,949)
Net Liabilities		(1,364,316)	(1,319,703)
Usable Reserves		-	-
Unusable Reserves	15	1,364,316	1,319,703
Total Reserves		1,364,316	1,319,703

CASHFLOW STATEMENT 2023/2024

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

	31 March 2024 £000	31 March 2023 £000
OPERATING ACTIVITIES		
<u>Cash Outflows</u>	-	-
<u>Cash Inflows</u>	-	-
Operating Activities Net Cash Flow	-	-
INVESTING ACTIVITIES		
Investing Activities Net Cash Flow	-	-
Net Cash Outflow/(Inflow) before financing	-	-
FINANCING ACTIVITIES		
Financing Activities Net Cash Flow	-	-
Net (Increase)/Decrease in cash	-	-
Cash brought forward	-	-
Cash carried forward	-	-
Net (Increase)/Decrease in cash	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A) OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, apart from:

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

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

B) VALUE ADDED TAX

VAT is included in the accounts only if it is irrecoverable from His Majesty Revenue Customs (HMRC). There have been no significant VAT issues in 2023/24.

C) 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.

D) REVENUE RECOGNITION

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

E) PENSIONS

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

i) Uniformed Police

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

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

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

ii) Support Staff

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) requires the following accounting policies to be applied to the various elements of the net asset/liability:

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

F) RESERVES

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

G) POST BALANCE SHEET EVENTS

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

H) CONTINGENT LIABILITIES

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

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

I) CONTINGENT ASSETS

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

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

J) JOINT CONTROLLED OPERATIONS

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

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

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

2. EXPENDITURE & FUNDING ANALYSIS

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

	Expenditure Chargeable to the General Fund £000's	2023/2024 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's	Expenditure Chargeable to the General Fund £000's	2022/2023 Adjustments Between funding & Accounting Basis £000's	Net Expenditure in the CIES £000's
Funding						
Police Officer Pay Costs	92,971	(4,449)	97,420	85,766	(17,294)	103,060
Police Community Support Officer Pay Costs	3,472	(114)	3,585	3,493	(760)	4,253
Police Staff Support Pay Costs	37,371	(1,224)	38,596	32,877	(7,156)	40,033
Police Non Pay Costs	35,524	0	35,524	32,250	0	32,250
Undistributed Costs	21	0	21	34	0	34
Net Cost of Services	169,358	(5,787)	175,145	154,419	(25,210)	179,629
Intra Group Funding	(169,358)	0	(169,358)	(154,419)	0	(154,419)
Net Cost of Services	0	(5,787)	5,787	0	(25,210)	25,210
Other Operating Expenditure (Note 9)	0	0	0	0	0	0
Financing & Investment Income & Expenditure (Note 8)	0	(60,938)	60,938	0	(50,613)	50,613
Taxation & Non-Specific Grant Income (Note 11)	0	0	0	0	0	0
(Surplus) or Deficit on Provision of Service	0	(66,725)	66,725	0	(75,823)	75,823

	Adjustments Between funding & Accounting Basis	Adjustments for Capital	Pension Adjustments	Other Adjustments
	£000's	Note 2a £000's	Note 2b £000's	Note 2c £000's
Notes to Funding Analysis 2023/2024				
Police Officer Pay Costs	(4,449)	0	(4,449)	0
Police Community Support Officer Pay Costs	(114)	0	(114)	0
Police Staff Support Pay Costs	(1,224)	0	(1,224)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(5,787)	0	(5,787)	0
Financing & Investment Income & Expenditure (Note 8)	(60,938)	0	(60,938)	0
(Surplus) or Deficit on Provision of Service	(66,725)	0	(66,725)	0

	Adjustments Between funding & Accounting Basis	Adjustments for Capital	Pension Adjustments	Other Adjustments
	£000's	Note 2a £000's	Note 2b £000's	Note 2c £000's
Notes to Funding Analysis 2022/2023				
Police Officer Pay Costs	(17,294)	0	(17,294)	0
Police Community Support Officer Pay Costs	(760)	0	(760)	0
Police Staff Support Pay Costs	(7,156)	0	(7,156)	0
Police Non Pay Costs	0	0	0	0
Undistributed Costs	0	0	0	0
Net Cost of Services	(25,210)	0	(25,210)	0
Financing & Investment Income & Expenditure (Note 8)	(50,613)	0	(50,613)	0
(Surplus) or Deficit on Provision of Service	(75,823)	0	(75,823)	0

2a Adjustments for Capital Purpose

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

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

2b Pension Adjustments

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

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

2c Other Adjustments

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

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

3. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

No new accounting standards were issued that were not adopted.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future government funding

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

Accounting principles

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

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

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

Pension Liability: Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries is engaged to provide the CC with expert advice about the assumptions to be applied. Details of which are contained within Note: 14 Pension liability. The overall pension liability at the 31st March 2024 is £1,364m.

6. MATERIAL ITEMS OF INCOME AND EXPENSE

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

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

FOR THE YEAR ENDED 31ST MARCH 2024

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Revenue Grants Unapplied Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(85,824)	0	0	0	0	(85,824)	85,824	0
	(85,824)	0	0	0	0	(85,824)	85,824	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	19,099	0	0	0	0	19,099	(19,099)	0
	19,099	0	0	0	0	19,099	(19,099)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(66,725)	0	0	0	0	(66,725)	66,725	0

FOR THE YEAR ENDED 31ST 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	Total Unusable Reserves £000	Total CC Reserves £000
Adjustments between accounting basis & funding basis under regulations								
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(92,749)	0	0	0	0	(92,749)	92,749	0
	(92,749)	0	0	0	0	(92,749)	92,749	0
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	16,926	0	0	0	0	16,926	(16,926)	0
	16,926	0	0	0	0	16,926	(16,926)	0
Voluntary revenue provision for repayment of debt	0	0	0	0	0	0	0	0
Total Adjustments between accounting basis & funding basis under regulations	(75,823)	0	0	0	0	(75,823)	75,823	0

8. FINANCING AND INVESTMENT INCOME & EXPENDITURE

	2023/2024 £000	2022/2023 £000
Pension interest cost & expected return on pension assets	60,938	50,613
Total Finance and Investment Income and Expenditure	60,938	50,613

9. OFFICERS' EMOLUMENTS

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

Remuneration Band	Number of Employee 2023/24			2022/2023
	Police Officers	Support Staff	Total	
£50,000 - £54,999	213	16	229	173
£55,000 - £59,999	113	9	122	115
£60,000 - £64,999	95	2	97	53
£65,000 - £69,999	35	0	35	15
£70,000 - £74,999	8	3	11	12
£75,000 - £79,999	6	3	9	7
£80,000 - £84,999	8	1	9	8
£85,000 - £89,999	3	4	7	8
£90,000 - £94,999	5	0	5	1
£95,000 - £99,999	1	1	2	1
£100,000 - £104,999	5	0	5	1
£105,000 - £109,999	0	0	0	2
£110,000 - £114,999	0	2	2	1
£120,000 - £124,999	1	0	1	1
£125,000 - £129,999	3	0	3	0
£165,000 - £169,999	0	0	0	1
£175,000 - £179,999	1	0	1	0
Total	497	41	538	399

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

Remuneration Disclosure 2023/24:

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	Other Payments	Total Remuneration excluding Pension Contribution 23/24	Pension Contributions
	£	£	£	£	£	£	£
Chief Constable - M Webster	178,683	178,541	100	4,882	0	183,522	53,858
DCC 1	134,340	130,677	80	0	0	130,757	40,510
ACC 1	129,600	126,067	1,645	14,953	0	142,665	39,081
ACC 2	129,600	126,067	193	0	0	126,260	39,081
ACC 3	122,307	120,248	0	0	0	120,248	37,277
CFO : CC	117,192	114,148	0	0	0	114,148	16,985

Remuneration Disclosure 2022/23:

Post Holder	Annualised Salary	Salary (Including Fees & Allowances)	Expense Allowances	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contribution 22/23	Pension Contributions
	£	£	£	£	£	£	£
Chief Constable - M Webster : Note 1	166,806	164,639	2,481	1,380	0	168,500	50,654
DCC 1 : Note 2	125,550	82,907	0	0	8,191	91,098	0
DCC 2 : Note 3	125,550	14,946	0	0	0	14,946	4,633
DCC 3 : Note 4	123,648	15,805	0	0	0	15,805	0
ACC 1	121,122	120,329	0	0	0	120,329	37,302
Acting ACC 2	93,651	114,635	50	0	0	114,685	28,786
Temp. ACC 3 : Note 5	107,502	76,900	4,300	0	0	81,200	23,839
CFO : CC	109,887	73,258	0	0	0	73,258	10,622

Notes: -

- 1) The Chief Constable – M Webster started on the 04/04/2022.
- 2) The DCC 1 left the organisation on 30/11/2022.
- 3) The DCC 2 started on the 17/02/2023.
- 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 joined the organisation on the 1/08/2022.

Key: -

DCC = Deputy Chief Constable

ACC = Assistant Chief Constable

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

10. TERMINATION BENEFITS

In the financial year no termination benefits were paid. (£0.000m 2022/23).

11. RELATED PARTIES

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

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

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

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

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

12. AUDIT COSTS

The CC incurred the following fees totalling £47k relating to external audit:

	2023/2024 £000	2022/2023 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	47	25
Total Audit Costs	47	25

13. PENSIONS

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

The CC participates in two Pension schemes namely:

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

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

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

	Local Government Pension Scheme		Police Pension Scheme		Total	
	2023/2024 £000	2022/2023 £000	2023/2024 £000	2022/2023 £000	2023/2024 £000	2022/2023 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	6,006	11,911	12,744	30,225	18,750	42,136
Curtailment/settlements	-	-	-	-	-	-
Past service cost	-	-	6,136	-	6,136	-
Financing and Investment Income and Expenditure						
Interest cost	8,151	6,892	61,631	48,710	69,782	55,602
Expected return on assets	(8,844)	(4,989)	-	-	(8,844)	(4,989)
Total Post employment Benefit Charged to the Surplus and Deficit on Provision of Service	5,313	13,814	80,511	78,935	85,824	92,749
Other post employment Benefit Charged to the CIES						
Return on Plan assets	(10,514)	2,327	-	-	(10,514)	2,327
Actuarial (gains) /losses : Financial Assumptions	(11,627)	(104,500)	(46,470)	(690,148)	(58,097)	(794,648)
Actuarial (gains) /losses: Demographic assumptions	(984)	(1,424)	(15,388)	-	(16,372)	(1,424)
Actuarial (gains) /losses : liability experience	5,196	13,221	58,578	164,925	63,774	178,146
Total Post Employment Benefit Charged to the CIES	(12,616)	(76,562)	77,231	(446,288)	64,615	(522,850)
Movement in Reserves Statement:						
Reversal of net changes made to the surplus or deficit for the Provisions of Services for post employment benefits in accordance with the code	(5,313)	(13,814)	(80,511)	(78,935)	(85,824)	(92,749)
Actual amount charged against General fund balances for pensions in the year:						
Contribution in year	4,643	3,970	14,431	12,931	19,074	16,901

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

	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme		Total	
	31/03/24 £000	31/03/23 £000	31/03/24 £000	31/03/23 £000	31/03/24 £000	31/03/23 £000	31/03/24 £000	31/03/23 £000	31/03/24 £000	31/03/23 £000	31/03/24 £000	31/03/23 £000
Estimated funded liabilities in scheme	173,701	169,760	-	-	-	-	-	-	-	-	173,701	169,760
Estimated unfunded liabilities in scheme	257	272	1,178,258	1,105,419	68,745	63,765	56,662	33,399	60,651	132,366	1,364,573	1,335,221
Less : Estimated assets in scheme	206,488	185,278	-	-	-	-	-	-	-	-	206,488	185,278
Net Liability	(32,530)	(15,246)	1,178,258	1,105,419	68,745	63,765	56,662	33,399	60,651	132,366	1,331,786	1,319,703

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

14. PENSIONS LIABILITY.

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

The underlying assets and liabilities for retirement benefits attributable to the CC at 31st March 2024 are as follows.

- The liabilities show the underlying commitments that the PCC has in the long run to pay retirement benefits. The total net liability of £1,364m has a substantial impact on the net worth of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £1,364m.

However, statutory arrangements for funding the deficit mean that the financial position of the PCC remains healthy.

- Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme Fund and Local Government Pension Scheme liabilities have been assessed by Aon Hewitt and Hyman Robertson, independent firm of actuaries, with estimates for the CC being based on the latest full valuation of the scheme as at 31st March 2023.

The main assumptions used in their calculations are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	31/03/24	31/03/23	31/03/24	31/03/23
Rate of inflation (CPI) (Note 1)	2.8%	3.0%	2.6%	2.7%
Rate of increase in salaries	3.8%	4.0%	3.6%	3.7%
Rate of increase in pensions	2.8%	3.0%	2.6%	2.7%
Rate for discounting scheme liabilities	4.9%	4.8%	4.8%	4.7%

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.

Mortality Assumptions				
	Local Government Pension Scheme		All Police Pension Schemes	
	Males	Females	Males	Females
Retiring today	20.50	23.50	21.70	23.70
Retiring in 20 years	21.30	25.00	23.30	25.30

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

	Assets at 31 March 2023		Assets at 31 March 2024		Asset Split as at 31 March 2023	
	£000	%	£000	%	Quoted	Unquoted
Equities	156,676	84.0%	178,539	86.5%	85.2%	1.3%
Property	16,270	9.0%	20,449	9.9%	1.0%	8.9%
Cash	12,332	7.0%	7,500	3.6%	0.0%	3.6%
Total	185,278	100.0%	206,488	100.0%	86.2%	13.8%

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

Analysis of Amount Recognised in Other Comprehensive Income										
	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/24	Year to 31/03/23 Restated	Year to 31/03/24	Year to 31/03/23	Year to 31/03/24	Year to 31/03/23	Year to 31/03/24	Year to 31/03/23	Year to 31/03/24	Year to 31/03/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Actual Return Less Expected return on Pension Scheme Assets	10,514	(2,327)	33,433	32,470	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	7,415	92,703	12,540	348,411	(3,839)	25,313	(46)	30,542	(5,375)	120,957
Asset ceiling Adjustment	0	0	0	0	0	0	0	0	0	0
Actuarial Gain/(Loss) in Pension Plan	17,929	90,376	45,973	380,881	(3,839)	25,313	(46)	30,542	(5,375)	120,957
Actuarial Gain/ (Loss) Recognised in Other Comprehensive Income	17,929	90,376	45,973	380,881	(3,839)	25,313	(46)	30,542	(5,375)	120,957

NB: Asset Ceiling Adjustment.

An asset ceiling test limits the amount of the net pension asset that can be recognised to the lower of:-

- (1) the amount of the net pension asset or
- (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Force's actuary has calculated the present value of reduction in future contributions to the plan by calculating the net present value of future service costs less net present value of future contributions.

The application of the asset ceiling test has resulted in an adjustment of £32.530m from the actuarial valuation

Summary of Costs recognised in Other Comprehensive Income: -

	31/03/24	31/03/23
	£000	£000
Local Government Pension Scheme	17,929	90,376
1987 Police Pension Scheme	45,973	380,881
Injury Awards	(3,839)	25,313
2006 Police Pension Scheme	(46)	30,542
2015 Police Pension Scheme	(5,375)	120,957
Total	54,642	648,069

Asset and Benefit Obligation Reconciliation										
	Local Government Pension Scheme		1987 Police Pension Scheme		Injury Awards		2006 Police Pension Scheme		2015 Police Pension Scheme	
	Year to 31/03/24 £000	Year to 31/03/23 £000	Year to 31/03/24 £000	Year to 31/03/23 £000	Year to 31/03/24 £000	Year to 31/03/23 £000	Year to 31/03/24 £000	Year to 31/03/23 £000	Year to 31/03/24 £000	Year to 31/03/23 £000
Opening Defined Benefit Obligation	170,032	245,793	1,105,419	1,464,154	63,765	87,640	33,399	62,359	132,366	212,485
Current Service Cost	6,006	11,911	0	0	1,098	1,695	0	0	11,646	28,530
Interest Cost	8,151	6,892	50,752	38,872	2,930	2,332	1,568	1,682	6,381	5,824
Actuarial losses (gains)	(7,415)	(92,703)	(12,540)	(348,411)	3,839	(25,313)	46	(30,542)	5,375	(120,957)
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	(4,838)	(3,649)	(51,773)	(49,204)	(2,887)	(2,589)	(96)	(104)	(756)	(450)
Past Service Cost	0	0	86,395	0	0	0	21,741	0	(102,000)	0
Contribution by Scheme participants	2,047	1,813	5	8	0	0	4	4	7,639	6,934
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
Closing Defined Benefit Obligation	173,958	170,032	1,178,258	1,105,419	68,745	63,765	56,662	33,399	60,651	132,366

Opening fair value of Scheme assets	185,278	180,482	0	0	0	0	0	0	0	0
Expected return on Scheme assets	8,844	4,989	0	0	0	0	0	0	0	0
Actuarial gains (losses)	10,514	(2,327)	33,433	32,470	0	0	0	0	0	0
Contributions by employer including unfunded benefits	4,668	3,995	18,335	16,726	2,887	2,589	92	100	(6,883)	(6,484)
Contributions by Scheme participants	2,047	1,813	5	8	0	0	4	4	7,639	6,934
Change to Accounting Policies	0	0	0	0	0	0	0	0	0	0
Estimated benefits paid including unfunded benefits	(4,863)	(3,674)	(51,773)	(49,204)	(2,887)	(2,589)	(96)	(104)	(756)	(450)
Gain on Settlement	0	0	0	0	0	0	0	0	0	0
Asset ceiling Adjustment	0	0	0	0	0	0	0	0	0	0
Fair Value of Scheme Assets at end of Period	206,488	185,278	0	0	0	0	0	0	0	0

Reconciliation of Opening and Closing Net Obligation										
Opening Surplus / (Deficit)	15,246	(65,311)	(1,105,419)	(1,464,154)	(63,765)	(87,640)	(33,399)	(62,359)	(132,366)	(212,485)
Current Service Cost	(6,006)	(11,911)	0	0	(1,098)	(1,695)	0	0	(11,646)	(28,530)
Contributions by employer including unfunded benefits	4,668	3,995	18,335	16,726	2,887	2,589	92	100	(6,883)	(6,484)
Past Service Costs	0	0	(86,395)	0	0	0	(21,741)	0	102,000	0
Interest Costs	(8,151)	(6,892)	(50,752)	(38,872)	(2,930)	(2,332)	(1,568)	(1,682)	(6,381)	(5,824)
Expected return on Scheme assets	8,844	4,989	0	0	0	0	0	0	0	0
Actuarial (losses) gains	17,929	90,376	45,973	380,881	(3,839)	25,313	(46)	30,542	(5,375)	120,957
Asset ceiling Adjustment	(32,530)	0	0	0	0	0	0	0	0	0
Fair Value of Scheme Assets / (Liabilities) at end of Period	0	15,246	(1,178,258)	(1,105,419)	(68,745)	(63,765)	(56,662)	(33,399)	(60,651)	(132,366)

Summary Reconciliation of Closing Net Obligation			
	31/03/24 £000	31/03/23 £000	
Local Government Pension Scheme	0	15,246	
1987 Police Pension Scheme	(1,178,258)	(1,105,419)	
Injury Awards	(68,745)	(63,765)	
2006 Police Pension Scheme	(56,662)	(33,399)	
2015 Police Pension Scheme	(60,651)	(132,366)	
Total	(1,364,316)	(1,319,703)	

Impact Assets Ceiling Adjustment			
	31/03/24 £000	31/03/23 £000	
Closing Defined Benefit Obligation	(173,958)	0	
Fair Value of Scheme Assets at end of Period	206,488	0	
Asset ceiling Adjustment	(32,530)	0	
Total	0	0	

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

	Police Pension Schemes	Local Government Pensions
	Year to 31/03/25	Year to 31/03/25
	£000s	£000s
Funded: -		
Service cost	10,651	5,287
Net Interest cost	64,312	(1,567)
Total	74,963	3,720

	Police Pension Schemes	Local Government Pensions
	Year to 31/03/25	Year to 31/03/25
	£000s	£000s
UnFunded :-		
Service cost	-	-
Net Interest cost	-	-
Total	-	-

Funded LGPS benefits : Cleveland Police	Sensitivity Analysis		
	+0.1% p.a.	Base 23/24	-0.1% p.a.
Discount Rate Assumptions			
Present Value of total obligation (£000's)	177,437	173,958	170,479
% change in present value of total obligation	2.0%		-2.0%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	173,958	173,958	173,958
% change in present value of total obligation	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	177,437	173,958	170,479
% change in present value of total obligation	2.0%		-2.0%
Post retirement mortality assumption	+1 Year	Base 23/24	-1 Year
Present Value of total obligation (£000's)	180,916	173,958	167,000
% change in present value of total obligation	4.0%		-4.0%

Police Pension Schemes	Sensitivity Analysis		
	Cleveland Police		
	+0.1% p.a.	Base 23/24	-0.1% p.a.
1987 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	1,161,762	1,178,258	1,195,932
% change in present value of total obligation	-1.4%		1.5%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	1,179,436	1,178,258	1,177,080
% change in present value of total obligation	0.1%		-0.1%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	1,194,754	1,178,258	1,162,941
% change in present value of total obligation	1.4%		-1.3%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	1,208,893	1,178,258	1,147,623
% change in present value of total obligation	2.6%		-2.6%
2006 Police Pension Scheme:-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	55,132	56,662	58,249
% change in present value of total obligation	-2.7%		2.8%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	57,399	56,662	55,925
% change in present value of total obligation	1.3%		-1.3%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	57,512	56,662	55,869
% change in present value of total obligation	1.5%		-1.4%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	58,135	56,662	55,189
% change in present value of total obligation	2.6%		-2.6%
Injury Awards :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	67,714	68,745	69,776
% change in present value of total obligation	-1.5%		1.5%
Projected Service Costs (£000's)	980	1,011	1,043
Approx % Change in Projected Service Cost	-3.1%		3.2%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	68,882	68,745	68,608
% change in present value of total obligation	0.2%		-0.2%
Projected Service Costs (£000's)	1,011	1,011	1,011
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	69,639	68,745	67,851
% change in present value of total obligation	1.3%		-1.3%
Projected Service Costs (£000's)	1,043	1,011	980
Approx % Change in Projected Service Cost	3.2%		-3.1%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	70,532	68,745	66,958
% change in present value of total obligation	2.6%		-2.6%
Projected Service Costs (£000's)	1,037	1,011	985
Approx % Change in Projected Service Cost	2.6%		-2.6%
2015 Police Pension Scheme :-			
Discount Rate Assumptions			
Present Value of total obligation (£000's)	58,831	60,651	62,531
% change in present value of total obligation	-3.0%		3.1%
Projected Service Costs (£000's)	9,071	9,640	10,228
Approx % Change in Projected Service Cost	-5.9%		6.1%
Rate of General increase in Salaries			
Present Value of total obligation (£000's)	60,651	60,651	60,651
% change in present value of total obligation	0.0%		0.0%
Projected Service Costs (£000's)	9,640	9,640	9,640
Approx % Change in Projected Service Cost	0.0%		0.0%
Rate of increase in pensions in payment and deferred pensions assumptions, and rate of pension accounts assumptions			
Present Value of total obligation (£000's)	62,531	60,651	58,831
% change in present value of total obligation	3.1%		-3.0%
Projected Service Costs (£000's)	10,228	9,640	9,071
Approx % Change in Projected Service Cost	6.1%		-5.9%
Post retirement mortality assumption			
Present Value of total obligation (£000's)	62,228	60,651	59,074
% change in present value of total obligation	2.6%		-2.6%
Projected Service Costs (£000's)	10,103	9,640	9,168
Approx % Change in Projected Service Cost	4.8%		-4.9%

15. UNUSABLE RESERVES

Description of Reserve	31 March 2022 £000	Additions in Year £000	Reductions in Year £000	31 March 2023 £000	Additions in Year £000	Reductions in Year £000	31 March 2024 £000
Pension Reserve	1,891,949	(676,368)	104,122	1,319,703	(82,585)	127,198	1,364,316
Total Unusable Reserves	1,891,949	(676,368)	104,122	1,319,703	(82,585)	127,198	1,364,316

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

16. ACCOUNTING FOR COLLABORATIVE ARRANGEMENTS

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

They are:

1. Northeast Regional Organised Crime Unit (NEROCU) (rebranded from Northeast Regional Special Operations Unit (NERSOU).
2. Cleveland North Yorkshire Major Cold Case Review Team
3. National Police Air Service (NPAS).
4. Cleveland Durham Tactical Training Unit (TTC)
5. Forensic Collision Investigation (FCIN)

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 Her Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to effectively tackle serious and organised crime across the region.

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the three Forces have equal voting rights in terms of decision made about the unit, but the funding is through a combination of Home Office Grants and Force contributions. The Force allocation is based on Home Office Core Grant allocations and for the financial period April 2023 to March 2024 the funding contributions made were Cleveland 24.17%, Durham 22.91% and Northumbria 52.92%.

Jointly funded assets are classified and those purchased through specific Home Office grants and by contributions from each force. These are currently valued at £1,873K (NBV) of which Cleveland's

share is valued at £479K. The unit has reserves of £801K of which Cleveland's share is £193K (Prior year £180K).

NEROCU operates throughout the North East region.

The statement below highlights the income and expenditure, assets and liabilities for the financial year 2023/24 as required under the Section 22A agreement.

North East Regional Organised Crime Unit				
	Apportionment Total Costs	Durham 2023/24 22.91% £000's	Cleveland 2023/24 24.17% £000's	Northumbria 2023/24 52.92% £000's
Employees Costs	14,761	3,382	3,568	7,812
Non Pay Costs	2,131	488	515	1,128
Income	(6,208)	(1,422)	(1,500)	(3,285)
	10,684	2,447	2,582	5,654
Contributions / Reserve				
Durham	2,459	2,459		
Cleveland	2,595		2,595	
Northumbria	5,682			5,682
Reserve movements	(52)	(12)	(12)	(28)
	10,684	2,447	2,583	5,654
Reserve as 31st March	801	181	193	428

North East Regional Organised Crime Unit				
	Apportionment Total Costs	Durham 2022/23 22.86% £000's	Cleveland 2022/23 24.24% £000's	Northumbria 2022/23 52.90% £000's
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
Contributions / Reserve				
Durham	2,165	2,165		
Cleveland	2,296		2,296	
Northumbria	5,011			5,011
Reserve movements	135	31	33	71
	9,607	2,196	2,329	5,082
Reserve as 31st March	750	169	180	401

2 Cleveland North Yorkshire Major Cold Case Review Team.

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

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

The governance of the Joint Operation is managed through a Section 22A Agreement whereby the two Forces have equal voting rights in terms of decision made about the unit. The Force funding contributions made were Cleveland 50.0% and North Yorkshire 50.0%.

The statement below highlights the income and expenditure for the financial year 2023/24 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 2023/24 50.00% £000's	North Yorkshire 2023/24 50.00% £000's
Employees Costs	294	147	147
Non Pay Costs	12	6	6
Income	0	0	0
	306	153	153
Contributions			
Cleveland	153	153	
North Yorkshire	153		153
	306	153	153

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
Contributions			
Cleveland	128	128	
North Yorkshire	128		128
	256	128	128

3 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 annual contribution in 2023/24 by Cleveland Police was £0.738m. (£0.748m 2022/23).

4 Cleveland Durham Tactical Training Unit (TTC)

TTC is a joint unit staffed by both the Cleveland and Durham Police Forces to provide firearms operations and training,

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

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

CDTTU operates across the Durham and the Cleveland Force boundaries.

The statement below highlights the income and expenditure for the financial year 2023/24 as required under the Section 22A agreement. There are no joint assets or liabilities held within the unit only annual revenue costs. Both forces hold their assets and liabilities separately within their individual group accounts.

The Chief Constable has given notice in May 2021 that the Force will be withdrawing from the Cleveland and Durham Special Operations Unit (CDSOU) road policing collaboration but will continue with the firearms training element. The table below reflects this decision detailing the part year cost with part year costs incurred on road policing and the full year costs of the Tactical Training unit.

Tactical Training Unit				
	Total Costs £000's	Apportionment	Durham 2023/24 £000's	Cleveland 2023/24 £000's
Tactical Training Unit				
Employees Costs	866	50%	433	433
Non Pay Costs	1,543	50%	772	772
Income	(80)	50%	(40)	(40)
Total Unit Costs	2,330		1,165	1,165
Reserve as 31st March	Total Reserves			
Tactical Training Unit	162	50%	81	81
	162		81	81

Cleveland and Durham Specialist Operations Unit				
	Total Costs £000's	Apportionment	Durham 2022/23 £000's	Cleveland 2022/23 £000's
Road Policing Part Year				
Employees Costs	1,109	50%	554	554
Non Pay Costs	227	50%	113	113
Income	(3)	50%	(2)	(2)
	1,333		666	666
Tactical Training Unit				
Employees Costs	866	50%	433	433
Non Pay Costs	1,543	50%	772	772
Income	(80)	50%	(40)	(40)
	2,330		1,165	1,165
Total Unit Costs	3,662	-	1,831	1,831
Reserve as 31st March	Total Reserves			
Road Policing	-	50%	-	-
Tactical Training Unit	162	50%	81	81
	162		81	81

6 Forensic Collision Investigation (FCIN)

The Forensic Collision Investigation (FCIN) is a joint unit staffed by both the Cleveland and Durham Police 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 unit is funded by contributions of Cleveland 50.0% and Durham 50.0%.

The statement below highlights the income and expenditure for the financial year 2023/24 as required under the Section 22A agreement. All Forces hold their assets and liabilities separately within their individual group accounts.

FORENSIC COLLISION INVESTIGATION (FCIN)				
FCIN	Total Costs £000's	Apportionment	Durham 2023/24 £000's	Cleveland 2023/24 £000's
Employees Costs	788	50%	394	394
Non Pay Costs	159	50%	80	80
Income	(1)	50%	(1)	(1)
	946		473	473
Reserve as 31st March	Total Reserves			
Road Policing	-	50%	-	-
Tactical Training Unit	-	50%	-	-
	-		-	-

FORENSIC COLLISION INVESTIGATION (FCIN)				
FCIN	Total Costs £000's	Apportionment	Durham 2022/23 £000's	Cleveland 2022/23 £000's
Employees Costs	633	50%	317	317
Non Pay Costs	78	50%	39	39
Income	(0)	50%	(0)	(0)
	711		356	356
Reserve as 31st March	Total Reserves			
Road Policing	-	50%	-	-
Tactical Training Unit	-	50%	-	-
	-		-	-

17. CONTINGENT LIABILITIES / ASSETS

Contingent Liabilities: -

Municipal Mutual Insurance (MMI)

Due to the potential liabilities that the force may face in regard to the on-going requirements to pay long standing claims against MMI, it is prudent to identify a contingent liability in the statement of accounts. It is an unknown amount and has an unknown longevity due to the nature of the claims.

McCloud 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 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 and secondary 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.

Due to the complexities of the pension schemes, all data held on Members has been rechecked and complex calculations are being undertaken for all Members to assess the individual impact of returning them to their original scheme. The cost to the Chief Constable will be adjusted the national pension valuation mechanism.

Those Officers who left the Pension Scheme will be able to apply to re-join the scheme and the Chief Constable will be required to pay the employer contributions for the re-joiners by the end of 2024/25. Work is due to commence after the initial Remedial Service Statements (RSS) have been produced on 31 August 2024. All applications to re-join will be considered by the Head of People Services and until this work is completed, the cost to the Chief Constable remains unknown.

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 effects around 760 members. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable of Cleveland to be 1.1% or £19m of pension scheme liabilities. This was recognised in the 2018-19 accounts. The estimated annual increase in liabilities is in the region of £5M p.a. reflecting an additional year's benefits from the remedy and will apply until 31 March 2024.

The impact of an increase in scheme liabilities arising from McCloud 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 2024/25, although this timetable is subject to change.

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

Contingent Asset:-

There are no assets as at the balance sheet date.

18. POST BALANCE SHEET EVENT

The following non-adjusting event has been identified:

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The current position in relation to local government pension schemes (LGPS) is that actuarial confirmations for all amendments have not yet been located. The most recent update was in July 2024 from Government's Actuary Department (GAD) and included the following information: Relevant certificates have been located in respect of the 2014 reforms.

We believe a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.

19. AUTHORISATION OF ACCOUNTS

The Director of Finance and Assets of the Chief Constable for Cleveland Police has set and authorised the date of issue for the Statement of Accounts as the 31st May 2024. This is the date up to which events after the Balance Sheet date have been considered.

POLICE PENSION FUND

Police Pension Fund Regulations 2009 (SI 2009 No 2060)

PENSION FUND ACCOUNT	2023/2024 £000	2022/2023 £000
Contributions Receivable		
From Employer		
Normal	(17,765)	(16,112)
Capital contribution due to Ill Health Early Retirement	(570)	(614)
From Members	(7,717)	(6,945)
Transfers In		
Individual Transfers in from Other Schemes	(135)	(255)
Benefits Payable		
Pensions	47,331	43,144
Commutations and Lump Sum Retirement Benefits	5,704	6,058
Lump Sum death benefits	136	116
Ill Health Lump Sum Benefits	1,321	906
Payments to and on Account of Leavers		
Refunds of Contributions	114	120
Inter Authority Adjustments	228	287
Individual Transfers out to Other Schemes	6	0
Sub-Total for the year before transfer from the PCC to fund the deficit for the year	28,653	26,705
Additional funding payable to the PCC to fund the deficit for the year (Home Office)	(28,653)	(26,705)
Additional funding payable by the PCC to fund the deficit for the year	0	0
Net Amount Payable/Receivable for the Year	0	0

NET ASSETS STATEMENT	31 March 2024	31 March 2023
	£000	£000
Current Assets		
Debtors:-		
Other Local Authorities	0	0
Bodies External to General Government	0	0
Total Curent Assets	0	0
Long Term Assets		
Bodies External to General Government	0	0
Total Long Term Assets	0	0
Current Liabilities		
Creditors :-		
Other Local Authorities	0	0
Bodies External to General Government	0	0
Total Curent Liabilities	0	0
Long Term Liabilities		
Bodies External to General Government	0	0
Total Long Term Liabilities	0	0
Net Assets	0	0
PENSION FUND ACCOUNT	0	0

Notes to the Pension Fund

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

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

The Pension fund has no investment assets and the fund is balanced to nil each year by a transfer to/from the Police Fund. Benefits payable are funded by contributions from employers (31%) and employees (in a range of 12.44% to 13.78%) and any difference is met by a top-up grant from the Home Office.

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

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

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

The Fund is administered by the entity.

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

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

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTTURN: The actual amount spent in the financial year.

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

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

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

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

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

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

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

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

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

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

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

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

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