

Chief Constable for Northumbria

Statements of Account
2021/22



Contents

Preface.....	2
Narrative Statement.....	3
Statement of Responsibilities.....	22
Core Financial Statements.....	23
Movement in Reserves Statement.....	24
Comprehensive Income and Expenditure Statement	26
Balance Sheet – Single Entity	27
Cash Flow Statement – Single Entity	28
Notes to the Core Financial Statements	29
Supplementary Financial Statements	61
Notes to the Supplementary Financial Statements	63
Annual Governance Statement	64
Independent Auditors Report	76
Glossary of Terms	82
Index	88
Contacts	89

Preface

Winton Keenen - Chief Constable, Northumbria

“It is a real privilege to be the Chief Constable of Northumbria Police. The North East has always been my home and it is a real pleasure to work alongside colleagues who are so committed to providing the best levels of public-service possible. I am often humbled by the selfless actions of our officers, staff and volunteers as they seek to keep people safe and maintain the community-cohesion we have become renowned for.”

“Our region really is such a special place to live, work and visit and we should never take it for granted. We should all remain committed to making it the best it can be and to ensuring we do all we can to protect those who are vulnerable and to provide help to those who need it.”

“By continuing to work together we can all play our part, individually and collectively, towards ensuring the North East remains one of the safest and most cohesive places in the country; taking real pride in who we are and what we stand for”.

Winton Keenen was appointed by the previous Police and Crime Commissioner during 2017/18. His career with Northumbria Police spans over 30 years, starting in 1985 as a Police Constable.

As Chief Constable, he has put people, especially those who are vulnerable, at the heart of everything the Police do. He wants to work with the public, to listen to them and to engage with them to better understand



communities, so wherever possible, in the face of difficult funding challenges, we can ensure the Force meets the demands of modern day policing.

He is determined to make what is already a great and safe place even better and to bring police and the public closer. In doing so, he remains people focussed: ensuring the wellbeing of his officers and staff; providing the best possible service to victims and witnesses; and bringing offenders to justice.



Narrative Statement

Introduction

The Statements of Account present the Chief Constable's financial performance for the year ended 31 March 2022. This includes the overall financial position at the end of that period, and the cost of services provided.

The narrative and financial summary that follow provide an overview of the accounting arrangements and a guide to the most significant matters in the financial statements.

Northumbria Police – Key Facts

Northumbria Police is one of the largest police forces in the country, serving a population of 1.5 million people from a variety of communities and covers an area of more than 2,000 square miles.

Northumbria Police is dedicated to building trust and confidence and reducing crime and disorder in the communities within the [North East](#) of England.



Northumbria Police operates over a three area command structure which encompasses Tyne and Wear and Northumberland. The Force covers an area from the Scottish border down to County Durham and from the Pennines to the North East coast.

Workforce Numbers

The number of officers, staff and special constables working for the Force as at 31 March each year are shown in the table below; in addition the Force is also supported by cadets and other volunteers.

As at 31 March 2021	Workforce	As at 31 March 2022
3,313	Police Officers	3,486
1,760	Police Staff	1,864
178	Police Community Support Officers (PCSOs)	188
118	Special Constables	132

Our Purpose, Vision and Values



The Statements of Account

The accounts are prepared in-line with the statutory arrangements introduced under the Police Reform and Social Responsibility Act 2011.

Under the provisions of the Act, the Commissioner and Chief Constable are created as two separate corporation soles. For financial reporting purposes, the Chief Constable is a subsidiary of the Commissioner by virtue of the powers the Commissioner has to govern the financial and operating policies of the Chief Constable.

The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011.
- The Home Office Revised Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004.
- The Police and Crime Commissioner for Northumbria's Governance Arrangements including Financial and Contract Regulations.

The liabilities associated with the staff costs of the Chief Constable are recorded in the Chief Constable's accounts and consolidated under the Police and Crime Commissioner's Group accounts.

The Commissioner is responsible for the finances of the whole Group; she receives all income and funding, including all government grants and Council Tax Precept, into the Police Fund and makes all the payments for the Group from the Police Fund. In turn, the Chief Constable fulfils his function under the Act within an annual budget set by the Commissioner. The Chief Constable is consulted on this budget as part of the budget setting process.

A scheme of delegation¹ is in operation between the two bodies determining their respective responsibilities. The detailed accounting arrangements between the Commissioner and Chief Constable are detailed in Note 3 to the accounts.

¹ Available at PCCs website

Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities.

These roles and responsibilities can be summarised as follows:

The Police and Crime Commissioner:

- Provides a link between the police and the community.
- Sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan.
- Prepares and publishes an annual report on progress in the delivery of the Police and Crime Plan.
- Sets out the Force's budget and community safety grants.
- Sets the policing and crime Precept.
- Oversees community safety, the reduction of crime and value for money in policing.
- Commissions victims' and witness services, including restorative justice.
- Appoints the Chief Constable (and dismissal when necessary).
- Holds the Chief Constable to account for the performance of the Force, including that of police officers and civilian staff under their direction and control.
- Receives all income from grants, Precept and charges.
- Has the responsibility for all borrowing.



The Chief Constable:

- Responsible for maintaining the King's peace and for the direction and control of the Force.
- Accountable to the law for the exercise of police powers.
- Accountable to the Commissioner for the delivery of efficient and effective policing, and the management of resources and expenditure by the Police Force.
- Operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.
- May not borrow money.

Police and Crime Plan 2022-2025

The Police and Crime Commissioner determines the priorities for policing within the Police and Crime Plan, through comprehensive engagement and consultation across our communities to ensure that the priorities reflect the expectations of the public. The Chief Constable and Police and Crime Commissioner work closely together to ensure effective delivery of the Plan.

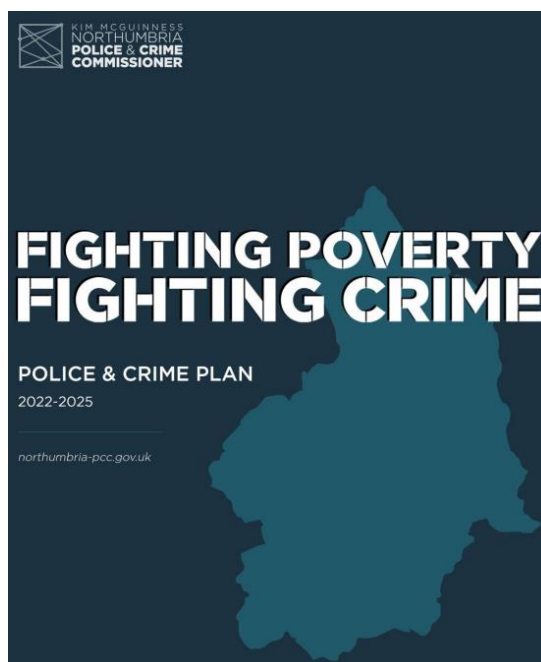
In 2021 the Commissioner published her first Police and Crime Plan which sets out how the priorities of Northumbria residents will be acted on by Northumbria Police.

In 2022 the Commissioner consulted the public on the existing plan as part of a commitment to an annual refresh. The public endorsed the plan and the wider need to tackle entrenched poverty.

The refreshed Police and Crime Plan 2022 – 2025 covers the key areas of focus the Force will be expected to deliver on, alongside other national policing requirements. It was put together after a region-wide consultation process in which thousands of residents and organisations had their say on what those priorities should be.

The plan forms the basis of how the Commissioner will hold the Force to account on behalf of the public and as part of that process the Commissioner will report regularly on the Force's performance towards those priorities.

'The plan also commits our region to working together, and I will continue to work with community safety organisations, victim support, criminal justice services and others to ensure our streets are safer. Alongside



this, the Strategic Policing Requirement identifies threats to national security and risks that need to be countered by countrywide policing capabilities. Forces need to work collaboratively on these issues and the Chief Constable and I will ensure that Northumbria Police can play its part.'

Kim McGuinness, Police and Crime Commissioner for Northumbria

The Police and Crime Plan can be found on the Commissioners website.

Your Priorities		
Fighting Crime	Preventing Crime	Improving Lives
<p>'The North East is one of the safest places in the country and my job is to ensure Northumbria Police maintain their great record here.</p> <p>That's why my number one priority is fighting crime in our region.'</p>	<p>'I will continue to fight for a well resourced police force to ensure public safety, but we cannot simply arrest our way out of crime.</p> <p>As your Police and Crime Commissioner I have worked with the Chief Constable to ensure we are intervening to stop crime in its tracks.'</p>	<p>'Crime, and the fear of crime, can cause far reaching damage both to individuals and local communities.</p> <p>I want to make sure no one suffers alone, and that there is always support available for victims of crime or parts of our region that have been hit by crime.'</p>
Your Plan in Action		
<p>Addressing Anti-social Behavior</p> <p>Reducing Crime</p>	<p>Preventing Violent Crime</p> <p>Neighbourhood Policing</p>	<p>Support for Victims</p> <p>Tackling Domestic Abuse and Sexual Violence</p>

Financial Performance 2021/22

Key Highlights

- The Police and Crime Commissioner delegated a budget of £305.927 million to the Chief Constable for 2021/22.
- The Uplift target for Northumbria was 185 additional police officers by March 2022 and Northumbria has fully delivered against this target.
- These accounts explain the detailed financial transactions that have taken place during the year which concludes that the year-end revenue outturn position for the Chief Constable is an underspend of £3.331 million.

Financial Context 2021/22

Since 2010, central governments 'Austerity' drive saw unprecedented cuts to the funding provided to Policing, with Northumbria being the hardest hit of any Force in England and Wales. Central government formula funding for policing in Northumbria was reduced by more than 31% in real terms between 2010/11 and 2018/19, as confirmed independently by the National Audit Office (NAO). We have reduced the workforce, rationalised our estate, delivered significant non-pay savings and extensively used reserves, to manage the scale of those reductions. More information is available on the NAO website

The structure of Police funding means those which have a lower Council Tax Precept will suffer the most, as any cut from government is to the larger proportion of their funding. Over the period of austerity covered by the CSR 2010 and 2015, Northumbria has experienced the largest impact of cuts because it receives more in grant in proportion to its council tax; around 82% in 2021/22 was by Home Office grant. In addition, Northumbria has the lowest Precept of any PCC in England and Wales, and a low yield.

Northumbria has had to make around £148.000 million of cuts and efficiencies to manage the unprecedented scale of funding reductions imposed by the government since 2010. For Northumbria, employee pay accounts for the majority of the annual revenue budget and therefore those savings delivered were mainly realised through reductions to the workforce.

At the start of the 2019/20 financial year, police officer numbers had fallen by more than 1,100 since 2010 and staff by over 800, a reduction of 29% in the total workforce as shown in the following table:

Workforce	31 March 2010	31 March 2019	Reduction since 2010		31 March 2022
Reductions	FTE	FTE	FTE	%	FTE
Police Officers	4,187	3,081	(1,106)	(26%)	3,486
Police Staff	2,534	1,717	(817)	(32%)	2,052
Workforce	6,721	4,798	(1,923)	(29%)	5,538

The increase in the precept for the financial years 2019/20 to 2021/22 has delivered vital new funding for Northumbria. This coupled with the Uplift target set for Northumbria has enabled the Force to start re-investing in officers and staff, although still some way from the numbers lost since 2010.

Revenue Expenditure and Income Summary

Revenue expenditure represents the day to day running costs of providing policing services and includes expenses such as employee pay, vehicle and premises running costs, supplies and services, IT and communications. Revenue expenditure for the Chief Constable is fully funded by income from the Commissioner.

The Chief Constable's Executive Board monitors the revenue monitoring position each month and each quarter they are also considered as part of a consolidated Group position at the joint Business Meeting between the Chief Constable and the Commissioner.

The Comprehensive Income and Expenditure Statement (CIES) presents the outturn on an accounting basis and that differs from how the Chief Constable actually manages the budget during the year. Capital charges for the use of assets, the cost of annual leave / lieu time balances and accrued pension benefits reported in the CIES are not included within the revenue budget. In addition, certain elements of income that are managed by the Chief Constable on behalf of the Commissioner are included in monitoring but not in the CIES, as all income is received by the Commissioner

Revenue Outturn 2021/22

The Commissioner delegated a budget of £305.927 million to the Chief Constable for 2021/22, to enable the discharge of the activities under the Chief Constable's direction and control. The outturn position against the Chief Constable's revenue budget reflects an underspend of £3.331 million.

Details of the 2021/22 revenue outturn for the Chief Constable are set out in the following table:

Revenue Outturn 2021/22					
Budget Heading	Revised Estimate 2021/22 £000	Expenditure 2021/22 £000	Income 2021/22 £000	Outturn 2021/22 £000	Variance 2021/22 £000
Workforce	260,463	257,992	-	257,992	(2,471)
Overtime and SPS	4,664	7,579	(2,902)	4,677	13
Business Services	1,327	1,454	-	1,454	127
Communications and Engagement	169	238	(54)	184	15
Crime	761	907	(122)	785	24
Forensic Services	1,663	1,521	-	1,521	(142)
Criminal Justice	(550)	46	(675)	(629)	(79)
Estates	9,205	9,401	(924)	8,477	(728)
Finance	406	493	(24)	469	63
Fleet	2,936	4,297	(110)	4,187	1,251
People Services	1,426	1,425	(12)	1,413	(13)
People Development	3,129	2,855	(934)	1,921	(1,208)
Information Technology	12,909	12,496	-	12,496	(413)
Legal Services	373	396	(10)	386	13
Operations	407	1,382	(803)	579	172
Custody	2,198	2,210	(72)	2,138	(60)
Procurement	630	2,163	(1,563)	600	(30)
Safeguarding	260	355	(84)	271	11
Secondments	-	1,033	(1,084)	(51)	(51)
Contributions & Subscriptions	7,613	7,319	-	7,319	(294)
Insurance	1,510	1,515	-	1,515	5
Information Management Unit	104	133	(41)	92	(12)
Other Income	(5,675)	-	(6,193)	(6,193)	(518)
Budget Outturn	305,928	317,210	(15,607)	301,603	(4,325)
Covid Enforcement and Operational Reserve Expenditure	-	1,176	-	1,176	1,176
External Funding Schemes	-	8,114	(8,296)	(182)	(182)
Net Expenditure	305,928	326,500	(23,903)	302,597	(3,331)

The Chief Constable has delivered policing services in Northumbria for 2021/22 within the budget allocated by the Commissioner for the financial year.

The underspend of £3.331 million includes expenditure of £1.176m against the Covid Enforcement/Operational Reserve which was established in 2020/21 to meet the costs of Covid enforcement and operational policing in 2021/22.

In addition to the core revenue budget, the Chief Constable manages expenditure against external funding schemes which include specific grants such as Counter Terrorism and other grants and contributions from the Home Office, Local Authorities and external bodies. The majority of income received has been fully utilised in 2021/22 and the outturn position reflects a net transfer of £0.182 million to the external funding reserve to be used in 2022/23.

Details of performance are set out later in this Narrative Statement.

Capital Programme

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £8.823 million in 2021/22, are shown in the financial statements of the Commissioner.

The Chief Constable's Comprehensive Income and Expenditure Statement (CIES) receives an annual charge for the use of operational assets based on capital charges. For the 2021/22 financial year this charge was £10.091 million (£13.597 million 2020/21).

Governance

Governance arrangements are set out in the Annual Governance Statement (AGS) published with the Statements of Account.

Value for Money

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Commissioner's and Chief Constable's objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources over which the Chief Constable has delegated control.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

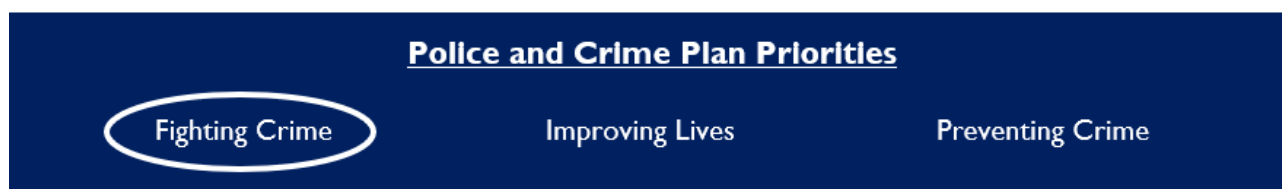
This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC on a quarterly basis. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable, based on the work undertaken by the Internal Audit Service throughout 2021/22.

The financial management and performance reporting framework follows national and/or professional best practice, and its key-elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.

- A robust system through which the Force manages Finance, People Services, Payroll and Procurement processes is used throughout the Force. This enables systematic control to be applied, particularly in relation to budget management. This ensures that responsibility and accountability for resources rest with those managers who are responsible for service provision. This is underpinned by systematic controls which ensure financial commitments are approved by the relevant manager.
- In accordance with the Prudential Code and best accounting practice, the Commissioner produces a four-year Medium Term Financial Strategy (MTFS) and capital programme. The Chief Constable produces a Medium Term Financial Plan (MTFP) that informs the MTFS of the Commissioner. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget and capital programme.
- The MTFS includes known commitments, anticipated resource availability and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the Chief Constable and sets out the financial implications of the Commissioner's policies. It provides the Executive Team with the authority to incur expenditure and a basis on which to monitor and report on financial performance.
- Monthly financial performance reports are presented to the Executive Board that focus on year-to-date information and forecast outturn enabling officers to establish a clear understanding of financial performance. These are then presented quarterly to the Commissioner through the joint Business Meeting and these are available on the Commissioner website for wider scrutiny of financial performance by the public. Additional monitoring reports are produced and discussed with budget managers on a regular basis throughout the year.

Performance Information – Police and Crime Plan 2021/22



Contact Management

- For the 12 months to March 2022 the volume of 999 calls increased by 27% compared to the previous 12 months. Total call demand has increased by 7% (999 and 101 non-emergency), with some of the 999 increase partly offset by a reduction in 101 non-emergency calls. Digital contact has increased by 17% with volumes for the 12 months to March 2022 at 83,242 compared to 71,206 for the previous period. Changes in call volumes reflect national trends.
- The percentage of 999 calls answered within call handling standards for the 12 months to March 2022 was 77%, with an average answer time of 29 seconds. This compares to 88% and an average answer time of 8 seconds for the previous 12 months.
- The percentage of 101 calls answered within call handling standards for the 12 months to March 2022 was 55%, with an average answer time of 5 minutes 48 seconds. This compares to 74% and an average answer time of 49 seconds for the previous 12 months.
- SmartContact, a new system replacing the existing command and control functionality, was introduced on 29 June 2021. As anticipated, following implementation, call handling times increased. This has been as a result of a number of factors, some associated with SmartContact and some which have been compounded by other factors, such as higher than expected call demand. There is

continued focus on embedding SmartContact, as well as aligning future non-emergency demand to Digital and Social Media reporting.

- A recruitment programme is in place to ensure future establishment meets demand. There is also ongoing training for all front office staff to assist with 101 and digital demand at peak times to improve call handling capacity
- To support 101 call handling performance, a new system, Call-back Assist was launched on 9 March 2022, which gives non urgent callers the ability to have a call-back at a more convenient time. Since its launch there have been 1,800 call back requests, with an average call back time of 29 minutes. Feedback from both the public and staff has been very positive.
- Whilst satisfaction levels for initial contact remain high, there is a statistically significant reduction when compared to the previous 12 months. Victims less satisfied with this service aspect indicated the time taken to answer the phone, particularly the 101 service and the response time specified by the contact handler as explanation.

Response

- Grade 1 incident demand remains high following the easing of COVID-19 lockdown measures. Total incident demand (G1 and G2) increased by 11% for the 12 months to March 2022, compared to the previous 12 months.
- There has been a reduction in the percentage of incidents attended on time for grade 1 incidents in the 12 months to March 2022. The average response time for grade 1 (urban) in the 12 months to March 2022 was 17 minutes, and rural was 22 minutes. This is an increase from 8 minutes, 26 seconds and 14 minutes, 30 seconds respectively, in the previous period.
- The volume of grade 2 incidents has remained consistent. The percentage of grade 2 incidents attended within 1 hour has reduced since March 2021, 59% of grade 2 incidents were attended within 1 hour compared to 75% in the previous period. This coincides with the increase in volume of grade 1 incidents.
- The average response time for grade 2 incidents in the 12 months to March 2022 was 3 hours and 9 minutes, compared to 1 hour 7 minutes for the previous 12-month period.
- There is a statistically significant reduction in response time satisfaction. Although the expectations of victims vary, survey feedback showed that dissatisfied victims felt their response time was not proportionate for the type of incident that they were reporting. Several victims commented that their response time had been longer than the timeframe specified by the contact handler.
- The capability and capacity to respond effectively is anticipated to improve as the officer Uplift programme is completed. To further assist with meeting demand capacity in RPT has been increased above establishment and the 12-hour RPT shift pattern implemented in 2021 to enable the Force to meet challenges associated with COVID-19, will remain in place until January 2023.

Anti-Social Behaviour

- There has been a 40% (-31,017) reduction in ASB related incidents in the 12 months to March 2022 compared to the previous 12-month period. 20% of ASB is youth-related in this 12-month period compared to 13% in the previous period.
- This increase is reflected in residents' feedback from the Safer Communities Survey regarding their perception of ASB as a problem in their local neighbourhoods, as the majority of comments relate to youths engaging in ASB.

- The more recent trend in ASB incidents is in-line with the period pre-COVID. ASB incidents have consistently reduced since the end of COVID-19 restrictions.
- A refreshed ASB Problem Profile is currently being completed which will be used to analyse causal factors behind reduction and assess impact of tactics, such as multi-agency problem solving initiatives, hotspot areas and impact of early intervention strategy and programmes.
- The Force wide Neighbourhood Strategy is articulated through a neighbourhood model to provide clear role and delivery objectives to Neighbourhood teams. Vulnerability is central, with problem solving the overarching methodology across main themes of crime prevention, ASB prevention, community engagement and safeguarding.
- The Force has invested in a Harm Reduction and Communities Team (HRCT) to oversee Force wide delivery of Neighbourhood Policing, including harm reduction, crime prevention, problem solving, early intervention, serious violence reduction, rural policing and offender management, in addition to community engagement.
- 76% of ASB victims feel satisfied with their experience of service as a whole. The satisfaction levels of ASB victims have deteriorated across most of the main aspects of service compared to the same period last year.

Recorded Crime

- Total crime has increased by 8% for the 12 months to March 2022, with an increase in most crime categories compared to the 12 months to March 2021. It should be noted crime levels for the 12 months to March 2021 were affected by COVID-19. A more comparable period is the 12 months to March 2020; compared to this period crime levels are lower for the majority of crime categories, with the exception of violent crime, sexual offences and hate crime. There were spikes in violent crime after lockdown easing in March 2021 and in October and November 2021, as well as in March 2022.
- Sexual offences have increased by 31%. The increase in May and June follows the easing of lockdown measures and the re-opening of the night-time economy. Sexual offences were lower in 2020, primarily due to COVID-19; the number of sexual offences is currently +16% above the level of 2019. The Force is placed 32nd nationally (sexual offences per 1,000 population for 12 months to January 2022).
- Hate crime has increased year on year. An increase in race (+234 crimes), homophobic (+80 crimes), transphobic (+42 crimes) and disability (+145 crimes) account for most of the increase for the current 12-month period (+536 crimes in total).
- There is a statistically significant decrease in whole experience satisfaction for victims of hate crime.
- Although there has been a reduction in satisfaction with the action taken, this change is not statistically significant.
- The reduction in follow-up satisfaction for hate crime victims is statistically significant compared to previous results. Lack of communication and regular updates from police drives dissatisfaction with this service aspect.
- The Force continues to prioritise hate crime and provide support to vulnerable victims. Hate Crime guidance for the first responder has been developed to improve service delivery to victims, and in conjunction with the CPS an investigators checklist to improve the quality of hate crime case file submissions. The Force is introducing a new process that will see hate crime convictions published on social media to demonstrate visible consequences of offending.

Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

Domestic Abuse

- There has been a 1% increase in the number of domestic abuse incidents in the rolling 12 months to March 2022 compared to the previous year. Following a seasonal increase last summer, volumes have been steady and are at levels comparable to pre-COVID-19.
- Domestic abuse victims continue to report high levels of satisfaction with the service with 89% of victims feeling satisfied with their overall service.
- 85% of domestic abuse victims feel satisfied with the actions taken by police in response to their report. Police keeping victims informed regarding the action taken was suggested as an area for improvement. Satisfaction with treatment remains consistently high over time.

Resolved Rate – Overall Crime

- The resolved rate for total recorded crime is 12.7% compared to 15.7% for the previous year.
- The Force is placed 35th nationally for the 12 months to January 2022 (the latest available national data), which is a decrease from 32nd for the 12 months to November 2021 reported previously.
- The Force has an investigative capability and capacity action plan, focusing on understanding current and future demand, design of organisational structures, current and future resourcing needs and improving investigative capability. This is being supported by the roll-out of a Performance Management Framework, giving supervisors greater focus on performance and quality and improving performance via regular one-to-ones and coaching sessions. There is an Investigative Capability Working Group with responsibility for the day-to-day delivery of the plan with oversight via the Strategic Management Board (SMB) (Performance) and SMB (Business). A Gold Group has also been established to oversee and direct the response to investigative capability and capacity.

Victims' Code of Practice (VCOP)

- Victims' Code of Practice compliance has improved as a consequence of a programme of development, undertaken to deliver improvements in compliance and victim contact. Activity delivered to date includes blogs, videos and personal briefings to investigators across the Force. The key messages have been well received and VCOP is fully embedded throughout all levels of the organisation
- Follow-up performance remains an area for improvement; 64% of victims who wanted updates felt satisfied with the way they were kept informed. Not receiving updates and waiting long periods of time between contact drive dissatisfaction with follow-up.
- There is a statistically significant increase in the percentage of victims satisfied with the way they were treated.
- The Force has reviewed the current service provision for victims and witnesses. Improvements have been identified to support a victim of crime, through improved co-ordination and delivery to keep victims informed of progress and an enhanced support and engagement model for victims and witnesses who enter the Criminal Justice System alongside better IT access and online services. Phased roll out of the system began in April 2022.

Public Perception

- Confidence in Northumbria Police remains high according to insight data from the Safer Communities Survey. Whilst there has been some reduction in the in percentage of residents who feel Northumbria Police do a good or excellent job in their local area, perception scores remain high. Many survey participants who rated their local police as good or excellent commented that the police do what they can with limited resources.
- Other confidence measures have stayed consistently high.
- Although national comparison data has been unavailable throughout the pandemic, the most recent data from the Crime Survey for England and Wales (CSEW) placed the Force first nationally for many of the confidence and public perception measures.

Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

Preventing Crime

- The number of serious violence offences has remained stable since the re-opening of the night-time economy in March/April 2021, with small peaks in October 2021 and March 2022.
- Knife enabled serious violence was 3.8% of the total serious violence offences in the 12 months to March 2022, compared to 5.1% for the previous period.
- For violent crime, the Force is placed 25th nationally for the 12 months to February 2022 (the most recent national data).
- There has been an increase in total recorded crime across all 6 local authority areas for the 12 months to March 2022 compared to the previous 12-month period, although like the Force level view, is lower than the pre-COVID-19 period.
- There have been increases in violence against person (VAP) offences across all local authority areas, with the largest increase in Newcastle (+29%) contributing to the overall increase in crime in the area (+21%). Sexual offences have increased by +31% across the Force area, with the most notable increases being in Gateshead (+30%), Northumberland (+36%) and Newcastle (+55%). As previously referenced, sexual offences were lower in 2020, primarily due to COVID-19; the number of sexual offences is currently +16% above the level of 2019.
- The Government has committed to multi-year GRIP funding for the next 3 years. The Force will receive £970k each year with a match-funding contribution of 20% in 2022/23, rising to 30% in 2023/24 and 40% in 2024/25. The programme so far has focused on serious violence hotspot policing and it is anticipated that this will continue in 2022/23.
- The Force works with the Violence Reduction Unit (VRU) and voluntary sector organisations to deliver early intervention through commissioned services in all 6 local authority areas. This is delivered through a range of projects. One of the most significant is You Only Live Once (YOLO) delivered by the Newcastle United Foundation, which engages with young people referred by a police lead at risk through being involved in violence or at potential risk identified through early indicators, including association with SOC offenders. Other services are aligned to the primary, secondary, and tertiary intervention approach and include; delivering educational inputs in schools and providing place-based harm intervention. All these interventions are funded by the Home Office VRU grant.

- The night-time economy plans in Newcastle and Sunderland city centres incorporate a range of activity with partners, including training of staff working in bars, clubs, hotels and door staff in relation to vulnerability indicators and how to respond, funding taxi marshalls in Newcastle, a Safe Haven vehicle in Newcastle staffed by St John's Ambulance and police and Safe Haven premises in Sunderland city centre and working with Street Pastors who conduct patrols in main NTE centres

Collaboration

During 2021/22 Northumbria Police and the Police and Crime Commissioner were parties to a number of collaboration agreements, details of which can be found on the Police and Crime Commissioners' website. The North East Regional Organised Crime Unit (NEROCU) is the principal collaboration arrangement between Northumbria, Durham and Cleveland and is accounted for as a Joint Operation in the financial statements. A summary of the financial performance is included below and further detail is provided in Note 12 to the financial statements.

North East Regional Organised Crime Unit (NEROCU)

The North East Regional Organised Crime Unit (NEROCU) is one of 10 ROCUs across England and Wales.

The NEROCU was previously known as the North East Regional Special Operations Unit (NERSOU) and was rebranded in July 2022 as NEROCU.

The unit works with embedded partners from Her Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to make the region a place hostile to serious and organised crime.

NEROCU is categorised as a Joint Operation in line with the Accounting for Collaboration guidance issued by CIPFA. The NEROCU revenue outturn position for 2021/22 and the share attributable to Northumbria are set out in the following table:

NEROCU Outturn 2021/22		
	NEROCU £000	Northumbria £000
NEROCU Revenue Budget		
Expenditure	12,678	6,671
Income	(3,755)	(1,976)
Net Expenditure	8,923	4,695
Funded by:		
Force Contributions	8,854	4,659
Transfer from NEROCU Reserve	69	36
Total	8,923	4,695

Northumbria Police made a revenue contribution of £4.659 million to NE ROCU for 2021/22. This contribution is included within the Chief Constable's revenue budget outturn. The transfer from the NEROCU reserve reflects the use of prior year Force contributions which were held in reserves to be used in 2021/22.

Provisions and Contingent Liabilities

Provisions

Provisions are made where a liability exists based on a past event which will probably be settled through a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount required

to settle the obligation. Provisions are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims and whilst the majority of cases have been settled as at the balance sheet date, there remain a small number which remain subject to legal process and expected to be finalised in 2022/23. The balance on the provision at 31 March 2022 reflects a prudent estimate to cover the expected costs.

Contingent Assets & Liabilities

A contingent asset or liability is defined as a possible receipt (asset) or obligation to pay out (liability) based on a past event, but for which confirmation of the receipt / payment is uncertain as it depends on a future event. For example: pending legal claims. Unlike provisions, contingent liabilities do not result in an accounting entry as they are uncertain and cannot be reliably estimated, however a disclosure is made in the statements.

Disclosure has been made in the statements regarding a number of contingent liabilities.

During any financial year we will receive a number of legal and other claims in relation to employment, insurance and other issues. Many of these are subject to legal process and therefore the possibility of a future obligation is uncertain. The accounting rules classify such possible obligations as 'contingent liabilities'. They 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. No specific charges are made to the accounts.

A contingent liability has been disclosed to reflect the potential liability for additional claims from current and former officers in relation to past service under police regulations and employment issues relating to past years, over and above the amounts included within the provision described above.

A further contingent liability has been disclosed in relation to compensation claims for 'injury to feelings' in relation to the McCloud/Sargeant judgement (2015 Police Pension Scheme transitional arrangements).

Provisions and contingent liabilities are further detailed in Note **15** to the core financial statements.

Accounting for Pensions

Retirement benefits (pensions) are offered to officers and staff as part of the terms and conditions of employment. Employees can choose to opt out of the scheme at any time. Although benefits will not be payable until employees retire, the Chief Constable has a commitment to account for these at the time that employees earn their future entitlement.

Pensions are accounted for in accordance with International Accounting Standard 19 (IAS19). This standard is based on a principle that an organisation should account for its retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future. The net overall impact of IAS19 accounting entries is neutral in the accounts. The pension liability, which is disclosed on the Balance Sheet, (balanced by the Pension Reserve) shows the underlying commitment that the Chief Constable has in the long run to pay retirement benefits. Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet.

Police officers can be members of either the Police Pension Scheme (1987), the Police Pension Scheme (2006) or the Police Pension Scheme (2015), known collectively known as the Police Pension Scheme. This is a

wholly unfunded scheme for which the Chief Constable is Scheme Manager². The Chief Constable has a Police Pensions Board, established in 2015 under Section 5 of the Public Services Pension Act, which provides local administration and governance for the Scheme.

The Chief Constable makes contributions to the Pension Fund based on a percentage of officers' pensionable salaries and additional contributions for officers retiring due to ill health. The regulations³ governing funding arrangements require that if the Pension Fund does not have sufficient funds to meet the cost of pensions in any year, the amount required to meet the deficit must be transferred from the Police Fund to the Pension Fund. 100% of this deficit is met through the payment of a top-up grant paid by the Home Office. The top-up grant paid by the Home Office in 2021/22 is £59.002 million.

Police staff can be members of the Tyne and Wear Pension Fund, a Local Government Pension Scheme administered by South Tyneside Council. The Chief Constable makes employer contributions on the basis of an agreed percentage of employees' pensionable salaries to the Tyne and Wear Pension Fund. Employer contributions are based on an independent actuarial valuation of the fund which is carried out every three years. The Chief Constable also has to meet the pension costs of employees who have left employment due to ill health or where early retirements have been agreed, and makes additional contributions to make good the shortfall in the pension fund, known as deficiency payments.

The Chief Constable is required to maintain a pensions reserve on the Balance Sheet for officers and staff. The reserve is termed 'unusable' as it is not cash backed but contains book entries to recognise the estimated liability that the Chief Constable has committed to provide in the future, for service completed up to the Balance Sheet date. The pension liability is valued using an actuarial valuation and can fluctuate dependent on external factors and changes in actuarial assumptions.

The pension liability on the Balance Sheet shows the underlying commitment that the Chief Constable has in the long run to pay post-retirement benefits. The total liability of £4.575 billion (£4.580 billion in 2020/21) has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains healthy.

Explanation of the Key Statements

The Statements of Account consists of four main statements and various disclosure notes as follows:

The Movement in Reserves Statement (MiRS Page 23) - Shows the changes in the Chief Constable's financial resources over the year to help readers to understand how the balances have changed over the year. Information on the pension and accumulated absence reserves can also be found in the Balance Sheet and related notes.

The Comprehensive Income and Expenditure Statement (CIES Page 25) - Shows the gains and losses that contributed to these changes in resources. The CIES shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation as shown in the MiRS above.

The Balance Sheet (Page 26) - Shows the Chief Constable's financial position and net liabilities at the financial year end. The Balance Sheet reflects current liabilities and current assets that are in substance the Chief Constable's at the Balance Sheet date, offset by a corresponding debtor from the Commissioner to reflect the fact that all payments are made in the name of the Commissioner.

² Public Service Pension Act 2013 (section 4)

³ Police Pension Fund Regulations 2007 (SI 2007/1932)

The Cash Flow Statement (Page 27) - Shows how the movement in resources has been reflected in cash flows generated and used during the year.

Supplementary Financial Statements:

Police Officer Pension Fund Statements (Page 58) - This shows the Police Pension Fund Account for the year, for which the Chief Constable is the Scheme Manager⁴.

Documents Supporting the Statements of Account:

Annual Governance Statement (Page 61) - This statement, required by regulations⁵ to accompany the Statements of Account, is an assessment of the Chief Constable's corporate governance and internal control.⁶

Significant Changes since 2020/21

There have been no significant changes to the financial statements since 2020/21.

Outlook for 2022/23 and Beyond

The Commissioner has agreed a Medium Term Financial Strategy (MTFS) which sets out the key financial issues over 2022/23 to 2025/26. Whilst the MTFS covers a period of four years, it is reviewed annually to reflect the dynamic nature of both policing and changes in anticipated funding. It describes the financial direction of the organisation and outlines the level of funding and subsequent investment over the four year period.

The MTFS 2022/23 to 2025/26 will continue to deliver and build upon the investment in policing for Northumbria residents approved by the Commissioner in 2020/21 and 2021/22. The Strategy will assist the Force to become better prepared to meet future demand; deliver a much-needed increase in officer numbers through the final year of the national police officer Uplift programme; and allow Northumbria Police to invest in the right resources to protect the vulnerable, tackle crime and keep our communities safe.



The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, support the key enablers within the Northumbria Strategy 2025, deliver the strategic objectives of Northumbria Police and meet the requirements of the National Strategic Policing Requirement.

The Commissioners MTFS was established to make the best use of the financial settlement 2022/23, whilst making prudent assumptions on future funding levels and expected budget requirements, to ensure that resources remain available to meet operational demand, continue to deliver value for money and are sustainable across the period of the MTFS.

The Police Grant Report for 2022/23 confirmed an increase of £550.000 million for policing, to support the recruitment of an additional 8,000 officers by March 2023. Indicative increases of £100.000 million (2023/24) and £150.000 million (2024/25) were confirmed for future years.

⁴ Public Service Pension Act 2013 (section 4)

⁵ Regulation 10 of Accounts and Audit (England) Regulations 2015 (available from the governments legislation website)

⁶ In line with Regulation 6 of the Accounts and Audit (England) Regulations 2015

The increase for Northumbria was £16.7000 million which represents the funding formula share (3.08%) of the total £550.000 million nationally. The Uplift target for Northumbria in 2022/23 was an additional 246 police officers which was fully delivered by March 2023.

The Commissioner approved an increase in the Council Tax Precept for 2022/23 of £10.00 per year for a Band D property. The additional income generated by the precept increase is £4.000 million and this will be used to deliver:

- Additional call handlers to improve performance for 999 and 101 services.
- Extra resources to tackle cyber-crime and serious and organised crime.
- More civilian investigators to support investigations and free up officers.
- Workforce investment – supporting our officers to keep them on the beat and tackling crime.

The MTFS financial forecast sets out one scenario for what we think the overall funding might look like for Northumbria Police over the four years. However, there are many unknowns within the current economic and political environment and together with a continued lack of certainty around future funding from the Government it remains extremely difficult to predict an accurate financial picture with a high degree of confidence. The budget estimates for future years will require further consideration as the financial landscape becomes clearer and government funding support beyond the 2022/23 financial year is confirmed.



It is important to acknowledge that the targeted central government funding to deliver the Police Uplift Programme will not return police officer numbers to the levels of 2010 or undo the overall funding reductions Northumbria Police have had to adjust to. Uplift targets allocated to date do not fully replace the 1,100 officers that Northumbria lost during that period.

The Commissioner's MTFS for 2022/23 through to 2025/26 demonstrates a balanced sustainable financial position over the medium term. However, this is predicated on many key assumptions around resource requirements, future costs and levels of total funding. Given that yet again, Northumbria are faced with a one-year settlement for 2022/23, with limited information provided for future years, there remains a level of risk throughout the period of the MTFS and therefore the financial context for Northumbria Police remains extremely challenging.

The MTFS can be found on the Commissioners website.

Northumbria Police Strategic Priorities and Transformation Programme

Northumbria Police has a track-record of delivering a high standard of performance and quality services. Understanding our demand helps to ensure we can maintain these standards.

Our strategic priorities, directly support those of our communities and the Police and Crime Plan priorities of **Fighting Crime, Preventing Crime and Improving Lives**.

We continue to implement our Transformation Programme, which is reviewing all aspects of our operating model and the elements that underpin the delivery of policing services. This aims to reduce demand and optimise capacity, whilst improving the quality of service to users. The programme is being managed over four stages as we standardise, improve, remodel and innovate.

The implementation of core information systems is the result of much-needed, substantial investment in information technology and digital transformation. We are replacing a number of legacy systems with new, modern and flexible platforms. These new systems will provide functionality that will be harnessed to generate more efficient and effective operating practices across the Force.

Digital Programme – Implementing: Command and Control system (Smart Contact and associated Customer Relationship Management system); Operational Policing system; Human Resource, Learning Management and Health and Safety systems; enhanced Data Analytics (creation of a data warehouse with QlikSense business analytics tools).

Operational Programme – Undertaking a number of business reviews and productivity changes: Creating a Force Coordination Centre; modernising our public contact and communications structure and processes; enhanced victims and witnesses services; implementing fleet analytics; a review of intelligence services; undertaking a full role, reward and pay review for all staff roles; and implementing new ways of working using organisational learning post Covid-19.

The National Uplift Programme - provides Northumbria with an additional 619 officers. We have also committed to invest in a further 60 police officer investigators over and above the target set by government. In response to our demand analysis and increased demand, a large proportion of the new officers will be allocated to investigative functions, including those related to cyber-crime. We are also actively increasing our volunteer base, with plans to expand and widen the remit of volunteering at the centre of our people strategy.

Events after the reporting period

Local Government Pension Scheme (LGPS) Triennial Valuation.

Police staff in Northumbria Police can be members of the Tyne and Wear Pension Fund (TWPF) which is a Local Government Pension Scheme (LGPS) administered by South Tyneside.

The TWPF 2022 Triennial Valuation Report was published on 31 March 2023.

As the external auditor had not yet issued the audit opinion for the Chief Constable's Statements of Account 2021/22, the publication of the 2022 Triennial Valuation Report represented an event after the reporting period which meant revised disclosures were required to account for this new information in the 2021/22 position. These results did not impact on the funding required from the Police and Crime Commissioner (and General Fund) for policing.

Adjustments to the Financial Statements

In addition to the Event after the Reporting Period described above, there is an additional movement on the on the Chief Constable's balance sheet which relates to a correction made by TWPF to the pension fund asset investment returns. The updated information was provided by the Fund after the date of publication of the Draft Statements of Account for the Chief Constable. The increased returns led to an increase in the

value of the assets within the Chief Constable's net pension liability, and an increase in the return on assets within Other Comprehensive Income in the CIES.

Appointment of Chief Constable Vanessa Jardine

In April 2023 Winton Keenen retired from the post of Chief Constable and Vanessa Jardine was appointed as the new Chief Constable for Northumbria Police.

As the Chief Constable throughout the financial year 2021/22, any references to information verified or provided by the Chief Constable will refer to Winton Keenen.

Due to the time taken to resolve the issues relating to treatment of the Local Government Pension Scheme (LGPS) Triennial Valuation nationally as described earlier in this note, the external auditor was not able to issue the audit opinion for the Chief Constable's Statements of Account 2021/22 prior to the retirement date for Chief Constable Winton Keenen.

The approval of the Chief Constable for Northumbria Statements of Account 2021/22 has therefore been signed by Chief Constable Vanessa Jardine.

Further information and detail on these events can be found in **Note 19** to the financial statements.

A handwritten signature in blue ink, appearing to be 'K. Laing', with a long horizontal stroke extending to the right.

Kevin Laing MSc (fin) CPFA
Chief Finance Officer

Date: 30/08/2023

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Appoint a person (Chief Finance Officer) to be responsible for the proper administration of his financial affairs;
- Manage his affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statements of Account



Vanessa Jardine

Date: 30/08/2023

The Chief Constable for Northumbria Police

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's Statements of Account. This has been done in accordance with proper practices as set out in the CIPFA / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing these Statements of Account, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I hereby certify that the Statements of Account for the year ended 31 March 2022, required by the Accounts and Audit Regulations are set out in the following pages.

I further certify that the Statements of Account gives a true and fair view of the financial position of the Chief Constable at 31 March 2022 and of his income and expenditure for the year ended 31 March 2022.



Kevin Laing MSc (fin) CPFA
Chief Finance Officer

Date: 30/08/2023

Core Financial Statements

Comprising:

- Movement in Reserves Statements
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Single Entity Financial Statements

Movement in Reserves Statement 2021/22

	Note	General Fund £000	Total Usable Reserves £000	Pensions Reserve £000	Accumulated Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Balance as at 31 March 2021		-	-	(4,579,670)	(10,065)	(4,589,735)	(4,589,735)
<u>Movement in reserves during 2021/22</u>							
Total Comprehensive Income and Expenditure		(163,899)	(163,899)	165,660	-	165,660	1,761
Adjustments between Accounting Basis & Funding Basis under regulations	8(a)	163,899	163,899	(160,490)	(3,409)	(163,899)	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves		-	-	5,170	(3,409)	1,761	1,761
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-
Increase / (Decrease) in Year		-	-	5,170	(3,409)	1,761	1,761
Balance as at 31 March 2022		-	-	(4,574,500)	(13,474)	(4,587,974)	(4,587,974)

Movement in Reserves Statement 2020/21

	Note	General Fund £000	Total Usable Reserves £000	Pensions Reserve £000	Accumulated Absences Account £000	Total Unusable Reserves £000	Total Reserves £000
Balance as at 31 March 2020		-	-	(4,160,790)	(9,334)	(4,170,124)	(4,170,124)
<u>Movement in reserves during 2020/21</u>							
Total Comprehensive Income and Expenditure		(143,401)	(143,401)	(276,210)	-	(276,210)	(419,611)
Adjustments between Accounting Basis & Funding Basis under regulations	8(a)	143,401	143,401	(142,670)	(731)	(143,401)	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves		-	-	(418,880)	(731)	(419,611)	(419,611)
Transfers (To) / From Earmarked Reserves		-	-	-	-	-	-
Increase / (Decrease) in Year		-	-	(418,880)	(731)	(419,611)	(419,611)
Balance as at 31 March 2021		-	-	(4,579,670)	(10,065)	(4,589,735)	(4,589,735)

Comprehensive Income and Expenditure Statement						
2020/21				2021/22		
Gross Expenditure £000	Income £000	Net Expenditure £000	Service Expenditure Analysis	Gross Expenditure £000	Income £000	Net Expenditure £000
373,651	-	373,651	Police Services	413,826	-	413,826
2,568	-	2,568	Policing Funds (managed by the PCC)	3,939	-	3,939
-	(326,188)	(326,188)	PCC Financing of Police Services	-	(345,506)	(345,506)
376,219	(326,188)	50,031	Net Cost of Services	417,765	(345,506)	72,259
		93,370	Financing and Investment Income and Expenditure (Interest on the net defined benefit pension Liability / (Asset))			91,640
		143,401	(Surplus) / Deficit on Provision of Services			163,899
		276,210	Re-measurements of the net defined pension benefit Liability			(165,660)
		276,210	Other Comprehensive Income and Expenditure			(165,660)
		419,611	Total Comprehensive Income and Expenditure			(1,761)

Balance Sheet			
31 March 2021		31 March 2022	Notes
£000		£000	
13,661	Short-Term Debtors	14,106	13
13,661	Current Assets	14,106	
(375)	Short-Term Provisions	(372)	15
(23,351)	Short-Term Creditors	(27,208)	14
(23,726)	Current Liabilities	(27,580)	
(4,579,670)	Other Long-Term Liabilities (Pensions)	(4,574,500)	
(4,579,670)	Long-Term Liabilities	(4,574,500)	
(4,589,735)	Net Assets	(4,587,974)	
	Usable Reserves		
-	General Reserve	-	
	Unusable Reserves		
(10,065)	Accumulated Absence Account	(13,474)	
(4,579,670)	Pensions Reserve	(4,574,500)	8
(4,589,735)	Total Reserves	(4,587,974)	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Chief Constable at 31 March 2022.



Kevin Laing MSc (fin) CPFA

Chief Finance Officer

Date: 30 August 2023

Cash Flow Statement	
2020/21 £000	2021/22 £000
143,401 (Surplus) / Deficit on the Provision of Services	163,899
Adjustments to (Surplus) / Deficit on the Provision of Service for Non-Cash Movements:	
(142,670) Pension Adjustments	(160,490)
296 Contributions To / (From) Provisions	3
(731) Other Non-Cash Movements	(3,409)
Accruals Adjustments:	
(247) Increase / (Decrease) in Debtors	445
(49) (Increase) / Decrease in Creditors	(448)
- Net cash flows from Operating Activities	-
- Net (Increase) / Decrease in Cash and Cash Equivalents	-
- Cash and Cash Equivalents at the Beginning of the Period	-
- Cash and Cash Equivalents at the End of the Period	-

Notes to the Core Financial Statements

1. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Chief Constable (i.e. the financing provided by the Police and Crime Commissioner) for the year has been used in providing services in comparison with those resources consumed by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between reportable segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net expenditure chargeable to the general fund shown for Police Services of **£302.632 million** comprises the outturn position against the Chief Constables revenue budget of **£302.596 million** plus the transfer from the NEROCU reserve of **£0.036 million**.

Expenditure and Funding Analysis						
2020/21				2021/22		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
280,979	92,672	373,651	Service Expenditure Analysis			
-	2,568	2,568	Police Services	302,632	111,194	413,826
(280,979)	(45,209)	(326,188)	Policing Funds (managed by the PCC)	-	3,939	3,939
-	50,031	50,031	PCC Financing of Police Services	(302,632)	(42,874)	(345,506)
-	93,370	93,370	Net Cost of Services	-	72,259	72,259
-	143,401	143,401	Other Income and Expenditure	-	91,640	91,640
-	-	-	(Surplus) / Deficit on Provision of Services	-	163,899	163,899
-	-	-	Opening General Fund Balance at 31 March	-	-	-
-	-	-	Surplus / (Deficit) on General Fund in Year	-	-	-
-	-	-	Closing General Fund as 31 March	-	-	-

a. Note to the EFA – Adjustment between funding and accounting basis

The following table sets out the total adjustments between the financial performance of the Chief Constable under the funding position and the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

2021/22				
Adjustments between Funding and Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	68,850	3,409	38,935	111,194
Policing Funds (managed by the PCC)	-	-	3,939	3,939
PCC Financing of Police Services	-	-	(42,874)	(42,874)
Net Cost of Services	68,850	3,409	-	72,259
Other Income and Expenditure	91,640	-	-	91,640
(Surplus) / Deficit on Provision of Services	160,490	3,409	-	163,899

2020/21				
Adjustments between Funding and Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	49,300	731	42,641	92,672
Policing Funds (managed by the PCC)	-	-	2,568	2,568
PCC Financing of Police Services	-	-	(45,209)	(45,209)
Net Cost of Services	49,300	731	-	50,031
Other Income and Expenditure	93,370	-	-	93,370
(Surplus) / Deficit on Provision of Services	142,670	731	-	143,401

2. Expenditure and income Analysed by nature

The Code of Practice requires the Chief Constable to disclose information on the nature of expenses. The Chief Constable's expenditure and income for 2021/22 (and 2020/21 comparative) is analysed as follows

Expenditure and Income Analysed by Nature		
Expenditure / Income	2020/21 £000	2021/22 £000
Expenditure		
Employee benefits expenses	316,790	355,605
Other employee expenses	4,601	6,008
Premises	8,203	8,918
Transport	4,494	5,086
Supplies and services	22,902	24,765
Third party payments	5,632	7,292
Charge for use of assets	13,597	10,091
Interest on the net defined benefit pension liability	93,370	91,640
Total Expenditure	469,589	509,405
Income		
PCC financing of police services	(326,188)	(345,506)
Total Income	(326,188)	(345,506)
(Surplus) / Deficit on the Provision of Services	143,401	163,899

3. Statement of Accounting Policies

Introduction

The purpose of this Statement of Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

Accounting policies are the principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

The accounts have been prepared on a going-concern basis using a historical cost convention. Any departure from the relevant standards is stated in the notes.

Except where specified in the Code, estimation techniques that most closely reflect the economic reality of the transactions based on all known facts available have been used.

The Accounting concepts and policies which have a material impact on the accounts are as follows:

a. Police Reform and Social Responsibility Act 2011

The Police Reform and Social Responsibility Act 2011 (the Act) established both the Police and Crime Commissioner for Northumbria (the Commissioner) and the Chief Constable for Northumbria as two separate corporations sole, and the statutory accounting arrangements for both entities fully comply with this Act.

By virtue of the powers and responsibilities of the Commissioner as designated by the Act and the Home Office Financial Management Code of Practice, the Commissioner controls the Chief Constable for financial reporting purposes and as such is required to prepare consolidated financial statements for the Group (the Commissioner and the Chief Constable) as well as her own (Police and Crime Commissioner) single-entity accounts. The Chief Constable, who is treated as a subsidiary of the Commissioner, has prepared single-entity accounts.

All expenditure for the Group is paid for by the Commissioner from the Police Fund. All income and funding is paid into the Police Fund and recognised in the Commissioner's accounts. The Group financial statements consolidate all income, expenditure, assets, liabilities, reserves and cash flows of the Group.

The Chief Constable manages expenditure in relation to policing within the budget set by the Commissioner. These Statements of Account presents expenditure on policing following appropriate accounting practice.

The requirement to prepare consolidated financial statements for the Group as well as single-entity accounts for the Commissioner and Chief Constable required a judgement as to what to recognise in each set of financial statements.

The following gives further context to the accounting recognition in each entity, at 31 March 2022, all assets, liabilities and reserves were the responsibility of the Commissioner. The Commissioner owns and controls all non-current assets, loans, investments and borrowing. All contracts are in the Commissioners name. The Commissioner controls the bank account, is responsible for all liabilities, and controls all usable reserves. The Commissioner is the recipient of all income including government grants, Precepts and other sources of income which is paid into the Police Fund, and all expenditure of the Chief Constable is funded by the Commissioner from the Police Fund. There are no cash transactions between the two bodies.

However, the recognition of expenditure in the single-entity accounts of the Chief Constable and the Police and Crime Commissioner is based on economic benefit and service potential derived by each. Under the provisions of the Act, the Chief Constable is responsible to the Commissioner for the day to day provision of the policing function. In so doing, the Chief Constable consumes the Commissioner's resources in fulfilling the statutory functions. Local governance arrangements, give day to day responsibility for financial management of the Force to the Chief Constable within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner. Consequently, expenditure in relation to policing is recognised in the financial statements of the Chief Constable funded by a credit from the Commissioner for resources consumed. Similarly, following the CIPFA guidance on best practice, the liabilities associated with the employee costs disclosed in the Chief Constable's Accounts are also shown in the Chief Constable's Balance Sheet rather than that of the Commissioner.

All income, as well as expenditure directly controlled by the Commissioner, in relation to her Office and a number of Specific Grants and other funding streams, is recognised in the financial statements of the Commissioner.

In order to show the total economic cost of policing in the Chief Constable's accounts the following charges, under the control of the Commissioner, are included as a proxy in the Chief Constable's Comprehensive Income and Expenditure Statement:

- The use of non-current assets equivalent to the depreciation, impairment, amortisation and revaluation of the assets charged to the Commissioner - £10.091 million; and

- The cost of insurance and support services expended by the Commissioner but provided to support the Chief Constable in the provision of policing - £0.237 million.

There is a need to properly reflect the cost of the joint Chief Finance Officer between the two corporate bodies and therefore the following charge under the control of the Chief Constable is included in the Commissioner's Comprehensive Income and Expenditure Statement:

- The proportion of the Joint Chief Finance Officer (CFO) role attributed to the statutory functions provided under the OPCC - £0.026 million in 2021/22.

The following intra-group transactions are included in the single-entity accounts but eliminated from the Group accounts:

- A debit for the resources consumed by the Chief Constable is included in the Comprehensive Income and Expenditure Account of the Commissioner with a corresponding credit in the Comprehensive Income and Expenditure Statement of the Chief Constable; and
- The Chief Constable's Balance Sheet includes any creditors and debtors in relation to the cost of policing offset by a balancing net debtor of 'resources consumed by the Chief Constable but no cash payment made by the Commissioner, or payments made by the Commissioner in advance of services received by the Chief Constable at the Balance Sheet date' with a corresponding net creditor in the Commissioner's Balance Sheet.

b. Accruals of expenditure and income

The financial statements, other than the cash flow, are prepared on an accruals basis. This means that activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventory in the Balance Sheet of the Police and Crime Commissioner;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

c. Charges to revenue for non-current assets

The Commissioner owns and controls all non-current assets but makes them available to the Chief Constable to deliver the policing function. The Commissioner's accounts must be debited with the cost of holding non-current assets during the year. The Chief Constable's accounts include a proxy charge for the use of those assets equivalent to depreciation, impairment and amortisation of non-current assets.

d. Employee benefits

Benefits payable during employment

Short-term employee benefits, such as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render services. An accrual is made for the cost of holiday entitlements and other short term absences earned by employees but not taken before the year-end, and which employees can carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate a member of staff's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement. When an offer to encourage voluntary redundancy is made to a group of employees, a provision or contingent liability will be included in the accounts.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Chief Constable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable but unpaid at the year end.

Post-employment benefits (pensions)

As part of the terms and conditions of employment, the Chief Constable offers retirement benefits by participating in pension schemes. These are the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015 and the Tyne and Wear Pension Fund, all of which offer defined benefits related to pay and service:

The Police Pension Schemes are unfunded defined benefit schemes, for which contributions are paid into a Pension Fund and pensions paid from the Fund. The deficit each year on the Fund is balanced to nil at the end of each year by receipt of a pension top up grant via the Commissioner from the Home Office. There are no investment assets built up to meet the pension liabilities and cash has to be generated by the Home Office to meet actual pension payments as they eventually fall.

The Tyne & Wear Pension Fund is a Local Government Pension Scheme administered by South Tyneside Council. It is classified as a funded defined benefit scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

Although retirement benefits will not actually be payable until employees retire, the Chief Constable has a commitment to recognise liabilities at the point at which employees earn their future entitlement. The aim is to ensure that the true net asset / liability of a defined benefit pension scheme is recognised in the Balance Sheet, and the true costs of retirement benefits are reflected in the Comprehensive Income and Expenditure Statement.

Movements during the year in the net asset / liability of the pension scheme are reflected in the Comprehensive Income and Expenditure Account. Actuarial gains and losses on fund assets and liabilities are recognised in the Comprehensive Income and Expenditure Account.

As with capital charges, pension entries are reconciled back to cash amounts payable to ensure that there is no effect upon Council Tax Precept.

Further information relating to pension costs is included in the notes to the accounts.

e. Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements of Account are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statements of Account are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statements of Account are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Account.

f. Prior period adjustments

The majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions in the year in which they are identified. Changes in accounting estimates are accounted for prospectively, i.e. In the current and future years affected by the change and do not give rise to a prior period adjustment.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There are no prior period adjustments for the 2021/22 accounts.

g. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes both the most straightforward financial instruments (e.g. trade payables and receivables) and the most complex such as equity instruments.

Typical financial instruments are trade payables and trade receivables, borrowings, bank deposits and investments. As the Police and Crime Commissioner is responsible for all income, borrowing and investments, the only financial instruments held by the Chief Constable are trade payables and trade receivables.

Financial Assets

Financial assets are assets that have fixed or determinable payments but are not quoted in an active market. These assets are initially measured at fair value and carried at their amortised cost.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

h. Provisions and contingent liabilities**Provisions**

Provisions are made where an event has taken place that gives the Chief Constable a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Chief Constable 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 Chief Constable. 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 for 2021/22 are set out at Note 15 to the Accounts.

i. Reserves

The Chief Constable maintains reserves which are classified as either usable (backed by cash) relating to the General Fund, or unusable (not backed by cash) adjustment accounts kept to manage the accounting processes for the Accumulated Absences Account and the Pension Fund.

As the Police and Crime Commissioner is responsible for all usable reserves and the level held, the Chief Constable's general reserve is maintained at a nil balance. Further information on the Chief Constable's reserves including the movement in-year is set out at **Note 8** to the Accounts.

j. Value Added Tax (VAT)

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

k. Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control.

Expenditure relating to the cost of Joint Arrangements is charged to the Comprehensive Income and Expenditure Statement (CIES) of the Chief Constable with any associated income being shown against the CIES for the Commissioner Single Entity.

Any assets held jointly are accounted for on the Balance Sheet of the Police and Crime Commissioner Single Entity and Group as the percentage share of assets attributable to the Police and Crime Commissioner for Northumbria.

The Force currently has a Joint Arrangement with Durham and Cleveland, the North East Regional Organised Crime Unit (NEROCU). Further detail of the arrangements in place and the outturn for 2021/22 is shown at **Note 12**.

4. Critical Judgement in applying accounting policies

In applying its accounting policies, certain judgements have been made about the complex transactions or those involving uncertainty about future events. The most significant areas where judgements have been necessary are:

- Accounting for pension liabilities; and
- Accounting recognition of assets, liabilities, reserves, revenue and expenditure following introduction of the new governance arrangement under provisions of the Police Reform and Social Responsibility Act.

Where judgement has been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in the financial statements.

5. Impact of changes in accounting policies

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. When a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There have been no material changes in accounting policies in 2021/22.

6. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by an amendment to an existing standard or a new standard that has been issued but not yet adopted. For 2021/22 the following have been issued but will not be adopted by the Code until 2022/23:

- Annual improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

It is not expected that any of these amendments will have a material impact on the information provided in the financial statements for the Chief Constable.

IFRS 16 Leases

The IASB issued IFRS 16 Leases in January 2016. The standard has an effective date of 01 January 2019 and was due to be adopted in the Code for the 2019/20 financial year. Implementation has now been delayed a number of times, with the latest position being that adoption is now required from 01 April 2024, although early adoption is allowed from 01 April 2022. The Chief Constable intends to adopt IFRS 16 for the 2024/25 financial year, which is in line with The Commissioners intended year of adoption. Whilst the impact on the financial statements is not yet known in detail, there is expected to be no impact on the General Fund balance resulting from implementation

7. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimated figures that are based on assumptions made 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 cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items within the Chief Constable's Balance Sheet as at 31 March 2022 for which there is significant risk of material adjustment in the forthcoming financial year is as follows

Pension Liabilities

Pension liabilities included in the balance sheet are assessed on an actuarial basis. The estimation of the future liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in mortality rates, the age profile of members and retirement age, and expected return on pension fund assets for funded schemes.

The pension fund liabilities for the Police Pension Scheme (PPS) have been assessed by the Government Actuary's Department (GAD).

The pension fund liabilities for the Tyne and Wear Pension Fund (TWPF) have been assessed by AON Solutions UK Limited (AON).

Both GAD and AON provide the Commissioner with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured and further information on the impact of such changes for both PPS and TWPF is presented in **Note 17** to the accounts. Some examples of the potential impact are set out below:

Police Pension Scheme (PPS)

- A reduction in the discount rate assumption of 0.5% would result in an increase in the pension liability of £421.000 million (9.5%).
- An increase in the salary inflation assumption of 0.5% would result in an increase in the pension liability of £39.000 million (1.0%).

Tyne and Wear Pension Fund (TWPF)

- A reduction in the discount rate assumption of 0.1% would result in an increase in the pension liability of £14.020 million (2.4%).
- An increase in the rate of general salary increases assumption of 0.1% would result in an increase in the pension liability of £2.340 million (0.4%).

Further details are included within the notes to the accounts.

8. Movement in Reserve Statement adjustments

The Movement in Reserves Statement details all movements in the financial year on the different reserves held by the Chief Constable, analysed into 'usable' reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable' reserves (notional adjustment accounts not supported by cash). At present, the only transactions shown in this statement relate to the pensions reserve and the accumulated absences reserve (reflecting movements relating to police officers and police staff under the direction and control of the Chief Constable). All other reserves are managed by the Commissioner. The following tables provide further details of the amounts disclosed in the Movement in Reserves Statement.

a. Adjustments between accounting basis and funding under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Chief Constable in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure. The adjustments for 2021/22 and 2020/21 are set out in the following tables:

Adjustments between Accounting Basis & Funding Basis under regulations					
2020/21			2021/22		
Usable Reserves General Fund £000	Unusable Reserves Pension Fund £000		Usable Reserves General Fund £000	Unusable Reserves Pension Fund £000	
(731)	731	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,409)	3,409	
(195,440)	195,440	Reversal of IAS 19 Pension Charges	(215,340)	215,340	
52,770	(52,770)	Contributions due under the pension scheme regulations	54,850	(54,850)	
(143,401)	143,401	Total adjustments between Accounting Basis and Funding Basis under regulations	(163,899)	163,899	

The Chief Constable maintains three reserves, which are classified as either usable (backed by cash) relating to the General Fund, or unusable (notional adjustment accounts not supported by cash) relating to the Accumulated Absences Account and the Pension fund.

The Commissioner is responsible for usable reserves and the level held. The Comprehensive Income and Expenditure Statements of the Chief Constable and the Commissioner show that the Commissioner has fully funded the expenditure of the Chief Constable so that the Chief Constable's general reserve is maintained at a nil balance.

b. Analysis of transfers To / (From) reserves

The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. Annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers To / From the Account.

The **Pensions 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. The Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect

inflation, changing actuarial assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require that benefits earned, are financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which the Chief Constable is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Pensions Reserve holds balances in relation to both the Police Pension Scheme and the Tyne and Wear Pension Fund.

Analysis of the transfers To / From reserves 2021/22				
Balance as at 31 March 2021 £000	Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2022 £000
Usable Reserves				
- General Reserve	-	-	-	-
- Total Usable Reserves	-	-	-	-
Unusable Reserves				
(10,065) Accumulated Absences Account	-	(3,409)	(3,409)	(13,474)
(4,579,670) Pensions Reserve	165,660	(160,490)	5,170	(4,574,500)
(4,589,735) Total Unusable Reserves	165,660	(163,899)	1,761	(4,587,974)
(4,589,735) Total Reserves	165,660	(163,899)	1,761	(4,587,974)

Analysis of the transfers To / From reserves 2020/21				
Balance as at 31 March 2020 £000	Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2021 £000
Usable Reserves				
- General Reserve	-	-	-	-
- Total Usable Reserves	-	-	-	-
Unusable Reserves				
(9,334) Accumulated Absences Account	-	(731)	(731)	(10,065)
(4,160,790) Pensions Reserve	-	(418,880)	(418,880)	(4,579,670)
(4,589,735) Total Unusable Reserves	-	(419,611)	(419,611)	(4,589,735)
(4,589,735) Total Reserves	-	(419,611)	(419,611)	(4,589,735)

c. Transfers To / From Unusable Reserves

Unusable Reserves - Pensions Reserve					
Transfers To/(From) Reserves					
Balance as at 31 March 2021 £000		Re-measurements of the net defined benefit pension liability £000	Reverse the net impact of IAS19 charges on the General Fund £000	Total Movement £000	Balance as at 31 March 2022 £000
	Pensions Reserve				
(216,050)	Chief Constable LGPS	101,850	(23,810)	78,040	(138,010)
(4,363,620)	Chief Constable Police Pension Scheme (PPS)	63,810	(136,680)	(72,870)	(4,436,490)
(4,579,670)	Total Reserves	165,660	(160,490)	5,170	(4,574,500)

9. External audit costs

The below table shows the amount paid by the Chief Constable to the Group's external auditors, Grant Thornton UK LLP for audit services in relation to the 2021/22 and 2020/21 financial accounts. The explanation of the additional costs in 2020/21 are explained below;

External Audit Costs	
2020/21 £000	2021/22 £000
14 External Audit Services	14
5 Additional fees relating to the previous year's audit	7
1 Non-audit services provided by the external auditor	1
20 Net Cost	22

The 2019/20 external audit was carried out by Mazars LLP. Additional fees were paid to Mazars LLP in 2020/21 relating to the previous year's audit. The 2020/21 external audit was carried out by Grant Thornton UK LLP. Grant Thornton UK LLP provided a Tax and VAT Helpline service to the Group during the 2020/21 financial year and up until their appointment as external auditors in the 2021/22 financial year. This Helpline was provided to answer non-complex queries on tax and VAT treatments. The service ceased on appointment as statutory auditor. The Helpline was provided by a separate team of tax specialists within Grant Thornton UK LLP, who had no involvement in the external audit process. On completion of the 2020/21 audit a fee variation was agreed and paid to Grant Thornton in the financial year 2021/22 which is reflected in the table above 'additional fees relating to the previous year's audit'.

10. Officer Remuneration

The following tables set out the remuneration for police staff and police officers whose total remuneration is more than £50,000 per year in 2021/22 and the equivalent disclosure for 2020/21.

Total remuneration for the purposes of the banding note requires the disclosure of all payments paid to or receivable by an individual during the year. This includes salary, overtime, fees and allowances, holiday pay, exit payments and any other payments.

One senior police officer was on secondment with a neighbouring Force for the full 2020/21 financial year as Temporary Assistant Chief Constable, and is reflected in the highest banding £110,000 - £114,999.

Numbers of Employees receiving over £50,000		
Remuneration Band	Number of Employees	
	2020/21	2021/22
£50,000 - £54,999	225	376
£55,000 - £59,999	127	204
£60,000 - £64,999	52	73
£65,000 - £69,999	5	13
£70,000 - £74,999	4	18
£75,000 - £79,999	11	4
£80,000 - £84,999	5	12
£85,000 - £89,999	6	9
£90,000 - £94,999	3	1
£95,000 - £99,999	3	3
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	-

The banding note above excludes remuneration for members of the Chief Officer Team, executive level directors and statutory roles which are disclosed separately in the table for Remuneration of Senior Employees.

The following table shows the total number and cost of exit packages which became demonstrably committed to during the year ending 31 March 2022. The disclosure for exit packages is set out in-line with the CIPFA Code of Practice which requires an analysis between compulsory and other departures. The number of other departures includes voluntary redundancies and early retirements.

Exit packages 2021/22				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	1	-	1	5,857
£60,001 - £80,000	1	-	1	71,382
Total	2	-	2	77,239

The total cost of exit packages as set out above has been charged to the Chief Constable's Comprehensive Income and Expenditure Statement in the current year. The comparative disclosure for 2020/21 is set out in the following table:

Exit packages 2020/21				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	1	-	1	10,214
Total	1	-	1	10,214

Remuneration of the senior employees is disclosed in the following tables

Remuneration of Senior Employees 2021/22							
Post holder information	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2021/22 £
Chief Constable - Winton Keenen		180,062	18,629	-	198,691	-	198,691
Deputy Chief Constable - A		148,192	8,999	-	157,191	45,300	202,491
Assistant Chief Constable - B	1	15,760	-	-	15,760	1,822	17,581
Assistant Chief Constable - C		122,538	20,217	-	142,755	36,958	179,713
Temporary Assistant Chief Constable - D	2	2,189	-	-	2,189	668	2,857
Temporary Assistant Chief Constable - E		114,759	-	-	114,759	28,442	143,201
Temporary Assistant Chief Constable - F		111,338	-	-	111,338	28,442	139,781
Director of Finance (Chief Finance Officer)		103,362	-	-	103,362	17,365	120,727
Director of People and Development		103,362	-	-	103,362	17,365	120,727
Chief Information Officer		103,362	-	-	103,362	17,365	120,727
Total		1,004,923	47,845	-	1,052,768	193,727	1,246,495

Note 1: Assistant Chief Constable in post to 18th April 2021

Note 2: Assistant Chief Constable in post to 7th April 2021

Chief Finance Officer

The Director of Finance for Northumbria Police is the Chief Finance Officer for both the Chief Constable and Police and Crime Commissioner, 20% of the CFO remuneration is charged to the Commissioner in the single entity CIES. The senior officer remuneration in respect of the CFO role is disclosed in the Statements of Account for the Chief Constable and Police and Crime Commissioner Group financial statements – Remuneration of Senior Employees

Remuneration of Senior Employees 2020/21

Post holder information	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2020/21 £
Chief Constable - Winton Keenen		177,434	-	-	177,434	-	177,434
Deputy Chief Constable - A		146,707	8,778	-	155,485	44,840	200,325
Assistant Chief Constable - B		118,009	18,677	-	136,686	36,583	173,268
Assistant Chief Constable - C	1	43,561	2,548	-	46,109	13,401	59,510
Assistant Chief Constable - D	2	36,675	1,888	-	38,563	11,061	49,624
Temporary Assistant Chief Constable - E	3	916	-	-	916	229	1,146
Temporary Assistant Chief Constable - F		109,153	330	-	109,483	32,902	142,385
Temporary Assistant Chief Constable - G	4	70,451	220	-	70,671	18,754	89,425
Director of Finance (Chief Finance Officer)		102,311	-	-	102,311	17,188	119,499
Director of People and Development		102,311	-	-	102,311	17,188	119,499
Chief Information Officer	5	12,920	-	-	12,920	2,171	15,091
Total		920,446	32,441	-	939,967	194,318	1,147,205

Note 1: Assistant Chief Constable C in post to 14 August 2020

Note 2: Assistant Chief Constable D started post on 14 December 2020

Note 3: Temporary Assistant Chief Constable - E started post on 29 March 2021

Note 4: Temporary Assistant Chief Constable - G started post 03 August 2020

Note 5: Chief Information Officer started on 15 February 2021

11. Related Party Transactions

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

Central Government

Central Government has effective control over the general operations of the Chief Constable: it is responsible for providing the statutory framework within which the Chief Constable operates.

The Police and Crime Commissioner

Whilst the Chief Constable retains responsibility for the direction and control of the Force, the Commissioner is responsible for holding the Chief Constable to account for the full range of his responsibilities.

The Commissioner has an integrated scheme of corporate governance that sets out the operational policy framework within which the Commissioner and Chief Constable will operate. The Commissioner funds the expenditure on operational policing incurred by the Chief Constable, the total of which is disclosed in the Commissioner's Comprehensive Income and Expenditure Statement.

Senior Employees

For financial reporting purposes the Chief Constable is a subsidiary of the Police and Crime Commissioner. The Commissioner receives all income and makes all payments on behalf of the Group (Chief Constable and Commissioner).

The Force Executive are required to declare whether they or any member of their immediate family, have had any related party transactions with the Police and Crime Commissioner. There are no such transactions for 2021/22.

12. Joint Arrangements

The Chief Constable is involved with other Forces and entities to aid joint working between organisations. Any expenditure is accounted for within the Comprehensive Income and Expenditure Statement. There is a requirement to disclose certain information within the accounts for the Chief Constable's material joint arrangements and on this basis the following disclosure is made for North East Regional Organised Crime Unit - (NE ROCU) which is classified as a Joint Operation:

North East Regional Organised Crime Unit (NEROCU)

NEROCU Governance and Area of Business

The North East Regional Organised Crime Unit (NEROCU) is a collaboration between the three Forces of Northumbria, Durham and Cleveland categorised as a Joint Operation in line with the *Accounting for Collaboration* guidance issued by CIPFA. The governance of the Joint Operation is managed through a Section 22A collaboration agreement from the Police Act 1996, between all three Chief Constables and Police and Crime Commissioners.

NEROCU comprises of a number of highly specialised teams of officers and staff from the three Forces which 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.

The unit creates additional specialist capacity through effective partnership working and collaboration to deliver an increased response to tackling serious and organised crime that transcends Force borders in the region.

In-line with the Home Office Serious and Organised Crime Strategy, NEROCU places emphasis on preventing, prosecuting and disrupting serious and organised crime ensuring a co-ordinated national approach across Government, law enforcement, security and intelligence agencies

Financing and Reserves

NEROCU is financed through a combination of Home Office Grants and Force contributions under a fully immersed budget model. The net revenue requirement after the application of all available grant funding, is met by the three Forces with contributions being determined on the basis of Net Revenue Expenditure (NRE) after the use of reserves. NRE is equivalent to total funding from Home Office grants plus Council Tax income. The contribution proportions made for 2021/22 are set out in the table below

Force	Contribution
Northumbria	52.62%
Durham	23.00%
Cleveland	24.38%

The final outturn position for NEROCU was £8.923 million with Northumbria's share of the net cost being £4.695 million as set out in the following table

	NE ROCU Outturn		Northumbria	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000
Employee Pay and Pensions	9,846	10,985	5,173	5,780
Premises Costs	358	416	188	219
Vehicles and Fuel	165	229	87	120
Travel and Accommodation	38	103	20	54
Communications and Computing	121	330	64	174
Training and Conference Fees	160	207	84	109
Supplies and Services	452	266	238	140
Other Expenses	129	142	68	75
Total Expenditure	11,268	12,678	5,921	6,671
Home Office Grant	(3,136)	(2,549)	(1,648)	(1,341)
Other Income	(470)	(1,206)	(247)	(635)
Total Income	(3,607)	(3,755)	(1,895)	(1,976)
Net Expenditure	7,661	8,923	4,026	4,695

The accounting treatment for NEROCU is that expenditure is shown as £6.671 million (£5.921 million 2020/21) in the Chief Constable's accounts with income of £1.976 million (£1.895 million 2020/21) being accounted for in the Commissioners Single Entity accounts. The net cost to the Commissioner and Group is therefore £4.695 million (£4.026 million 2020/21).

All three Forces have equal representation and rights to control under the Section 22A collaboration agreement. Under this Agreement assets purchased by a Force and provided for the use of NEROCU are held on the Balance Sheet of that Force. In addition assets funded through Home Office grants and other contributions are purchased by Northumbria and held for the exclusive benefit of NEROCU. The share of NEROCU assets attributable to Northumbria are held as Property, Plant and equipment (PPE) on the Balance

Sheet of the Police and Crime Commissioner Single Entity and Group accounts in line with the relevant Northumbria contribution rate.

The three Forces jointly own the NEROCU premises, the North East Regional Crime Prevention Centre (NERCPC). The property asset is held under a Trust Agreement with the following ownership split:

- Northumbria 37.5%
- Durham 37.5%
- Cleveland 25.0%

Reserves attributable to NEROCU are also held on the Balance Sheet of the Police and Crime Commissioner with the share of overall reserves for Northumbria being determined on the basis of revenue contributions equating to £0.473 million as at 31 March 2022

13. Debtors

These amounts represent payments in advance, such as invoices spanning financial periods and the amount due from the Commissioner for resources consumed by the Chief Constable for which cash payments were not made by the 31 March 2022.

Short-Term Debtors	
31 March 2021 £000	31 March 2022 £000
47 Central government bodies	42
- Public corporations and trading funds	-
150 Bodies external to general government	229
13,464 Police and Crime Commissioner	13,835
13,661	14,106

14. Creditors

These amounts represent sums owed to a number of sources, such as other local authorities and government departments, in relation to policing expenditure.

Short-Term Creditors	
31 March 2021 £000	31 March 2022 £000
(5,986) Central government bodies	(6,273)
(55) NHS bodies	(1)
(1,728) Other local authorities	(1,530)
(15,582) Bodies external to general government	(19,404)
(23,351)	(27,208)

15. Provisions and Contingent Liabilities

Provisions

Provisions				
31 March 2021 £000	Additional Provisions Made £000	Provisions Used £000	Reversals £000	31 March 2022 £000
Short-term provisions				
(375) Employee remuneration	-	3	-	(372)
(375) Total	-	3	-	(372)

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims which are currently subject to legal process and expected to conclude in 2022/23.

The employee remuneration provision included in the accounts was established in 2016/17 and set at a prudent level estimated to settle all such claims. Whilst the majority of cases have been settled as at the balance sheet date, there remain a number of claims and costs outstanding which are expected to be finalised in 2022/23. The balance on the provision at 31 March 2022 reflects a prudent estimate to cover the expected costs.

Contingent Liabilities

At 31 March 2022, the Chief Constable has identified the following contingent liability:

- **Employee remuneration** - A provision has been made in relation to a number of claims that have been received from serving and retired officers in relation to past service under police regulations. The claims are in relation to a number of officers that worked in a specialist area and at this time each case is subject to legal review. A contingent liability is also disclosed here in relation to other remuneration issues and in particular the potential for further claims to be submitted over and above those included within the provision calculated at 31 March 2022.
- **McCloud/Sargeant judgement** – The Chief Constable along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police Pension Scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement but a case management hearing was held in October 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

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

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023. The Home Office have consulted during 2023 on the secondary regulations to bring the policy determined by the act into force from 1 October 2023.

- **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. Scheme actuaries originally estimated the increase in scheme liabilities for the Northumbria Chief Constable through a past service cost of £182.720 million recognised in the 2018/19 accounts, followed by a reduction of £12.080 million in 2019/20 accounts resulting from the eligibility criteria

for members set out in HM Treasury's consultation. The additional liability expected for affected members during 2020/21 and 2021/22 is included within the current service cost for those financial years.

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

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

- **Compensation Claims** – In addition there are a number of claimants that have lodged compensation claims for 'injury to feelings.' Claims have been lodged under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors - Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. A preliminary hearing for the pecuniary loss which was set for 20 December 2022 was stayed pending introduction of the remedy from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent that Government should meet the costs of compensation paid to claimants for discrimination. Therefore, no liability in respect of compensation claims is recognised in these accounts. However, a contingent liability is noted.

Penningtons – These claims were brought on behalf of the Police Federation after the finding of discrimination by the Court of Appeal in McCloud and Sargeant. NPCC will look to defend these cases on the basis that they were 'out of time'. At present no date has been set to hear these cases. It is not possible to estimate the extent of claims being successful, however if the time point were not to succeed, then NPCC would look towards the government to indemnify chief constables. This has been the NPCC position throughout this litigation, and it is felt the settlement of the Aarons cases has set a very helpful precedent. Therefore, no liability in respect of compensation claims is recognised in these accounts. However, a contingent liability is noted.

16. Financial Instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability in another. The term covers both financial assets such as loans and receivables and financial liabilities such as creditors and borrowings.

The Chief Constable holds the following types of financial instruments:

- Financial liabilities held at amortised cost – trade and other payables.
- Financial assets classed as loans and receivables – trade and other receivables.

Financial liabilities and assets are carried in the Balance Sheet at amortised cost. Their fair value is estimated to be the same as the carrying value.

The financial instruments carried in the Chief Constable's Balance Sheet are set out in the following table:

Financial Instruments		
	31 March 2021	31 March 2022
	£000	£000

Financial Liabilities at Amortised Cost

Short-term Creditors - Trade Creditors	(7,572)	(7,785)
--	---------	---------

Financial Assets at Amortised Cost

Short-term Debtors - Trade Debtors	150	229
------------------------------------	-----	-----

Due to the very limited types of financial instruments held by the Chief Constable there is limited exposure to risk. Key risks such as credit risk, liquidity risk, re-financing risk and market risk are all associated with contracts; cashflow; investment and borrowing activity; and overall financing of services. The Chief Constable has no material exposure to any of these sources of risk, which fall mainly to the Commissioner and are considered within the Financial Instruments note to the Commissioner's single-entity accounts

17. Employee Benefits**Benefits payable during employment**

The following table shows the cost of holiday entitlements and lieu time earned by police officers and police staff under the direction and control of the Chief Constable but not taken by the year-end. The cost of employee benefits is charged to the Chief Constable's accounts under Net Cost of Services in the CIES and the reserve associated with the short-term liability is shown under the Chief Constable's Unusable Reserves

Benefits payable during employment		
2020/21		2021/22
£000		£000
10,065	Police Services	13,474
10,065	Total employee benefits accrued at the Balance Sheet date	13,474

Post-employment benefits (pensions)

Post-employment benefits are pensions offered as part of the terms and conditions of police officers and police staff. They are accounted for in accordance with IAS19 in which pension liabilities are recognised at the point at which employees earn their future entitlement. The pension liability which is recognised in the Chief Constable's Balance Sheet and the in-year movement in the liability recognised in the Comprehensive Income and Expenditure Statement.

a. Defined Benefit Plan: Tyne and Wear Pension Fund

The Tyne and Wear Pension Fund (the "Fund") is a Local Government Pension Scheme (LGPS) administered by South Tyneside Council. This is a funded scheme, meaning that the Chief Constable and employees pay contributions into the Fund calculated at a level estimated to balance the pension liabilities with investment assets.

In 2021/22, the Chief Constable paid £9.760 million (£9.130 million in 2020/21) to the Pension Fund in respect of pension contributions, with standard contributions representing 16.8% of pensionable pay (16.8% in 2020/21).

The scheme is classified as a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 01 April 2014 are based on a Career Average Revalued Earnings scheme (CARE). Scheme benefits are accrued in accordance with the requirements of International Accounting Standard 19 Employee Benefits (IAS 19). IAS 19 accounts for retirement benefits when they are committed to be given, even if the actual payment is many years into the future. IAS 19 also includes the Chief Constable's share of the fund's assets and liabilities.

The last actuarial valuation was at 31 March 2022 which determined the contributions to be paid from 01 April 2023 to 31 March 2026. The results from that valuation are set out in the Fund's Rates and

Adjustment Certificate. The employer's standard contribution rate for 01 April 2023 to 31 March 2026 reduced from 16.8% to 16.0% as a result of the 2022 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2025 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2026. The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

Assets

The assets allocated to the Commissioner in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole can be seen in the Analysis of Scheme Assets table in the disclosures below. Further information on the Tyne and Wear Pension Fund can be found in their Annual Report. All annual reports are available from South Tyneside Council's website.

Transactions relating to retirement benefits

The Chief Constable recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefit is paid as pensions. However, the charge which is made against the Police Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement as an appropriation.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

Charges to Comprehensive Income and Expenditure Statement				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
Within Cost of Service				
Current Service Cost	18.33	29.07	-	-
Past service cost (incl. curtailments)	-	0.06	-	-
Financing, Investment Income & Expenditure				
Interest on net defined benefit Liability / (Asset)	3.17	4.37	0.07	0.07
Pension expense recognised in CIES	21.50	33.50	0.07	0.07
Remeasurements in OCI				
Return on plan assets (in excess of) / below that recognised in net interest	(66.60)	(20.48)	-	-
Actuarial (Gains) / Losses due to change in financial assumptions	128.43	(60.13)	0.33	(0.10)
Actuarial (Gains) / Losses due to change in demographic assumptions	-	(3.31)	-	(0.03)
Actuarial (Gains) / Losses due to liability experience	(3.94)	(17.77)	(0.04)	(0.03)
Total Amount recognised in OCI	57.89	(101.69)	0.29	(0.16)
Total Amount charged to CIES	79.39	(68.19)	0.36	(0.09)

Assets and Liabilities in Relation to Post-Employment Benefits

Changes to the present value of the defined benefit obligation				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
Opening defined benefit obligation	468.07	615.51	3.16	3.29
Current service cost	18.33	29.07	-	-
Interest expense on defined benefit obligation	10.70	12.84	0.07	0.07
Contributions by participants	3.44	3.67	-	-
Actuarial (Gains) / Losses on liabilities - financial assumptions	128.43	(60.13)	0.33	(0.10)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	-	(3.31)	-	(0.03)
Actuarial (Gains) / Losses on liabilities - experience	(3.94)	(17.77)	(0.04)	(0.03)
Net benefits paid out	(9.52)	(12.08)	(0.23)	(0.23)
Past service cost (incl. curtailments)	-	0.06	-	-
Closing defined benefit obligation	615.51	567.86	3.29	2.97

Changes to the fair value of assets during the period				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2021 £m	31 March 2022 £m	31 March 2021 £m	31 March 2022 £m
Opening fair value of assets	325.80	402.75	-	-
Interest income on assets	7.53	8.47	-	-
Remeasurement Gains / (Losses) on assets	66.60	20.48	-	-
Contributions by the employer	8.90	9.53	0.23	0.23
Contributions by participants	3.44	3.67	-	-
Net benefits paid out	(9.52)	(12.08)	(0.23)	(0.23)
Closing fair value of assets	402.75	432.82	-	-

Reconciliation of the present value of the defined benefit obligation and the fair value of fund assets to the assets and liabilities recognised in the balance sheet

	31 March 2021 £m	31 March 2022 £m
Fair Value of Assets (funded)	402.75	432.82
Fair Value of Assets (unfunded)	-	-
Present value of defined benefit obligation (funded)	(615.51)	(567.86)
Present value of defined benefit obligation (unfunded)	(3.29)	(2.97)
Asset / (Liability) recognised on the balance sheet	(216.05)	(138.01)

The previous table shows the impact within the Chief Constable Balance Sheet, the total liability has a substantial impact on the net worth of the Chief Constable, reducing the overall balance by £138.010 million. However, statutory regulations for funding the deficit mean that the financial position of the Chief Constable remains healthy, as the deficit on the local government scheme will be made good by future contributions over the remaining working life of employees, as assessed by the scheme actuary.

Scheme Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rate of return experienced on the respective markets. The actual return on scheme assets in the year was a gain of £28.950 million (£74.130 million gain in 2020/21).

Analysis of Scheme Assets				
Asset	Asset split at 31 March 2021 (%)	Quoted At 31 March 2022 (%)	Unquoted At 31 March 2022 (%)	Asset split at 31 March 2022 (%)
Equities	55.5	47.8	9.2	57.0
Property	7.9	0.0	8.4	8.4
Government bonds	2.2	2.0	0.0	2.0
Corporate bonds	19.8	18.8	0.0	18.8
Cash	4.0	1.8	0.0	1.8
Other*	10.6	4.8	7.2	12.0
	100.0	75.2	24.8	100.0

* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows

Members	%
Actives	51
Deferred Pensioners	17
Pensioners	32

Actuarial Assumptions

Liabilities have been assessed on an actuarial basis to provide an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and discount rates. AON Solutions UK Limited, an independent firm of actuaries, has valued the Tyne and Wear Pension Fund's assets and liabilities in accordance with IAS 19 by using the latest actuarial valuation of the Fund as at 31 March 2022. The liabilities for unfunded benefits are based on an actuarial valuation which took place on 31 March 2020.

A building block approach is employed in determining the rate of return on fund assets. Historic markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in the (analysis of scheme assets) table on the previous page. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2022.

The principal financial and actuarial assumptions are set out in the following table:

Principal financial and actuarial assumptions				
	Funded Liabilities		Unfunded Liabilities	
	2020/21	2021/22	2020/21	2021/22
Financial assumptions (% per annum)				
Discount Rate	2.1	2.7	2.1	2.7
Rate of Inflation (CPI)	2.7	2.9	2.7	2.9
Rate of Inflation (RPI)	n/a	n/a	n/a	n/a
Rate of increase in salaries	4.2	4.4	n/a	n/a
Rate of increase to pensions in payment	2.7	2.9	2.7	2.9
Pension accounts revaluation rate	2.7	2.9	n/a	n/a
Mortality assumptions				
Future lifetime from age 65 (Member aged 65 at accounting date)				
Men	21.9	21.5	21.9	21.8
Women	25.1	24.5	25.1	25.0
Future lifetime from age 65 (Member aged 45 at accounting date)				
Men	23.6	22.8	n/a	n/a
Women	26.9	26.0	n/a	n/a

The mortality assumptions are based on the actual mortality experience of members in the fund as identified in the actuary's disclosure report.

Commutations	
Year ended 31 March 2021	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.
Year ended 31 March 2022	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

Sensitivity to main assumptions

The following table shows the approximate impact of changing the key assumptions on the present value of the funded benefit obligations as at 31 March 2022 and the projected service cost for the year ending 31 March 2022. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Sensitivity to main assumptions (Funded Liabilities)			
Discount rate assumption	Adjustment to Rate		
Adjustment to discount rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	554.80	567.86	581.49
Change in present value of total obligation	-2.3%		2.4%
Projected service cost (£M)	25.04	26.00	26.99
Approximate change in projected service cost	-3.7%		3.8%
Rate of general increase in salaries	Adjustment to Rate		
Adjustment to salary increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	570.13	567.86	565.59
Change in present value of total obligation	0.4%		-0.4%
Projected service cost (£M)	26.00	26.00	26.00
Approximate change in projected service cost	0.0%		0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption	Adjustment to Rate		
Adjustment to pension increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	579.22	567.86	557.07
Change in present value of total obligation	2.0%		-1.9%
Projected service cost (£M)	26.99	26.00	25.04
Approximate change in projected service cost	3.8%		-3.7%
Post retirement mortality assumption	Adjustment to Rate		
Adjustment to mortality age rating assumption*	- 1 year	Base Figure	+ 1 year
Present value of total obligation (£M)	587.17	567.86	548.55
Change in present value of total obligation	3.4%		-3.4%
Projected service cost (£M)	27.01	26.00	24.99
Approximate change in projected service cost	3.9%		-3.9%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Expected Future Contributions

The expected contributions to be made to the Tyne and Wear Pension Fund by the Chief Constable for the accounting period to 31 March 2023 are estimated to be £10.120 million (£9.880 million funded and £0.240 million unfunded). In addition, strain on the fund contributions may be required as a result of voluntary redundancies and early retirements.

Duration of Liabilities

The duration of the Employer's liabilities is the average period between the calculation date and the date at which benefit payments fall due. This is estimated as 23.7 years.

b. Defined Benefit Plan: Police Pension Scheme

The Police Pension Schemes are wholly unfunded defined benefit schemes. Contributions and pensions are made to and paid from the Police Pension Fund, which is balanced to nil at the end of each financial year by receipt of a top-up pension grant from the Home Office. There are no investment assets built up to meet the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall due.

The results have been calculated by carrying out a detailed valuation of the data provided as at 31 March 2020, for the latest funding valuation. This has then been rolled forward to reflect the position as at March 2022, allowing for additional service accrued between 01 April 2021 and 31 March 2022, and known pension and salary increases that would have applied. The transactions shown below have been made during the year:

Charges to Comprehensive Income and Expenditure Statement		
	31 March 2021 £m	31 March 2022 £m
Net Cost of Service		
Current service cost	83.74	94.57
Past service cost	-	-
Financing and investment income and expenditure		
Pension interest cost	90.13	87.20
Total charge to Provision of Services	173.87	181.77
Re-measurement of the net defined benefit liability / (asset)	218.03	(63.81)
Total IAS 19 charge to Comprehensive Income and Expenditure	391.90	117.96

Present value of the defined benefit obligation

The present values of the scheme's liabilities are shown in the following table:

History of scheme liability					
	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Present value of the defined benefit obligation	(3,974.13)	(4,335.47)	(4,015.36)	(4,363.62)	(4,436.49)
Surplus / (Deficit) in the Scheme	(3,974.13)	(4,335.47)	(4,015.36)	(4,363.62)	(4,436.49)

Reconciliation of the present value

Reconciliation of the fair value of scheme assets		
	31 March 2021 £m	31 March 2022 £m
Opening fair value of assets	-	-
Actuarial Gains and (Losses) on assets	58.47	57.12
Contributions by employer	43.64	45.09
Contributions by participants	16.37	17.13
Transfers in	0.87	1.16
Net benefits paid	(119.35)	(120.50)
Closing fair value of assets	-	-

Analysis of movements in scheme liability

Analysis of the movement in scheme liability		
	31 March 2021 £m	31 March 2022 £m
Net Surplus / (Deficit) at the beginning of year	(4,015.36)	(4,363.62)
Current service cost	(83.74)	(94.57)
Cost covered by employee contributions	(16.37)	(17.13)
Past service cost	-	-
Pension transfers in	(0.87)	(1.16)
Net interest on the net defined benefit Liability / (Asset)	(90.13)	(87.20)
Net benefits paid	119.35	120.50
Remeasurements of the net defined Liability / (Asset)	(276.50)	6.69
Net Surplus / (Deficit) at the end of year	(4,363.62)	(4,436.49)

The weighted average duration of the defined benefit obligation for the Police Pension Scheme 2015 is around 33 years, the New Police Pension Scheme 2006 is around 34 years, and for the Police Pension Scheme 1987 it is around 18 years.

The weighted average duration of the defined benefit obligation for all police officer Pension Schemes, on a consolidated basis are around 21 years.

The Police Pension Scheme has no investment assets to cover its liabilities; these are met as they fall due.

Expected Future Contributions

The expected contributions to be made to the Police Pension Scheme by the Chief Constable for the accounting period to 31 March 2023 are estimated to be £48.691 million compared to £45.089 million paid in 2021/22.

Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the Projected Unit Credit Method (PUCM), an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Principal Financial and Actuarial Assumptions		
	31 March 2021	31 March 2022
Discount rate (Rate of Return)	2.00%	2.65%
Rate of inflation - pension increases (CPI)	2.40%	3.00%
Rate of inflation (RPI)	-	-
Salary Inflation	4.15%	4.75%
CARE revaluation rate	3.65%	4.25%
Rate of return in excess of:		
Earning increases (long-term)	-2.15%	-2.10%
Pension increases	-0.40%	-0.35%

Rate of Inflation (RPI) – No value is stated by the actuary for RPI for the 2021/22 financial year. Historically CPI has been set by calculating the market implied RPI and deducting a margin to reflect the expected long-term future gap between RPI and CPI. From 2020/21 the CPI assumption has been set from a combination of market implied RPI, changes to market implied RPI and the Bank of England's CPI target.

Member with service in the following scheme:	Commutation Assumptions
Police Pension Scheme 1987	25% of 1987 Scheme pensions are assumed to be commuted.
Police Pension Scheme 2006	Commutation is not available, no assumption required.
Mixed 1987 and 2015 Scheme	25% of 1987 Scheme pensions and 8.75% of 2015 Scheme pensions are assumed to be commuted.
Mixed 2006 and 2015 Scheme	17.5% of 2015 Scheme pensions are assumed to be commuted and nil in respect of the 2006 Scheme for which commutation is not available.
Police Pension Scheme 2015	17.5% of 2015 Scheme pensions are assumed to be commuted, except for members who also have 1987 Scheme pension for whom 8.75% are assumed to be commuted.

Mortality Assumptions		
	Normal Health	
	2020/21 (years)	2021/22 (years)
Future Lifetime at 65 for current pensioners		
Men	22.00	22.10
Women	23.70	23.80
Future Lifetime at 65 for future pensioners (currently aged 45)		
Men	23.70	23.80
Women	25.30	25.40

The results of any actuarial calculations are inherently uncertain because of the assumptions which must be made under IAS19 to reflect market conditions at the valuation date. For 2020/21 the increase in the scheme liability attributed to the re-measurement of the net defined benefit pension liability was primarily caused by the change to financial and demographic assumptions, primarily a reduction in the discount rate and increases in rates of CPI inflation and long term salary increases. For 2021/22 there has been a relatively small decrease to the net defined benefit pension liability, the following table sets out the sensitivity to the main assumptions for 2021/22:

Sensitivity to main assumptions			
Change in assumption*		Approximate effect on scheme liability	
		%	£m
Discount Rate	+ 0.5% a year	(9.50)	(421.00)
Salary Inflation	+ 0.5% a year	1.00	39.00
Pension Increases	+ 0.5% a year	8.50	384.00
Life Expectancy	All members and adult dependants assumed to be one year younger	3.50	152.00

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO.

18. Segmental Analysis

There is a requirement within the Code to present income and expenditure in segments as reported for internal management purposes and provide reconciliation with the Comprehensive Income and Expenditure Statement (CIES). The Expenditure and Funding Analysis (EFA) and the notes to the EFA present the financial information on a funding basis for reportable segments and reconcile this position with the CIES.

19. Events after the reporting period

Local Government Pension Scheme (LGPS) Triennial Valuation.

Background

Nationally, LGPS 31 March 2022 Triennial Valuation Reports were published in March and April 2023.

On 31 March 2023 the **CIPFA Bulletin 14: Closure of the 2022/23 Financial Statements**, section 10 raised the issue of the triennial valuation of the Local Government Pension Scheme (LGPS) being produced before auditors had provided their opinion for the 2021/22 financial statements.

On 17 May 2023 CIPFA issued supplementary guidance, **CIPFA Bulletin 14 Supplement - The Triennial Valuation and IAS 19 Reporting**. The supplementary guidance provided additional information to assist local authority accounts preparers and auditors to consider the impact of LGPS 2022 Valuation Report information on IAS 19 employee benefit reporting for 2021/22.

The guidance issued by CIPFA advised that accounts preparers should consider their 2022 Triennial Valuation carefully and consult their actuary on the extent to which the defined benefit pension assets and liabilities reported in their financial statements may differ, considering the new information available within the Triennial Valuation Report. Where there is material variation, accounts preparers should consider if an adjustment to the pension asset/liability is appropriate.

Chief Constable for Northumbria

Police staff in Northumbria Police can be members of the Tyne and Wear Pension Fund (TWPF) which is a Local Government Pension Scheme (LGPS) administered by South Tyneside.

The TWPF 2022 Triennial Valuation Report was published on 31 March 2023.

As the external auditor had not yet issued the audit opinion for the Chief Constable's Statements of Account 2021/22, the publication of the 2022 Triennial Valuation Report represented an event after the reporting period which required consideration in line with the requirements of Section 3.8 of the CIPFA Code of Practice on Local Authority Accounting (the Code) and the underlying requirements of IAS 10 Events After the Reporting Period.

Updated IAS 19 reports for the 31 March 2022 year end were requested from the Chief Constable's actuary AON. The financial statements have therefore been adjusted to reflect a revised pension liability for the Tyne and Wear Pension Fund.

The **Long-Term Liability (Pensions)** on the Chief Constable's balance sheet has reduced by a total of £16.610 million as a result of the TWPF 2022 Triennial Valuation Report information. The adjustment is reflected in the **Remeasurements of the Net Defined Pension Benefit Liability** line in **Other Comprehensive Income and Expenditure** in the CIES. The movement in the liability is matched by a corresponding movement in **Unusable Pensions Reserve** on the balance sheet. As the transactions reflect an accounting adjustment only, there is no impact on the funding required from the Police and Crime Commissioner (and General Fund) for policing.

Adjustments to the Financial Statements

In addition to the Event after the Reporting Period described above, there is an additional movement on the **Long-Term Liability (Pensions)** and **Unusable Pensions Reserve** on the Chief Constable's balance sheet which relates to a correction made by TWPF to the pension fund asset investment returns. The updated information was provided by the Fund after the date of publication of the Draft Statements of Account for the Chief Constable. The increased returns led to an increase in the value of the assets within the Chief Constable's net pension liability, and an increase in the return on assets within Other

Comprehensive Income in the CIES. This adjustment is detailed in the Joint Audit Findings Report (AFR) for 2021/22. There was no impact on the General Fund as a result of the adjustment.

The total adjustments to the financial statements resulting from the correction to asset returns by TWPF and the TWPF 2022 Triennial Valuation Report are set out in the table below:

Adjustments to Financial Statements	CIES	Balance Sheet	
	Other Comprehensive Income £000	Pension Liability £000	Pension Reserve £000
Accounts (Subject to Audit)	(140,820)	(4,599,340)	(4,599,340)
Increased Asset Returns	(8,230)	8,230	8,230
TWPF 2022 Triennial Valuation	(16,610)	16,610	16,610
Final Audited Accounts	(165,660)	(4,574,500)	(4,574,500)

Appointment of Chief Constable Vanessa Jardine

In April 2023 Winton Keenen retired from the post of Chief Constable and Vanessa Jardine was appointed as the new Chief Constable for Northumbria Police.

As the Chief Constable throughout the financial year 2021/22, any references to information verified or provided by the Chief Constable will refer to Winton Keenen.

Due to the time taken to resolve the issues relating to treatment of the Local Government Pension Scheme (LGPS) Triennial Valuation nationally as described earlier in this note, the external auditor was not able to issue the audit opinion for the Chief Constable's Statements of Account 2021/22 prior to the retirement date for Chief Constable Winton Keenen.

The approval of the Chief Constable for Northumbria Statements of Account 2021/22 has therefore been signed by Chief Constable Vanessa Jardine.

20. Authorisation of accounts for issue

The Chief Constable's Statements of Account for the financial year ended 31 March 2022 were approved by the Chief Constable and authorised for issue 30 August 2023.

Supplementary Financial Statements

Comprising;

- Police Pension Fund
- Notes to the Supplementary Financial Statements

This statement shows the details of the Pension Fund Account for the Police Pension Scheme for 2021/22 and shows comparative figures for 2020/21.

Police Pension Fund		
2020/21	FUND ACCOUNT	2021/22
£000		£000
(38,266)	Normal	(39,864)
-	- Additional funding payable by the local policing body to meet the deficit for the year	-
(520)	Other (Ill Health Retirements)	(410)
(38,786)	Contribution Receivable from Employer	(40,274)
(16,476)	Contribution Receivable from Members	(17,106)
(16,476)	Contribution Receivable from Members	(17,106)
(55,262)	Contributions Receivable	(57,380)
(1,010)	Individual Transfers in from other schemes	(1,191)
(1,010)	Transfers in	(1,191)
94,907	Pensions	97,097
19,257	Commutations and Lump Sum Retirement Benefits	19,452
293	Lump Sum Death Benefits	92
419	Other (Inter Authority Adjustments / LTA Payments)	756
114,876	Benefits Payable	117,397
174	Refunds of Contributions	176
62	Individual Transfers Out To Other Schemes	-
236	Payments To and On Account of Leavers	176
115,112	Total Benefits Payable	117,573
58,840	Net amount payable for the year before contribution from the Police Fund	59,002
(58,840)	Contributions from Police Fund Income and Expenditure Account in respect of Deficit on the Police Pension Fund Account	(59,002)
-	Net Amount (Receivable) / Payable In Year	-

Notes to the Supplementary Financial Statements

1. Scheme description

The Police Pension Fund is a defined benefit scheme for police officers and comprises the Police Pension Scheme 1987, the Police Injury Benefit Scheme, the New Police Pension Scheme 2006 and the Police Pension Scheme 2015.

The scheme is wholly unfunded and balanced to nil at the end of each financial year by receipt of a top-up pension grant by the Commissioner from the Home Office or by paying the surplus over to the Home Office. There are no investment assets built up to meet the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department (GAD).

2. Administration of the Fund

The Chief Constable is Scheme Manager⁷ for the Police Pension Fund. The Chief Constable has a Police Pensions Board, established in 2015, under section 5 of the Public Service Pension Act, which provides local administration and governance for the Scheme.

3. Accounting Policies

The accounting policies detailed in this Statements of Account 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.

4. Future liabilities

The Funds' financial statements do not take account of liabilities to pay pensions and other benefits after the period end, which are the responsibility of the Chief Constable. Details of the long-term pension obligations can be found in the Notes to the Core Financial Statements, Employee benefits (Note 17).

⁷ Public Service Pension Act 2013 (section 4)

Annual Governance Statement

The Accounts and Audit Regulations 2015 require an Annual Governance Statement (AGS) to be published along with the annual Statements of Account and a narrative statement that sets out financial performance and economy, efficiency and effectiveness in its use of resources.

This statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) *'Good Governance: Framework'* (2016) and explains how the Chief Constable of Northumbria Police has complied with this framework and meets the statutory requirements of regulations. It also continues to take into account the impact of the Covid-19 pandemic on governance arrangements, and the introduction of the CIPFA Financial Management Code 2019 (FM Code), following the 'shadow/pilot year' in 2020/21.

Scope of Responsibility

The Police Reform and Social Responsibility (PRSR) Act 2011 sets out the accountability and governance arrangements for policing and crime matters. The Act establishes both the Police and Crime Commissioner (the 'Commissioner') and the Chief Constable as the *'Corporation Sole'* for their respective organisations. This means each is a separate legal entity, though the Chief Constable is accountable to the Commissioner. Both the Commissioner and Chief Constable are subject to the Accounts and Audit Regulations 2015; as such, both must prepare their Statements of Account in accordance with the CIPFA Code of Practice on Local Authority Accounting, and both must publish their individual AGS.

The Chief Constable shares most core-systems of control with the Commissioner, including: the main finance systems; internal policies and processes; the Chief Finance Officer (CFO); internal audit and a Joint Independent Audit Committee (JIAC). The Commissioner's Statements of account include a similar statement which covers both the Office of the Police and Crime Commissioner (OPCC) as well as the group position of the Commissioner and Chief Constable.

The Chief Constable is responsible for the direction and control of the Force. In discharging this function, the Chief Constable supports the Commissioner to ensure their business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and ensuring that the arrangements comply with the Police and Crime Commissioner's Governance Framework. In so doing the Chief Constable is ensuring a sound system of internal control is maintained throughout the year, and that appropriate arrangements are in place for the management of risk.

The Commissioner and Chief Constable have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE *'Good Governance: Framework'*.

The PRSR Act 2011 requires the Commissioner and Chief Constable to each appoint a Chief Finance Officer (CFO) with defined responsibilities and powers. The CIPFA Statement on the Role of the CFO appointed by the Commissioner, and the CFO appointed by the Chief Constable gives detailed advice on how to apply CIPFA's overarching Public Services Statement. The 2014 Statement states:

“That both the Police and Crime Commissioner and Chief Constable appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority’s AGS, together with an explanation of how this arrangement delivers the same impact.”

The previous Commissioner and former Chief Constable agreed in 2013 to appoint a Joint CFO for both corporate bodies. The Commissioner and Chief Constable continue to have a Joint CFO for 2020/21 and the reasoning for this approach remains unchanged, that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2021/22. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. To date no conflicts have been identified.

The Governance Framework

The governance framework in place throughout the 2021/22 financial year covers the period from 1 April 2021 to 31 March 2022 and any issues which arise up to the date of approval of the annual Statements of Account.

The framework comprises the systems, processes, culture and values by which the Chief Constable operates in support of the Commissioner’s Governance Framework. Through the application of the Commissioner’s framework and Force governance arrangements, the Chief Constable is able to both monitor and deliver the objectives of the Police and Crime Plan. Consequently, the Chief Constable is able to provide assurance to the Commissioner that these objectives are leading to the delivery of appropriate and cost-effective policing services which provide value for money, a duty under the Local Government Act 1999.

The overall system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to achieving the Commissioner’s and Chief Constable’s aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently and economically.

A copy of the Governance Framework is available on the Commissioner website.

The Chief Constable is responsible for operational policing matters, the direction and control of police personnel and making proper arrangements for the governance of the Force. The role is accountable to the Commissioner for the exercise of those functions. The Chief Constable must therefore satisfy the Commissioner that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the Commissioner's Governance Framework. It is informed by internal assurances on the achievement of the principles set out in the CIPFA/SOLACE Framework (Delivering Good Governance in Local Government - Guidance Notes for Police Authorities 2016 Edition), for those areas where the Chief Constable has responsibility. It is also informed by on-going internal and external audit and inspection opinions.

The principles of good governance where the Chief Constable has responsibility are:

1. Focusing upon the purpose of the Force, on outcomes for the community, and creating and implementing a vision for the local area.
2. Ensuring that the Force and partners work together to achieve a common purpose within clearly defined functions and roles.
3. Promoting values for the Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions, which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of all to be effective in their roles.

Focusing on the Purpose of the Force and on Outcomes for the Community and Creating and Implementing a Vision for the Local Area

The Commissioner has published a Police and Crime Plan for the period 2022 to 2025. The plan was developed following extensive consultation with local people about their views of policing and community safety and sets out the police and crime priorities for the area. The Commissioner was re-elected on 06 May 2021.

Northumbria Police has a governance and decision-making structure which supports leadership, at all levels, in the effective and efficient conduct of business. It enables the Force to deliver its elements of the Police and Crime Plan, maintaining high levels of performance and service delivery at a time of continuing financial challenge. The Force's Strategic Management Board (SMB), chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Police and Crime Plan. This Board is underpinned by a number of Delivery, Standards and Assurance boards. Performance is considered in a number of ways: Compared to previous years; against agreed service standards or thresholds and peers (most similar family of Forces or nationally); and the direction of travel.

Other areas of business are also regularly reported to the boards, including: The Strategic Policing Requirement; community consultation and engagement; progress against action plans in response to recommendations and areas for improvement resulting from inspections by His Majesty's Inspectorate of Constabulary Fire and Rescue Services (HMICFRS); organisational learning; and risk management.

HMICFRS carries out a programme of inspections, including on thematic areas and a regular PEEL Assessment (Effectiveness, Efficiency and, Legitimacy). Forces are assessed on their effectiveness, efficiency and legitimacy based on inspection findings, analysis and His Majesty's Inspectors' (HMI's) professional judgement across the year.

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. The inspection assessed how good Northumbria Police is in 10 areas of policing and graded judgements were made in nine of these. These are outlined below.

Policing area	Grade
Providing a service to the victims of crime	Ungraded
Recording data about crime	Adequate
Treatment of the public	Good
Preventing crime	Good
Responding to the public	Requires improvement
Investigating crime	Good
Protecting vulnerable people	Good
Managing offenders	Good
Developing a positive workplace	Good
Good use of resources	Good

Eight areas for improvement were assigned to the Force.

All HMICFRS inspection reports and other external inspection reports are considered by the Executive Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting, to inform a statutory response to reports within 56 days. Delivery is overseen by the relevant Executive Lead, with further oversight and scrutiny at the Executive Board. Progress is reported and monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There were no risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS.

Ensuring the Force and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

The Commissioner's Governance Framework sets out the roles of both the Commissioner and Chief Constable; they are clearly defined and demonstrate how they work together to ensure effective governance and internal control.

The Force works closely with all six local authorities in the Northumbria area and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police work with a range of partners and are represented on partnerships that focus on policing and crime including Community Safety Partnerships. They are also members of local children's and adult safeguarding boards that work to ensure the safety and wellbeing of vulnerable children and adults in the Force area. The Commissioner has developed a Violence Reduction Unit which takes a public health approach to tackling serious violence working with a range of partners.

A Service Level Agreement between the Commissioner and the Chief Constable exists. This agreement identifies the services that will be shared in order to best fulfil the duties and responsibilities of each in an efficient and effective way.

The Commissioner and Chief Constable operate a joint Business Meeting, which meets regularly, the minutes of which are published on the Commissioner's website to ensure transparency of decision making.

The governance arrangements for partnership working are clearly set-out and monitored during the year. The partnership arrangement with the North-East Regional Organised Crime Unit (NEROCU), collaboration between the three Forces of Northumbria, Cleveland and Durham, is subject to a formal agreement and monitored. Other agreements are published on the Commissioner's website under Collaboration Agreements.

Promoting Values of Good Governance through Upholding High Standards of Conduct and Behaviour

The OPCC is responsible for handling complaints and conduct matters in relation to the Chief Constable as well as scrutinising the Force's approach to the investigation of all other complaints and conduct matters.

The Chief Constable handles complaints and conduct matters through the Professional Standards Department (PSD) within Northumbria Police. The Head of PSD reports directly to the Deputy Chief Constable. It is the purpose of PSD to promote public confidence through upholding high standards, deterring misconduct and influencing individual and organisational behaviour. Governance around the performance of PSD, trends in complaints or conduct matters and lessons learned is provided by the Engaged Communities Group. The Group is chaired by the Assistant Chief Constable (Communities) and ensures that the provision of services is based on insight and engagement and considers aspects of legitimacy concerned with the use of police powers and decision making.

The Independent Office for Police Conduct (IOPC) scrutinise the performance of PSD with regards the quality and timeliness of decisions and investigations. Performance meetings are held between PSD, the Regional Director of the IOPC and Oversight Liaison (IOPC North East) on a quarterly basis.

Northumbria Police also has an Ethics Advisory Board comprising internal and external members, with links to the Regional Ethics Group. The Advisory Board ensures that the way Northumbria Police applies its working practices is ethical and legitimate. It also considers any highlighted ethical dilemmas, contributing as appropriate to the revision of Force policies and procedures.

The Chief Constable is the Data Controller for the Force, responsible for determining the purposes and manner in which personal data are processed. The Force has established an Information Management Department (IMD) which helps to fulfil the legal requirements associated with the Data Protection Act 2018, ensuring information and systems comply with all Data Protection principles and legislation as set out in the Act. Information management is a critical area of business required to ensure good governance. Northumbria Police has a robust process for dealing with data breaches, the 2021/22 audit of Information Governance and Data Security found that control systems are operating well and no findings were raised. During the 12 months to 31 March 2022 there was one data breach reported to the Information Commissioners Office (ICO). Following investigation, the ICO advised on 28/11/22 that no further action will be taken and Northumbria Police had taken an appropriate response.

The Information Commissioner's Office (ICO) undertook an audit in 2020 to determine the extent to which the Force is complying with data protection legislation. An action plan was developed in response to the findings of the audit. The Force implemented a working group to manage the implementation of the action plan; attended by key stakeholders and action owners. Scrutiny and oversight of the action plan has been carried out at the Operational Information Management Board with the Audit formally concluding and final report provided to the Force by the ICO. The ICO recognised the work undertaken by the Force and complimented the organisation for its level of commitment and engagement with them as a regulatory body.

There are no significant areas of concern that need to be disclosed within the AGS.

Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management

All strategic decision-making is carried out in accordance with the Commissioner's Governance Framework.

The Governance arrangements ensure that key decisions are taken at the appropriate level, and are referred to Commissioner as required. Through regular meetings the Chief Constable is subject to the oversight and scrutiny of the Commissioner.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has five independent members who are appointees from within the Force area. JIAC receives reports from both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Through this body the Chief Constable is subject to challenge not only by the Commissioner, but also of the independent members of the JIAC.

The Commissioner and Chief Constable share a Joint Strategic Risk Register which has been designed to ensure the effective management of strategic risk. Each strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The Force's strategic risks are reported at the Force's Executive Board and reported alongside those of the OPCC at joint Business Meeting on a quarterly basis and is also presented to all meetings of the JIAC.

Developing the Capacity and Capability of Officers of the Force to be Effective

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area or department in which they work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police purpose 'Keep people safe and fight crime', and vision 'Deliver an outstanding police service, working with communities to prevent crime and disorder and protect the most vulnerable people from harm' and values which define who and what we are: Determined; Supportive; Passionate, Dynamic; and Proud.

A new Force operating model was implemented in 2019/20 which enabled the Force to reorganise resources and increase capacity and capability to better meet different types of policing demands.

In September 2019 the Prime Minister announced the Government commitment to recruit an additional 20,000 police officers in England and Wales by 31 March 2023. The Force has fully complied with all requirements to support the increase of officer numbers through the national Uplift programme. The Force has successfully delivered its share of the national Uplift target up to 31 March 2022 and is on track to deliver the final year of Uplift in 2022/23.

In addition, in order to address the shortfall in qualified investigator capacity, the precept increase approved by the Commissioner for 2021/22 was used to provide a further 60 police officer investigator posts, over and above existing recruitment plans and the Uplift target set by government.

The new Medium Term Financial Strategy (MTFS) approved by the Commissioner on 29 April 2022 will deliver continued support to the increase of officer numbers, through the final year of the national Uplift programme.

To support delivery of the Strategy the approved investment for 2022/23 includes:

- Additional call handlers to improve performance for 999 and 101 services.
- Extra resources to tackle cyber-crime and serious and organised crime.
- More civilian investigators to support investigations and free up officers.
- Workforce investment – supporting our officers to keep them on the beat and tackling crime.

In 2021/22 the majority of new Police Officer recruits entered through the new Police Constable Degree Apprenticeship (PCDA) route. Northumbria Police was one of the first Forces to introduce the PCDA entry route in May 2019. This is a three-year degree practical based apprenticeship based on the Policing Education Qualifications Framework (PEQF) national policing curriculum and is delivered in collaboration with Northumbria University.

A Leadership Development Approach has also been introduced to develop leaders at all levels in leading and developing others, leading change and leading and developing the organisation. This has been introduced to develop leaders who are future focussed and have the right skills, behaviours and personal qualities to successfully lead an empowered and diverse workforce in a new environment.

Value for Money and Reliable Financial and Performance Statements are Reported and Internal Financial Controls Followed

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Commissioner's and Chief Constable's objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources over which the Chief Constable has delegated control.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC on a quarterly basis. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable, based on the work undertaken by the Internal Audit Service throughout 2021/22.

The financial management and performance reporting framework follows national and/or professional best practice, and its key-elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- A robust system through which the Force manages Finance, People Services, Payroll and Procurement processes is used throughout the Force. This enables systematic control to be applied, particularly in relation to budget management. This ensures that responsibility and accountability for resources rest with those managers who are responsible for service provision.

This is underpinned by systematic controls which ensure financial commitments are approved by the relevant manager.

- In accordance with the Prudential Code and best accounting practice, the Commissioner produces a four-year Medium Term Financial Strategy (MTFS) and capital programme. The Chief Constable produces a Medium Term Financial Plan (MTFP) that informs the MTFS of the Commissioner. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget and capital programme.
- The MTFS includes known commitments, anticipated resource availability and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the Chief Constable and sets out the financial implications of the Commissioner's policies. It provides the Executive Team with the authority to incur expenditure and a basis on which to monitor and report on financial performance.
- Monthly financial performance reports are presented to the Executive Board that focus on year-to-date information and forecast outturn enabling officers to establish a clear understanding of financial performance. These are then presented quarterly to the Commissioner through the joint Business Meeting and these are available on the Commissioner website for wider scrutiny of financial performance by the public. Additional monitoring reports are produced and discussed with budget managers on a regular basis throughout the year.

Review of Effectiveness

The Chief Constable has a responsibility to ensure, at least annually, that an evaluation of the effectiveness of the governance framework, including the system of internal audit and system of internal control is undertaken. This is informed by the internal audit assurance, opinions and reports of our external auditors and other inspection bodies, as well as the work of the CFO and of managers within the Force who have responsibility for the development and maintenance of the governance environment.

For 2021/22, the review process has been led by the Joint Police and Crime Commissioner/Chief Constable Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of Internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor
- HMICFRS and other external inspectorates
- The legal and regulatory framework
- Risk management arrangements
- Performance management and data quality
- Other 'Thematic Assurance'
- Business Planning
- Partnership arrangements and governance
- Information and Communications Technology (ICT) Arrangements
- Fraud, Corruption and Money Laundering
- Wellbeing
- CIPFA Financial Management Code self-assessment

Included within the above assurance review is the CIPFA Financial Management Code self-assessment which is mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings for 2021/22 against each section are noted below:

The Responsibilities of the Chief Finance Officer and Leadership Team	(Green)
Governance and Financial Management Style	(Green)
Long to Medium Term Financial Management	(Green)
The Annual Budget	(Green)
Stakeholder Engagement and Business Plans	(Green)
Monitoring Financial Performance	(Green)
External Financial Reporting	(Green)

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. This action plan is attached as Appendix A.

From the overall review of effectiveness, no issues were identified as governance issues, which required disclosure within this AGS. For the senior manager's assurance statements, each area of responsibility was assessed using a standard governance questionnaire.

All areas returned compliant to each of the questions, with no non-compliance.

Internal Audit Overall Assessment & Independent Opinion

The assessment by Internal Audit of the Commissioner and Chief Constable's internal control environment and governance arrangements makes up a fundamental element of assurance for the AGS.

There were 24 audits within the 2021/22 audit plan, all of which have been completed. Of the 24 reports issued, 23 audits concluded that systems and procedures were operating well and 1 audit concluded that systems and procedures were operating satisfactorily. No audit concluded systems contained a significant weakness.

Based on the evidence arising from internal audit activity during 2021/22, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2021/22 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

Actions from the 2020/21 Statement

There were no actions identified in the 2020/21 Annual Governance Statement.

2021/22 Governance Issues

The review has identified no issues that need to be included within the 2021/22 Annual Governance Statement as actions.

The only action disclosed relates to one item required under the CIPFA Financial Management Code self-assessment which is included at Appendix A.

Conclusion

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance.

However, on the basis of the review of the sources of assurance set out in this statement, the undersigned are satisfied that the Chief Constable of Northumbria Police has in place satisfactory systems of internal control which facilitate the effective exercise of their functions and which include arrangements for governance, control and the management of risk.

CIPFA Financial Management Code – Action Plan

The Police and Crime Commissioner for Northumbria must comply with the new CIPFA Financial Management Code 2019. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of the OPCC, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

A joint self-assessment between the OPCC and Northumbria Police has been undertaken for 2021/22 in-line with guidance issued by CIPFA.

The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code.

Accountable Officer: Joint Chief Finance Officer

Action(s) required to enhance effectiveness	Implementation date
<p><i>The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</i></p> <p>Whilst a peer review is not a requirement for compliance with the FM Code, the Finance Department intends to implement the CIPFA FM model/review during 2023/24. This will enable us to:</p> <ul style="list-style-type: none"> • Review adequacy of financial management capability and support to both organisations. • Develop and put in place a target-driven plan to strengthen financial management. <p>The draft AGS set out the intention to implement the review during the 2022/23 financial year, however, due to resourcing and prioritisation of work within the Finance department this will now commence during 2023/24.</p>	December 2023



SIGNED

Chief Constable



SIGNED

Deputy Chief Constable



SIGNED

Chief Finance Officer

Date 30 August 2023

Independent Auditors Report

Independent auditor's report to the Chief Constable for Northumbria

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of the Chief Constable for Northumbria (the 'Chief Constable') for the year ended 31 March 2022 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Fund Account and notes to the supplementary financial statements. 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chief Constable's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Chief Constable to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Chief Constable. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to

public sector entities. We assessed the reasonableness of the basis of preparation used by the Chief Constable and the Chief Constable's disclosures over the going concern period.

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

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

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Chief Constable and the Chief Finance Officer for the financial statements' section of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Chief Constable 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.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable, the other information published together with the financial statements in the Statements of Account for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 22, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statements of Account, 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 2021/22, for being Grant Thornton UK LLP. 3 satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Police Reform and Social Responsibility Act 2011).
- We enquired of senior officers and the Chief Constable, concerning the Chief Constable's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Chief Constable, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Chief Constable's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, risk of judgements derived by management with high estimation uncertainty and other fraud risks including fraudulent recognition of revenue and incompleteness of expenditure and associated liabilities. We determined that the principal risks were in relation to journal entries posted which met a range of criteria determined during the course of the audit, in particular, those posted around the reporting date which had an impact on the Comprehensive Income and Expenditure Statement.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on large and unusual manual journals which are at higher risk of manipulation in comparison to automatic system generated journals;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of pension liabilities;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the police sector
 - understanding of the legal and regulatory requirements specific to the Chief Constable including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Chief Constable's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Chief Constable's control environment, including the policies and procedures implemented by the Chief Constable to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements - 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 – the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves 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 2022.

We have nothing to report in respect of the above matter.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing 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 the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied 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 review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements

that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Chief Constable plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Chief Constable ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Chief Constable has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit for the Chief Constable for Northumbria for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our 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 43 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 the Chief Constable 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.

Laurelin Griffiths

Laurelin Griffiths, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor Birmingham

12 September 2023

Glossary of Terms

Accounting policies are those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising;
- Selecting measurement bases for; and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements.

Accruals: the accruals basis of accounting requires that the non-cash effects of transactions be recognised in the period that they affect, rather than when cash is paid or received. An accrual is a sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done, but for which payment has not been made / received by the end of the period.

Actuarial gains and losses: for a defined benefit pension 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 and losses); or
- The actuarial assumptions have changed.

Amortisation: is the process of writing-off an intangible asset over its projected life. It is analogous to depreciation of tangible non-current assets.

Assets: an asset is “a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity” (IASB definition). Current assets change in value on a day-to-day basis (e.g. Cash, stocks, and work in progress). Non-current assets yield benefit to an entity and the services it provides for a period of more than one year (e.g. Land and buildings).

Budgets: a statement of the Chief Constable’s forecast of net revenue and capital expenditure over a period of time, i.e. A financial year.

Capital charges: are charges to the Comprehensive Income & Expenditure to reflect the cost of using assets. They are based upon depreciation, which represents the cost of using the asset.

Capital expenditure: is expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital receipts: are proceeds from the sale of the Commissioner’s buildings or from the repayment of loans and advances.

Cash: comprises cash in hand and demand deposits.

Cash equivalents: are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CIPFA: (the Chartered Institute of Public Finance and Accountancy) provides guidance in the interest of public services. It is the professional body for accountants working in the UK public sector. It provides

financial and statistical information for local authorities and other public sector bodies, and advises Central Government and other bodies on public finance.

Constructive obligation: is an obligation that derives from an entity's actions where:

By an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities, and as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingencies: are funds set aside as a reserve to meet the cost of unforeseen items of expenditure, or shortfalls in income and to provide for inflation. This is not included in individual budgets because their precise value cannot be determined in advance.

Contingent assets: are possible assets arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner's control.

Contingent liabilities are either:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner's control; or
- Present obligations arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate & Democratic Core: comprises democratic representation, governance and management by the office of the Commissioner. Corporate Management costs concerns those activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability, for example, treasury management and external audit.

Corporate governance: is the system by which an organisation directs and controls its functions and relates them to its communities.

Creditors: are amounts owed for goods and services received but where payment has not been made at the end of the financial year (i.e. 31 March).

Current assets: are items that can readily be converted into cash. These include items such as cash, debtors (net of bad debt provisions), investments, stock and work in progress.

Current liabilities: are amounts owed to individuals or organisations that will be paid within twelve months of the Balance Sheet date.

Current service cost (pensions): is the increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Debtors: are amounts owed to the Commissioner for goods and services supplied but where payment has not been received at the end of the financial year.

Deferred liabilities: are liabilities that should have been paid to an individual or an organisation during the year but have been deferred to a later date.

Defined benefit scheme: is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined contribution scheme: is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Discretionary benefits: are retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Chief Constable's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

Estimates: are amounts that the Commissioner expects to spend or receive as income during an accounting period:

Original Estimates are the estimates for a financial year approved by the Commissioner before the start of the financial year.

Revised Estimates are an updated revision of the estimates for a financial year prepared within the financial year.

Estimation techniques: are methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. A policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. They include, for example:

- Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a non-current asset consumed in a period; and
- Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

Events after the Reporting Period: are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statements of Account are authorised for issue.

Exceptional items: are material items which derive from events or transactions that fall within the ordinary activities of the Chief Constable and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Formula grant: is the general grant given by the Home Office to spending on services.

General Fund: holds the police fund and is the main reserve into which Council Tax Precept, government grant and other income is paid into and from which meets the day-today cost of providing services.

Government grant: is assistance by government, inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Commissioner in return for past or future compliance with certain conditions relating to the activities of the authority.

Gross expenditure: is the total cost of providing the Commissioner's services before taking into account income.

IAS (International Accounting Standards): are accounting pronouncements issued by the International Accounting Standards Board. They have been adopted by the UK public sector in a move to make it more comparable with both the private sector and the international community as a whole.

IFRSs (International Financial Reporting Standards): are accounting pronouncements issued by the IASB. They have been adopted (or, in some cases, interpreted or adapted) by the UK public sector in an attempt to make it more comparable with both the private sector and the international community as a whole.

Liabilities: Money owed or the obligation to transfer economic benefit at some point in the future.

Local Government Pension Scheme (LGPS): is a nationwide public sector pension scheme for employees working in local government. It is administered locally for participating employers through many regional pension funds. South Tyneside Council is the Fund Administering Authority for the LGPS offered to employees by the Chief Constable and is responsible for the governance of the Fund.

Materiality: an item of information is material if its omission or misstatement from the accounts might reasonably affect the assessment of the authority's stewardship, economic decisions or comparison with other entities. Materiality is dependent on the size and nature of the item in question.

Non-current assets: are those that yield benefits to an entity and the services it provides for a period of more than one year.

Past service cost: for a defined benefit pension scheme, is 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.

Pension fund: an employees' pension fund which is maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

Police and Crime Commissioner (Commissioner / PCC): a person elected who is accountable to the public for ensuring an effective and efficient police Force.

Police Fund: is the fund into which all receipts of a Police and Crime Commissioner must be paid and from which all expenditure must be paid out of.

Police Grant: is grant paid by the Home Office to police and crime commissioners as part of the Local Government Finance Settlement.

Police Pension Scheme: is the collective term used for the pension schemes for police officers and comprises the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015, and the Police Injury Benefit Scheme. The rules of which are set out in The Police Pension Regulations 1987, The Police Pension Regulations 2006, The Police Pension Regulations 2015, and The Police (Injury Benefit) Regulations 2006, and subsequent amendments.

Police staff: includes staff under the direction and control of the Chief Constable.

Precepts: the demands made by the Police and Crime Commissioner on councils to finance police expenditure.

Prior period adjustments: are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions: are amounts set aside in the accounts for liabilities that are likely to be incurred or assets that are likely to be received but where the amounts or the dates on which they will arise are uncertain.

Prudential borrowing: all borrowing must remain within the Commissioner's prudential borrowing limits (see Prudential Code), which are agreed annually by Commissioner.

Prudential Code for Capital Finance in Local Authorities: this replaced the previous regulatory frameworks in England, Wales and Scotland. The 2003 Code introduced a need for local authorities to consider capital spending plans with reference to affordability (implications for Council Tax), prudence and sustainability, value for money, stewardship of assets, strategic objectives and the practicality of the plans.

Related parties: a related party is a person or entity that is related to the entity that is preparing its financial statements.

- A person or a close member of that person's family is related to a reporting entity if that person:
 - Has control or joint control over the reporting entity;
 - Has significant influence over the reporting entity; or
 - Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to a reporting entity if any of the following conditions apply:
 - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Examples of related parties of an authority include:
 - Central Government.
 - Local authorities and other bodies Precepting or levying demands on the Council Tax.
 - Its subsidiaries and associated companies.
 - Its joint ventures and joint venture partners.
 - Its members.
 - Its chief officers.
 - Its pension fund.

Related party transaction: is a transfer of resources or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Remuneration: is defined as sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves: are monies set aside by the Commissioner for future police purposes or to cover contingencies.

Retirement benefits: are all forms of consideration given by the Commissioner in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue expenditure: is incurred on the day-to-day running of the Chief Constable's activities; the costs principally include employee expenses, premises costs, supplies and transport.

Scheme liabilities: (of a defined benefit scheme) are outgoings due after the valuation date. They are measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Service Reporting Code of Practice (SeRCOP): provides guidance on financial reporting to ensure data consistency and comparability between authorities. It was introduced by CIPFA in response to the demand placed upon authorities to secure and demonstrate best value in the provision of services to the community.

Short Term Accumulating Absences Account: represents the estimated financial value of untaken short-term employee benefits, e.g. Annual leave, at the end of the financial period.

Strain on the Fund: when a member of the Local Government Pension Fund is allowed to retire early (e.g. Efficiency, redundancy or with the Chief Constable's consent) employee and employer pension contributions stop but benefits become payable earlier than assumed and will be paid for a longer period. To meet the additional cost to the fund, the employer must make additional payments called strain costs.

Support services: or overheads, are those services that support the delivery of front line services.

Unusable reserves: are those reserves that the Chief Constable is not able to use to provide services. This category of reserves includes reserves that hold unrealisable gains and losses, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences. **Note 8** provides further information on the individual reserves in this category.

Usable reserves: are those reserves that the Chief Constable may use to provide services, they can also be described as 'cash-backed'. **Note 8c** provides further information on the individual reserves in this category.

Useful life: or useful economic life, is the period over which an entity will derive benefits from the use of a fixed asset.

Index

Preface.....	2
Narrative Statement.....	3
Statement of Responsibilities.....	22
Core Financial Statements.....	23
Movement in Reserve Statement.....	24
Comprehensive Income and Expenditure Statement	26
Balance Sheet	27
Cash Flow Statement.....	28
Notes to the Core Financial Statements	29
1. Expenditure and Funding Analysis (EFA)	29
2. Expenditure and Income Analysed by Nature.....	31
3. Statement of Accounting Policies	31
4. Critical Judgement in applying accounting policies	36
5. Impact of changes in accounting policies	36
6. Accounting standards that have been issued but have not yet been adopted.....	36
7. Assumptions made about the future and other major sources of estimation uncertainty.....	37
8. Movement in Reserves Statement.....	38
9. External Audit Costs	40
10 Officer Remuneration.....	40
11. Related Party Transactions	44
12. Joint Arrangements	44
13. Debtors.....	46
14. Creditors	46
15. Provisions and Contingent Liabilities	46
16. Financial Instruments	48
17. Employee Benefits	49
17. a) Defined Benefit Plan: Tyne and Wear Pension Fund	49
17. b) Defined Benefit Plan: Police Pension Scheme.....	56
18. Segmental analysis	58
19. Events after the reporting period.....	59
20. Authorisation of accounts for issue	60
Supplementary Financial Statements	61
Annual Governance Statement	64
Independent Auditor's Report	76
Glossary of Terms	82
Contacts	89

Contacts

For copies, please contact the Chief Constable at:

Email: accountancy.services@northumbria.pnn.police.uk

Alternative formats of this Statement (including large print, easy read and translations into other languages) are available upon request.

For queries / feedback,

Please contact Gail Thompson at:

gail.thompson.4397@northumbria.pnn.police.uk

Primary contacts:

Chief Finance Officer: Kevin Laing

Finance Lead, Corporate Finance and Governance : Gail Thompson

Web links:

www.northumbria.police.uk

www.northumbria-pcc.gov.uk

Image sources

Northumbria Police and Crime Commissioner