



Protecting Communities, Targeting Criminals

THE CHIEF CONSTABLE OF HUMBERSIDE

FINANCIAL STATEMENTS

2017-2018

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

INTRODUCTION TO THE HUMBERSIDE POLICE FORCE AREA

The Humberside Police Force area is located on the north east coast of England, equidistant from London, Edinburgh and Rotterdam. It covers the local authority areas of the East Riding of Yorkshire, Kingston upon Hull, North East Lincolnshire and North Lincolnshire.

It has a total area of c1300 square miles around the Humber Estuary and has a population of over 900,000. Nearly 90% of the area is rural. Its main settlement and commercial capital is Kingston upon Hull, the 10th largest UK city. Major settlements include the port and local town of Grimsby, the renaissance resorts of Cleethorpes and Bridlington, and the industrial 'garden town' of Scunthorpe. The predominantly rural areas of the East Riding, North Lincolnshire and North East Lincolnshire look to the market towns of Beverley, Brigg, Epworth and Barton and there is a rapidly developing logistics hub to the west, around Goole, the UK's most inland port.

The area maintains its strong maritime heritage and the port infrastructure accounts for more than 15% of the UK overseas trade. It is estimated that one million people a year travel to and from continental Europe by ferry via Hull and a further quarter of a million people travel on domestic and international flights from Humberside Airport.

In 2017, Kingston upon Hull became the UK City of Culture which attracted many people to the City with numerous well attended events taking place during the year.

Keith Hunter is the PCC and Lee Freeman is the Chief Constable. The PCC's Police and Crime Plan was published in March 2017 reflecting his long term vision and aspirations for policing in the Humberside Force area. The Plan also sets out details of his intention to re-invigorate partnership working to assist in addressing crime and community safety issues. It contains three key aims:-

- To deliver increasingly self-sustaining and safe communities;
- To build public confidence in the agencies involved in creating safer communities and
- To provide services to victims and the most vulnerable that meet their needs

TREASURER'S STATEMENT

This is the Statements of Accounts for the PCC for Humberside for 2017/18.

The accounts provide a record of the financial position and performance for the year and incorporate transactions relating to the Force, the PCC and for the PCC Group reflecting the combined position of both organisations.

All the financial transactions incurred during 2017/18 for policing Humberside, along with transactions relating to financial support for the PCC's "and Crime" initiatives and the costs of his Office have been recognised and recorded within these financial statements, which set out the overall financial position of the PCC and PCC Group for the year ending 31 March 2018.

The PCC Group position represents the consolidated financial statements of the PCC and the subsidiary, the Chief Constable. Where the PCC Group position differs from the PCC position this is made clear in the financial statements and notes.

Separate statutory financial statements have been prepared for the Chief Constable. Annual Governance Statements for the PCC and for Humberside Police for 2017/18 have been published separately and are available on the PCC and Force websites.

PERFORMANCE – FORCE

Although funding for policing has continued to be protected to a degree, significant financial challenges remain. During the run up to the Police Grant settlement for 2018/19, there appeared to be a general acceptance of the pressures that the service is under due to increased demand and the nature and complexity of that demand. The broad performance challenge identified last year of securing and maintaining public confidence whilst working to deliver services that meet the needs of the public with the resources available remains. The PCC has consistently made the point however that the story beneath the headlines is that sustainable improvement is key. It is this that will lead to a brighter future for the Force and an enhanced service for the people of Humberside. His view is that the public should not base their views purely on grading and judgements against arbitrary determined standards and yardsticks. In 2017/18 the PCC and the Chief Constable agreed to increase the pace at which they wanted to see additional police officers recruited in order to seek to address the ongoing challenges locally as quickly as possible. This process will continue in 2018/19.

The HMICFRS fourth PEEL (Police Effectiveness, Efficiency and Legitimacy) Assessment for Humberside Police in 2017 was as follows:-

- Effectiveness – Requires Improvement – no change from 2016
- Efficiency – Requires Improvement – no change from 2016
- Legitimacy – Good – no change from 2016

Her Majesty's Inspector of Constabulary, Matt Parr, commended the improvements that Humberside Police had made and commented that he looks forward to seeing further progress in 2018.

He indicated that he was satisfied with some aspects of Humberside Police performance in keeping people safe and reducing crime, but the Force needs to make improvements in some areas to provide a consistently good service. He referred to the fact that although the Force continues to be assessed as requiring improvement in its effectiveness and efficiency, HMICFRS has found evidence of continued progress. He said that he was encouraged by improvements in the Force's:-

- Ability to identify vulnerability at the first point of contact
- Understanding of the demand it faced, now and in the future and
- Grasp of mental health issues

He pointed out however that the Force need to do more to:-

- Improve the quality of investigations
- Understand the skills and capabilities of its workforce and

- Ensure independent oversight of coercive powers

He added that whilst he was pleased with the Force's commitment to improving child protection and police custody it still has more to do.

Work on the production of a Force Management Statement as part of a new HMICFRS Requirement to inform future integrated PEEL Assessments has been completed.

In terms of crime trends, for the year as a whole, there was an increase of 11.5% in all recorded crime in comparison to 2016/17. Nationally, the increase to January 2018 was 14.7%. Humberside is recording below the Most Similar Group (MSG) average in terms of crimes per 1,000 residents. The Force has recorded exceptional increases in certain areas including, Violence without Injury, which may be related to previous under recording of Harassment and Malicious communication offences, in sexual offences, a 19% increase, and shoplifting, where the overall increase was 20% and there has been a 27% increase in Hate Crime. Violence against the Person has remained stable and there has been a 1% reduction in Burglary. Vehicle Crime has seen a significant reduction with Humberside now 14.5% below the MSG average. In addition there has been a 5.4% reduction in the number of reported Anti-Social Behaviour (ASB) incidents.

The Force has focused on Domestic Abuse and whilst the number of incidents has remained relatively stable, the number of crimes has risen significantly. This is influenced by the increased recording of Violence without Injury offences as discussed above. A survey of Domestic Abuse Satisfaction was made mandatory from April 2016. The figures for March 2017 to February 2018 are detailed below:-

FORCE	Measure	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Ease of Contact	% Satisfied	90.9%	95.0%	88.9%	94.4%	95.8%	78.3%	86.4%	84.6%	85.0%	96.4%	95.0%	88.9%
Initial Actions	% Satisfied	86.2%	92.6%	88.5%	88.5%	83.3%	85.7%	80.0%	78.6%	88.9%	90.6%	96.3%	82.1%
Investigations	% Satisfied	76.7%	86.7%	71.0%	63.3%	75.9%	76.7%	80.0%	65.5%	69.6%	71.8%	93.3%	80.0%
Follow Up	% Satisfied	63.3%	73.3%	67.7%	46.7%	70.0%	70.0%	70.0%	55.2%	69.6%	56.4%	63.3%	56.7%
Treatment	% Satisfied	90.0%	90.0%	90.0%	86.7%	83.3%	90.0%	93.3%	82.8%	87.0%	87.2%	96.7%	90.0%
Whole Experience	% Satisfied	90.0%	86.7%	80.0%	76.7%	83.3%	83.3%	83.3%	75.9%	78.3%	74.4%	90.0%	83.3%

On call handling, the overall call abandonment rates were 11.2%, made up of 0.7% of 999 calls, 15.9% of 101 Crime calls and 14.8% of 101 Incident calls.

Whilst complaints cases are up by 19% in comparison with 2016/17, there has been a fall in the trend over the year.

An analysis of Force sickness absences for 2017/18 shows that the level of sickness for police officers and police staff are both below the national averages for 2016/17.

Financial Performance

Economic Climate

The PCC recommended an increase in the precept for 2017/18 of 1.99%. The Police and Crime Panel (PCP) supported this proposal and, after considering the Panel's comments, the PCC implemented a precept of £183.67 for a Band D property, an increase of £3.59. The precept recommendation was supported by a Medium Term Resource Strategy (MTRS) providing details of the resources available to support the delivery of the PCC's Police and Crime Plan. The MTRS covered the period 2017/18 to 2021/22 and sought to ensure that precept decision was set in the context of medium term financial and staffing projections. The budget forecasts within the document included revised arrangements for making provision for officers and staff costs and assumed an increase in the numbers of police officers.

The MTRS reflected the Police Grant Settlement for 2017/18 which was based once again on Government predictions of Council Tax income when assessing the resources available for policing. The position articulated in early 2016 that, providing all PCCs increased their precept by the maximum amount possible without requiring a referendum, there would be a flat cash settlement for policing overall compared with 2015/16 was confirmed. Although this was the case, all PCCs received a 1.4% reduction in General grant compared with the previous year as a result of increased top slicing of the monies available to PCCs for national projects and programmes.

At the same time Ministers confirmed that the PCC would receive a grant from the Ministry of Justice (MoJ) of £1.084m in connection with the provision of victims' services. In mid-2017/18 the PCC and the Chief Constable agreed to increase the pace at which police officers were being recruited. This was supported with the use of additional reserves. The original proposal indicated that police officer numbers would increase from 1652 to 1867 by April 2020 but it is now anticipated that this will be achieved by September 2018.

The Current Financial Position

The increased speed of recruitment was reflected in a mid-year financial review in preparation for the 2018/19 budget process. The annual review of the MTRS was carried out in December 2017 and January 2018. The five year rolling programme was updated to cover the period 2018/19 to 2022/23 to set the financial context for resource allocation over that timescale.

The assumptions in respect of external funding were reassessed following the Provisional Police Grant Settlement for 2018/19 announced on 19 December 2017. It took into account increases in the tax base and assumptions of Collection Fund surpluses based on estimates from the four billing authorities in the Humberside Police Force area.

The Provisional Settlement confirmed that all PCCs would receive the same amount of General grant in 2018/19 as in 2017/18. For a number of years, the maximum allowable increase in precept for the majority of PCCs, including the PCC for Humberside, was 2%, with those PCCs whose precepts were in the lowest quartile being allowed to increase by £5. For 2018/19 however, the Minister announced that all PCCs could increase their precepts by up to £12 for a Band D property before requiring a referendum. This followed

strong lobbying from the National Police Chiefs' Council (NPCC) and from the Association of Police and Crime Commissioners (APCC) stressing the impact of increasing demands on the service and the need for additional resources. The lobby included requests for more flexibility to allow precept increases. Ministers continued to assume in their forecasts that all PCCs would maximise the amounts that can be raised from the precept thereby increasing the resources for policing overall with the vast bulk of the additional monies being raised locally through Council Tax increases.

In addition, following pressure from the service for Government to provide additional information on grant settlements for more than just the next financial year, in his 2018/19 statement, the Minister for Policing and Fire indicated that the same arrangements would apply in 2019/20, i.e. there would be another opportunity to raise precepts by up to £12. There was a proviso however that this was subject to significant progress being made towards efficiency and productivity targets and greater transparency in relation to reserves. The final details of the Government's requirements have still to be confirmed. On reserves, the PCC has approved a detailed reserves strategy to address the issue as far as Humberside is concerned.

He also confirmed that the long awaited formula review would not now be implemented within the period of the current spending review.

The MTRS incorporates provision for enhanced support for community safety initiatives together with the costs associated with the restructuring of the Office of the Police and Crime Commissioner (OPCC) in order to provide additional resources for community engagement. It also continues to provide for funding victims' services utilising a grant from the MoJ that was confirmed at £1.078m for 2018/19.

Assumptions have been made within the MTRS to take account of the Government's decision to award a pay increase of 1%, plus an additional 1% non-consolidated to police officers in 2017 thus breaking the established public sector pay policy assumption included in the original MTRS. An identical offer has been made to police staff.

The announcement that PCCs will receive the same grant in 2018/19 and that, providing the conditions are met, the £12 referendum limit will also apply in 2019/20 provides more certainty than in previous years has been welcomed but there is a consensus that this will not solve the problems that the service faces. Lack of clarity over the detailed conditions that will have to be met and over the eventual timing and impact of any formula review nevertheless continue to inhibit longer term financial planning. The established public sector pay policy, with settlements limited to 1% per annum, has in the past provided a considerable degree of certainty over a key component of police budgets. The breach in this policy with the award to police officers and the offer to police staff in 2017 adds to the complexity in developing medium term forecasts. The impact of higher pay awards offset a significant proportion of the additional precept income.

Whilst increases in precept provide the PCC with improvements in his permanent income base, in its planning the Government are now consistently assuming that all PCCs will apply the maximum possible increase. In Humberside, as in most PCC areas, the £12 increase for a Band D property is being assumed for 2019/20. However there is an absence of any guidance on the referendum principles beyond that. As inflation is likely to fall back from the current level of around 3% down towards the Bank of England target rate of 2%, it is widely anticipated that the £12 increases will be a temporary measure.

The continued flexibility offered for 2019/20 as outlined above is dependent upon improved productivity and efficiency as well as requiring increased transparency over the level of reserves being held by PCCs. The PCC has approved a detailed reserves strategy to address this as far as Humberside is concerned.

After taking account of the issues raised within the MTRS, the PCC proposed a 6.40%/£11.99 increase in precept in 2018/19 to the Police and Crime Panel. This was supported. He declared that for 2018/19 the Council Tax for policing for a Band D property would be £199.32.

Financial Management

Revenue Outturn

The Precept for a Band D property in 2017/18 was £183.67 and this was based on a revenue budget of £174.042m funded as follows:-

Budget Allocation	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000
<u>Net Expenditure</u>		
TOTAL	174,042	177,727
<u>Financed by:-</u>		
Central Government Grant	122,264	122,264
Council Tax Precept	49,106	49,106
Collection Fund Surplus	1,355	1,355
Use of Reserves	1,317	5,002
TOTAL	174,042	177,727

During the year the approved budget was revised, with an increase in the proposed use of reserves, to cover additional costs including those associated with the accelerated recruitment programme.

The main reasons for the variances related to the additional costs of police officer and pay for PCSOs due to recruitment and numbers being higher than originally forecast, overspending on police overtime and events policing offset by an underspend on police staff costs due to vacancy levels being greater than anticipated. There were additional costs of collaboration, principally in relation to the Joint Specialist Operations Unit and Human Resources joint activities, as well as on specialist services and criminal justice. These costs were counterbalanced in part by savings on Information Services, including telephony and support and maintenance contracts.

As indicated above, the PCC continued to support local partnerships during 2017/18 and the Victims' Service grant from the MoJ, including a small additional allocation received late in the year. The grant was fully expended.

The management accounts final outturn of £178.324m which was higher than the Net Cost of services of £175.104m chargeable to the General Fund as reported in the statutory financial statements Expenditure and Funding Analysis. The difference principally relates

to debt charges and reserve movements included in the management accounts which are required to be eliminated from the Net Cost of Services under the CIPFA Code.

A Capital Programme was approved at the same time as the original budget. This was revised as part of the development of the 2018/19 – 2022/23 MTRS to £16.681m with a final outturn of £15.176m, a projected underspend of £1.505m.

The main reasons for the variation is in relation to vehicles and equipment and this is due principally to delays in the implementation of body worn video and associated equipment. All of the assets and the majority of the liabilities remained with the PCC during 2017/18 and the PCC has and will continue to make all of the decisions on capital expenditure capital funding and borrowing.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the PCC at 31 March 2018. The net assets are matched by the reserves.

Service Delivery

Force

The Force like the service as a whole has faced another challenging year. In Humberside, 2017/18 has seen the recruitment of a new Chief Officer team. Interim arrangements were put in place following the Assistant Chief Officer (Human Resources) and the Assistant Chief Officer (Support) leaving the organisation and a new Chief Officer (Resources) was appointed at the end of April 2018.

A number of significant changes followed including a revision to the Force Governance arrangements and the formulation of a “Plan on a Page”. This links to the Police and Crime Plan to demonstrate how the policing element of it will be delivered, ensuring that every person in the Force contributes and understands what the role of the team is and their own role as individuals is in service delivery.

The One Force model introduced in 2015/16 was discontinued with the establishment of two territorial commands covering the North and the South Banks of the Humber. These commands are coterminous with the boundaries of the East Riding of Yorkshire Council and Kingston upon Hull City Council and those of the North East and North Lincolnshire Councils.

Considerable effort has been invested into the development of robust workforce plans to underpin the engagement of a significant number of additional police officers, building on the work that commenced in 2016/17. The Chief Constable has supported these arrangements with the production of a “target operating model” defining the members of staff to be allocated to each command and department. This has focused on police officer numbers and PSCOs with further work being undertaken in connection with a similar operating model for police staff.

Towards the end of the year work commenced to re-organise the Corporate Development Branch within the Force to increase the capacity for corporate planning with a focus on improving efficiency and continuous improvement. Work has progressed to assess and

analyse demand for services and the skills and ability of existing and new staff to address the challenges ahead. A further round of shift changes will be introduced later in 2018 to provide an improved match between demand and resources.

During the year work commenced on the new custody facility at Birchin Way in Grimsby with the facility due to be handed over for occupation at the start of the new calendar year. A decision has also been made to implement body worn video in the Force and this is progressing. This is in addition to the existing investment in new technology in new crime recording and contact management systems.

Collaboration

Yorkshire and the Humber

The Force continues to actively participate in the long established partnerships with the other three Yorkshire and the Humber forces on issues such as serious and organised crime, underwater search and forensics. There are also ongoing discussions with the other three North East Forces, Cleveland, Durham and Northumbria on wider collaboration on potential areas where all could benefit from working together.

Humberside/South Yorkshire

As described last year, the presumption that work should increasingly be done jointly with the South Yorkshire PCC and Force was revisited due to changes in personnel at PCC and Chief Officer level. The commitment to carry on with existing functions continued in 2017/18. The single IT platform was maintained and has been enhanced with the development and implementation of joint multi-functional systems such as the crime recording, CONNECT, and contact management, SMARTContact, in addition to continued utilisation of the Enterprise Resource Planning (ERP) system.

Shared back office functions in relation to Information Technology, Human Resources and Legal Services continued to operate during 2017/18, however, the Joint Special Operations Unit (JSOU) implemented in 2016/17 was disbanded and has reverted back in Force to a single Humberside service from the start of the financial year.

Humberside Fire and Rescue Service/Humberside Fire Authority

There has been increasing collaboration with the Humberside Fire and Rescue Service and the Humberside Fire Authority during the year with the PCC becoming a member of the Authority but without voting rights at the present time.

The Force has continued to build upon the successful collaboration that involved the formation of Emergency Services Fleet Management (Humberside) Ltd. based at Melton on the outskirts of Hull, in relation to the fleet management and maintenance of police and fire vehicles. The partnership working has been extended with the Force now undertaking the Estates function for the Fire and Rescue Service with effect from 1 April 2018.

At the start of 2017, the seven members of the Fire Authority's Governance Audit and Scrutiny Committee agreed to act, in their individual capacities, as the Joint Independent

Audit Committee (JIAC) for the PCC and the Chief Constable. The JIAC has met on five occasions during the financial year.

North Eastern Region

Humberside is engaged in the North East Transformation Innovation and Collaboration (NETIC) arrangements involving the seven forces in the North East. The forces are looking for opportunities to collaborate on a range of areas that link to national proposals, such as intelligence, firearms, cybercrime, IT and data convergence. This aims to deliver practical products for the region to improve the delivery of policing.

Pension Liabilities

The Chief Constable's accounts once again reflect actuarial valuations of assets and liabilities in accordance with International Accounting Standard (IAS) 19, in respect of both Police Pensions for police officers and for police staff in the Local Government Pensions Scheme. The valuations for police officers are provided by the Government Actuaries' Department (GAD). The liabilities in connection with police officer pensions will be met by the Home Office.

Police staff are members of the East Riding of Yorkshire Council's Pension Fund and information is provided in respect of their pension liabilities by Hymans Robertson, the East Riding's Fund Actuaries. These liabilities will be paid as they fall due. The Pension Fund is revalued every three years. The latest valuation was carried out in March 2016 and revised contribution rates set to recover the deficit position were applied with effect from 1 April 2017.

Sustainability

The Humberside and South Yorkshire Police Forces and OPCCs have a longstanding commitment to the sustainability agenda. As they are significant local and regional employers their actions have a large impact on local communities and the people who work for us and with us.

Working together, both Forces have developed a number of strategic commitments with the PCCs and Chief Constables signing up to a joint Sustainability Statement and agreed shared aims and common approaches, allowing ideas, knowledge and resources to be shared. The Sustainability Strategy 2016-2020 recognised the corporate responsibility and the need to embed sustainability within all levels of the organisations by embracing the following principles of sustainability:-

- Minimising the impact on the environment and continually improving
- Meeting environmental and legal targets as a minimum
- Maximising our positive impact on society
- Setting relevant, measurable sustainability objectives and targets and reporting regularly
- Encouraging employees to integrate sustainability considerations in to all they do
- Educating, training and motivating employees to work in a sustainable and responsible manner
- Seeking out good practice in other organisations and sharing success

The PCCs and Chief Constables believe that success depends on everyone playing their part and that the necessary organisational and cultures exist to ensure targets will be reached to achieve a real difference.

Humberside Police is one of the leads within the NPCC looking at sustainability and have been working to produce a charter that all forces will adopt. This work is being extended to involve fire and rescue services.

People

The Chief Constable has direction and control of all police officers who are officers of the Crown and employs all PCSOs and the vast majority of police staff, with the PCC retaining the employment contracts of a small number of support staff.

A detailed review of the workforce was carried out by Human Resources and Finance staff in July 2017, with the aim of developing processes to provide clarity over the resources available at Force level and the deployable strength at any one time.

A target operating model for 2018 has been created based on a police officer establishment of 1867 FTEs by September 2018. Following the approval of the precept for 2018/19 the number of police officers is set to increase further to between 1900 and 1925.

Police officer strength at 31 March 2018 was 1781.89 FTEs. 2017/18 has seen four intakes ranging from 40 to 60 officers during the year. The Force also revised and reinvigorated its transferee campaign during 2017/18 and successfully increased the number of transferees transferring into Humberside.

Recruitment in these numbers has impacted on the Force in a number of areas including; the HR Shared Service team managing the increased number of recruitment campaigns; Occupational Health for medical assessments; the force vetting unit; estates, to provide training facilities at the Courtland Road site in Hull; learning and development; uniform stores and Is for uniform and technology equipment such as radios; student officer tutoring and the provision of student officer support unit.

The Force PCSO strength at 31st March 2018 was 254 Turnover for PCSO's has been close to the average for 2017/18 with a slight change expected in 2018/19 due to the number of PCSO's in the recruitment process to become Police Officers. The PCSO establishment was temporarily inflated by 30 FTE to 258 for a three year period using one off funding to increase both early intervention and also for the City of Culture year for Hull. This temporary funding comes to an end in 2019/20. The Force has plans in place to reduce the PCSO workforce through natural turnover.

Police Staff Strength at 31st March 2018 was 1114. In addition to this the Force has the collaborative services of HR and IS with South Yorkshire Police and contributes financially to these services but does not employ the workforce. Conversely, the Force has a Legal Services collaboration with South Yorkshire Police and an Estates service with Humberside Fire and Rescue which Humberside Police host the employment for.

Many of the corporate support services in Force were reviewed in 2017/18 including, Corporate Communications, legal Services, Finance and Business Support, Professional Standards and Corporate Development Branch. The Force will embark upon a different style of reviews in 2018/19 with a more sophisticated approach to business change and

business process reengineering driven by a refreshed performance management framework to deliver the plan on a page.

The workforce data for 2017/18 indicates a slow and steady increase of all reported under-represented groups. The proportion of males and females in the total workforce has almost achieved 50% with female police officer percentage achieving an all-time high for the force in this year of 33.6%. The proportion of BAME police officers and staff has also seen a small increase in this year. Whilst this position is positive, the Force is striving to improve this further and has invested in positive action in order to create a workforce that is reflective of the community of Humberside to better serving the community and creating a culturally richer environment for police officers and staff in Force.

Gender pay gap legislation was introduced in April 2017 which required all employers of 250 staff or more to publish data in relation to the gender pay gap for all workers in scope as at a snapshot date of the 31st March 2017. These results were published by the deadline of 30th March 2018. This exercise that will be repeated in future years.

The Humberside Police's total gender pay gap together with those for Police Officers and Police Staff are shown below:-

Gender Pay Gap	Total Workforce	Police Officers	Police Staff
Mean Gender Pay Gap	13.71%	4.13%	7.87%
Median Gender Pay Gap	21.75%	0%	3.78%

The Workforce Gender Split at 31 March 2017 was:-

Gender	Total Workforce	Police Officers	Police Staff
Male	1689	1133	556
Female	1415	527	888

Principal Risks and Uncertainties

Humberside like all forces is facing a series of challenges. The principal issue relates to funding which, notwithstanding the additional information provided in 2018/19 for 2019/20, continues to be uncertain for long term financial planning. The position is exacerbated with the additional demands on policing.

Locally the Force is implementing a range of IT systems which brings additional risks, particularly at a time when there are delays in the implementation of national programmes. Given the significant uplift in the numbers of police officers within the Humberside workforce and succession planning will require careful management set against the changing financial picture and the Police Entry and Qualifications Framework (PEQF).

Explanation of Accounting Statements

The financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. This follows International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to local authority accounts as determined by HM Treasury.

The financial statements 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 (PRSRA);
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013;
- The Corporate Governance Framework.

The Corporate Governance Framework includes:-

- A Statement of corporate governance – statutory framework and local policy;
- A Code of corporate governance – setting out how the good governance core principles will be implemented;
- A Scheme of corporate governance – defines the parameters within which the corporations sole will conduct their business;
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.

The basic position remains that the Commissioner is responsible for the finances of the whole PCC Group and controlled the assets, the majority of liabilities and reserves. The PCC received all income and funding and made all payments for the PCC Group from the PCC Police Fund.

In turn, the Chief Constable continued to have the duty to fulfil prescribed functions under the PRSRA within the annual budget (set by the Police and Crime Commissioner in consultation with the Chief Constable) in line with the approved Corporate Governance Framework. This Framework sets out how the two “corporations sole” will discharge their respective responsibilities.

THE FINANCIAL STATEMENTS

The consolidated financial statements comprise of:-

- Statement of Responsibilities for the Statement of Accounts
 - o *This sets out details of the responsibilities of the Police and Crime Commissioner and those of the Chief Financial Officer in relation to the statement of Accounts.*
- Expenditure and Funding Analysis
 - o *These show how expenditure is used and funded from resources by the PCC Group and PCC and how expenditure is allocated for decision making purposes between the operating functions.*
- Comprehensive Income and Expenditure Statements
 - o *These statements report the accounting cost of providing services in accordance with generally acceptable accounting practices, rather than the amount to be funded by taxation.*
- Movement in Reserves Statements
 - o *These statements show the movement in the year in the different reserves held by the PCC Group and the PCC. These reserves are analysed between*

those that can be used to support local expenditure or to reduce taxation and other reserves which cannot be used in this way.

- Balance Sheets
 - o *These show the value of the assets and liabilities recognised by the PCC Group and the PCC as at 31 March 2018. The net assets of the PCC Group and the PCC are matched by its reserves. The Balance Sheets include long term liabilities associated with defined benefit pension schemes for employees.*
- Cashflow Statement
 - o *The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC Group and the PCC during the year.*
- Statement of Accounting Policies
 - o *This sets out details of the accounting policies adopted in compiling the Statement of Accounts.*
- Police Pension Fund Accounts
 - o *These set out the position of the Police Pension Fund Accounts at 31 March 2018.*

The notes to the accounting records provide more detail about the accounting policies and individual transactions.

Further Information

You can also find more information about the finances of the PCC and the Force on the respective websites www.humberside-pcc.gov.uk and www.humberside.police.uk

Acknowledgement

I would like to express my appreciation to colleagues within the Finance Team from the Office of the PCC who, together with Force Finance staff, have been principally responsible for compiling these financial statements. I would also like to thank the Assistant Chief Officer (Resources) and operational managers within the Force for their assistance. This has been another very challenging year with the level of change that both the OPCC and the Force has gone through coupled with the added burden of having to complete the accounts earlier than in previous years.

John Bates
Chief Finance Officer



**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR HUMBERSIDE
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of the Chief Constable for Humberside ('the Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chief Finance Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chief Finance Officer's responsibilities

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Financial Officer is responsible for the preparation of the Authority's 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 2017/18. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, the Chief Constable for Humberside put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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 Authority'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 on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether the Chief Constable for Humberside had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable for Humberside put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported 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;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made 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;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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. Our audit work has been undertaken so that we might state to the Chief Constable, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the financial statements of the Chief Constable for Humberside in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Rashpal Khangura
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

28 September 2018

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Chief Constable's Responsibilities

The Chief Constable is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs.
- To manage its affairs to ensure economic, efficient and effective use of resources and to safeguard its assets.
- To approve the Statement of Accounts.

I approve this Statement of Accounts.

Date: 27 September 2018

Lee Freeman
Chief Constable of Humberside

Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Chief Constable at the accounting date, and its income and expenditure for the year ended 31 March 2018.

In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that the attached Statement of Accounts present a true and fair view of the position of the Chief Constable of Humberside as at 31 March 2018 and its income and expenditure for the year.

Date: 27 September 2018

John Bates
Chief Finance Officer

EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE OF HUMBERSIDE

The statements below show how annual expenditure is used and funded from resources (government grants and council tax) by the Chief Constable in comparison with those resources consumed or earned by the Chief Constable in accordance with generally accepted accounting practices. They also show how this expenditure is allocated for decision making purposes between the Chief Constable's operating functions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Year ended 31 March 2018

	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between Funding and Accounting Basis (Note 1) £'000	Net Expenditure In the Comprehensive Income and Expenditure Statement £'000
Communities Command	65,499	15,920	81,419
Enabling Services	40,641	3,179	43,820
Command Hub	20,260	4,828	25,089
Specialist Command	16,430	4,695	21,125
Joint Special Operations Uniformed	11,009	1,355	12,365
Protecting Vulnerable People	11,348	2,713	14,060
Criminal Justice	8,751	1,577	10,328
Regional Collaboration	7,124	138	7,261
Force Command	2,147	310	2,457
Non- Command Functions	3,000	0	3,000
Intra -group funding	(221,035)	(5,424)	(226,459)
Net cost of services	(34,825)	29,290	(5,535)
Other income and expenditure	34,825	20,688	55,513
(Surplus) or deficit	-	49,978	49,978
General Fund Balance at 31 March 2017	-		
Add Surplus on General Fund Balance in Year	-		
General Fund Balance at 31 March 2018	-		

Year ended 31 March 2017

	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between Funding and Accounting Basis (Note 1) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Communities Command	57,526	5,020	62,546
Enabling Services	34,871	976	35,847
Command Hub	17,760	1,592	19,352
Specialist Command	16,865	1,318	18,183
Joint Special Operations Uniformed	13,061	858	13,919
Protecting Vulnerable People	11,491	919	12,410
Criminal Justice	12,737	786	13,523
Regional Collaboration	7,258	69	7,327
Force Command	1,517	101	1,618
Non- Command Functions	4,706	78	4,784
Intra -group funding	(215,125)	(3,870)	(218,995)
Net cost of services	(37,333)	7,847	(29,486)
Other income and expenditure	37,333	23,120	60,453
(Surplus) or deficit	-	30,967	30,967
General Fund Balance at 31 March 2016	-		
Add Surplus on General Fund Balance in Year	-		
General Fund Balance at 31 March 2017	-		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

This statement shows the accounting cost in the year for the Chief Constable of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. PCCs raise taxation to cover expenditure of the Chief Constable in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2016-17 £'000		Note	Year ended 31 March 2018		
			£'000 Expenditure	£'000 Income	£'000 Net
62,546	Communities Command		81,419	-	81,419
35,847	Enabling Services		43,820	-	43,820
19,352	Command Hub		25,089	-	25,089
18,183	Specialist Command		21,125	-	21,125
13,919	Joint Special Operations Uniformed		12,364	-	12,364
12,410	Protecting Vulnerable People		14,060	-	14,060
13,523	Criminal Justice		10,328	-	10,328
7,327	Regional Collaboration		7,261	-	7,261
1,618	Force Command		2,457	-	2,457
4,784	Non- Command Functions		3,000	-	3,000
189,509	Financial Resources Consumed		220,924	-	220,924
(218,995)	Intra - Group Adjustment	3	(226,459)	-	(226,459)
(29,486)	Net Cost of Policing Services	3	(5,535)	-	(5,535)
-	Other Operating Expenditure		-	-	-
60,453	Financing and Investment Income and Expenditure	5	61,188	(5,630)	55,518
30,967	(Surplus) or Deficit on Provision of Services				49,978
350,944	Remeasurements of the net defined benefit liability	22			(32,447)
350,944	Other Comprehensive Income and Expenditure (Surplus)/Deficit				(32,447)
381,911	Total Comprehensive Income and Expenditure (Surplus)/Deficit				17,531

The Police and Crime Commissioner receives all income and funding and makes all payments for the PCC Group from the PCC Police Fund. In turn, the Chief Constable consumes resources to deliver policing services within an annual budget.

As required by the 2016/17 CIPFA Code, Cost of Services are now reported by operating function in line with how the Chief Constable is managed rather than as specified under SeRCOP.

MOVEMENT IN RESERVES STATEMENT FOR THE CHIEF CONSTABLE OF HUMBERSIDE

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the Chief Constable's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2017	-	-	(2,102,456)	(2,102,456)
Total Comprehensive Income & Expenditure	(49,978)	(49,978)	32,447	(17,531)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 1)	49,978	49,978	(49,978)	-
Increase / Decrease in Year	-	-	(17,531)	(17,531)
Balance at 31 March 2018	-	-	(2,119,987)	(2,119,987)
	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2016	-	-	(1,720,546)	(1,720,546)
Total Comprehensive Income & Expenditure	(30,967)	(30,967)	(350,944)	(381,911)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 1)	30,967	30,967	(30,967)	-
Increase / Decrease in Year	-	-	(381,911)	(381,911)
Balance at 31 March 2017	-	-	(2,102,457)	(2,102,457)

BALANCE SHEET OF THE CHIEF CONSTABLE OF HUMBERSIDE

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets/(liabilities) of the Chief Constable are matched by reserves held by the Chief Constable. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Chief Constable may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

31-Mar-17 £'000		Note	31-Mar-18 £'000
-	Property, Plant & Equipment		-
-	Intangible Assets		-
-	Long Term Debtors		-
-	Long Term Assets		-
-	Assets Held for Sale		-
-	Inventories		-
-	Short Term Investments		-
4,007	Short Term Debtors	11 & 12	3,600
-	Cash and Cash Equivalents		-
4,007	Current Assets		3,600
-	Bank Overdraft		-
7,406	Short Term Creditors	13 & 14	7,466
-	Short Term Borrowing		-
-	Provisions		-
7,406	Current Liabilities		7,466
-	Long Term Borrowing		-
2,099,058	Other Long Term Liabilities	17	2,116,121
2,099,058	Long Term Liabilities		2,116,121
<u>(2,102,457)</u>	Net Assets/ (Liabilities)		<u>(2,119,987)</u>
-	Usable Reserves		-
(2,102,457)	Unusable Reserves	15	(2,119,987)
<u>(2,102,457)</u>	Total Reserves		<u>(2,119,987)</u>

CASH FLOW STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

This statement does not show any cash and cash equivalents during the reporting period as all payments were made from the Police Fund which is held by the Police and Crime Commissioner for Humberside ("PCC") and similarly all income and funding is received by the PCC. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement.

31-Mar-17 £'000		Note	31-Mar-18 £'000
30,967	Net (Surplus) or Deficit on the Provision of Services		49,978
(30,967)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	23	(49,978)
	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		
-	Net Cash Flows from Operating Activities		-
-	Investing Activities		-
-	Financing Activities		-
-	Net (Increase) or Decrease in Cash and Cash Equivalents		-
-	Cash and Cash Equivalents at the Beginning of the Reporting Period		-
-	Cash and Cash Equivalents at the End of the Reporting Period		-

STATEMENT OF ACCOUNTING POLICIES FOR THE CHIEF CONSTABLE OF HUMBERSIDE

1. **Accounting Policies**

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2017/18. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority accounts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounts permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Chief Constable for the purpose of presenting fairly the position of the Chief Constable has been selected. The particular policies adopted by the Chief Constable are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

The accounting policies also reflect the powers and responsibilities of the Chief Constable of Humberside as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2013. The accounting policies defined here are consistent with local regulations, local agreement and practice as well as the PCC Group policies.

1.1 **Accounting convention**

These financial statements have been prepared under the historical cost convention. Where appropriate financial assets and liabilities have been impaired or discounted to bring them to current value.

1.2 **Acquisitions and discontinued operations**

Activities are considered to be 'acquired' only if they are transferred from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 **Going Concern**

After making enquires, the Chief Constable has formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Chief Constable or its successors has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

1.4 **Critical Judgements In Applying Accounting Polices**

In the application of the Chief Constable's accounting policies, management is required to make judgements about complex transactions involving uncertainty about future events. There have been no critical judgements made in these Statement of Accounts regarding uncertainty of future events.

1.4.1 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable 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 as at 31 March 2018 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Short Term Employee Benefits (See paragraph 1.6)

In calculating the cost of the above, the uncertainty is that the number of days of accrued annual leave or the rate used to cost the accrual are incorrect. A 10% movement in the number of days would see a £340k increase/decrease in the cost.

Pensions Liability and Reserve – (See paragraph 1.6 and note 17)

Estimates for pensions liabilities are determined and sourced through pensions actuaries, who apply a number of assumptions on future inflation, mortality rates etc. If estimates/assumptions used, are too conservative, the estimated pensions liability will be understated, and overstated if too high.

Allocation of Expenditure between the PCC and the Chief Constable– (See note 3)

A judgement has been made of the expenditure allocated between the PCC and the Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the PCC Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP.

1.5 Cost recognition

All expenditure is paid for by the PCC including the wages of Police Officers and Police Staff and no actual cash transactions or events take place between the two entities. Costs are however recognised in the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable.

1.6 Employee Benefits

Short-term employee benefits

Employee benefits are those due to be settled within 12 months of the year-end. The financial consequences of these benefits are recognised in the Chief Constable's financial statements in the year in which the employee renders service to the Chief Constable. IAS19 Employee Benefits also requires the PCC Group to account for short-term compensated absences which include time owing and annual leave accrued by accruing for the benefits which have accumulated but are untaken by the Balance Sheet date.

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 their normal retirement date or their decision to accept voluntary redundancy. These costs are recognised in the financial statements of the Chief Constable when the Chief Constable is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

Retirement benefit costs

The PCC Group participates in three pension schemes for Police Officers and one for Police staff. All of the schemes provide members with defined benefits related to pay and service.

Police Officers

The 1987, 2006 and 2015 Police Pension Schemes are contributory occupational pension schemes. Officers pay contributions from their pensionable pay based on salary bandings. The contribution rates are set nationally by the Home Office. The Chief Constable administers Police Pensions through the Police Pension Fund Accounts. The cost to the PCC Group is via an employers' contribution and a charge for Officers who retire on ill health. Any balance on the Pension Fund Accounts is received from or paid to Central Government.

Injury awards are not part of the Police Pension Fund and are paid out of the Chief Constable's budget.

Police Staff

The PCC is an admitted body to the East Riding Pension Fund, which is administered by the East Riding of Yorkshire Council. Police staff are eligible to join the Local Government Pension Scheme which has varying contribution rates based on members' salaries. The PCC makes employers' contributions as required into the East Riding Pension Fund.

The PCC Group has fully adopted IAS 19 Employee Benefits. The financial statements reflect the Chief Constable's commitment to make up any shortfall in attributable net assets in the Pension Fund. The pension liability is included in the Chief Constable's Balance Sheet and service costs are reflected in the Chief Constable's Comprehensive Income and Expenditure Statement. The current economic cost outflow of police officer and police staff pensions is recognised in the Chief Constable's financial statements to reflect the cost of operating the four pension schemes.

1.7 Reserves

The Chief Constable sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement in that year to score against the Surplus or Deficit on the account. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Chief Constable. Details of these reserves are provided in the relevant note to the financial statements.

1.8 Jointly Controlled Operations

The Chief Constable engages in jointly controlled operations by collaborative working with other parties to deliver a number of specific services on a regional basis.

The PCC Group accounts in its financial statements for the assets it controls, the liabilities it incurs, the expenses that it incurs and the income it earns in relation to these arrangements.

1.9 Accounting standards that have been issued but have not yet been adopted

The standards and amendment to standards have been issued but not yet adopted:-

- IFRS 9: Financial Instruments
- IFRS 15: Revenue from Contracts and Customers
- Amendment to IAS 12: Income Taxes: Recognition of Deferred Tax Assets and Unrealised Losses
- Amendment to IAS 7: Statement of Cashflows: Disclosure Initiative

None of the above amendments are expected to have any material impact on future financial statements of the Chief Constable.

1.10 Accounting standards issued that have been adopted early

There are no accounting standards issued that have been adopted early.

1.11 Exceptional items

Exceptional items shall be included in the costs of the service to which they relate and noted accordingly.

1.12 Prior period adjustments

Unless otherwise sanctioned by the CIPFA Code of Practice on Local Authority Accounting, material prior period adjustments shall result in restatement of prior year figures and disclosure of the effect.

1.13 Events after the balance sheet date

Material events after the balance sheet date, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue shall be disclosed as a note to the financial statements and the financial statements amended as required. Other events after the balance sheet date will be disclosed in a note with an estimate of the likely effect.

Two types of event can be identified as:

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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 the events and their estimated financial effect.

1.14 Value Added Tax (VAT)

The Chief Constable does not submit VAT returns. The PCC submits single VAT returns on behalf of the PCC Group. Expenditure shown in the Chief Constable's financial statements excludes any amounts relating to VAT as all VAT is remitted to /from Her Majesty's Revenue and Customs.

NOTES TO THE CORE FINANCIAL STATEMENTS

1. EXPENDITURE AND FUNDING ANALYSIS – ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i) £'000	Net Change for the Pensions Adjustments (Note ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'000
Communities Command	2,487	13,188	245	15,920
Enabling Services	477	2,682	20	3,179
Command Hub	810	3,960	58	4,828
Specialist Command	482	4,162	51	4,695
Joint Special Operations Uniformed	262	1,057	36	1,355
Protecting Vulnerable People	359	2,312	42	2,713
Criminal Justice	279	1,290	8	1,577
Regional Collaboration	28	107	3	138
Force Command	7	301	2	310
Non- Command Functions	-	-	-	-
Intra-group funding	5,191	(236)	3	5,424
Net Cost of Services	-	28,823	468	29,290
Other income and expenditure from the Funding Analysis	0	20,688	0	20,688
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	-	49,511	468	49,978

Year ended 31 March 2017

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£'000	£'000	£'000	£'000
Communities Command	1,760	3,486	(226)	5,020
Enabling Services	357	642	(23)	976
Command Hub	606	1,048	(62)	1,592
Specialist Command	426	950	(58)	1,318
Joint Special Operations Uniformed	216	680	(38)	858
Protecting Vulnerable People	289	681	(51)	919
Criminal Justice	327	490	(31)	786
Regional Collaboration	15	58	(4)	69
Force Command	9	98	(6)	101
Non- Command Functions	-	78	-	78
Intra -group funding	(4,005)	138	(3)	(3,870)
Net Cost of Services	-	8,349	(502)	7,847
Other income and expenditure from the Funding Analysis	-	23,120	-	23,120
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	-	31,469	(502)	30,967

Note i – Adjustments for Capital Purposes

This adds in depreciation and impairments in the service line which are offset by intra group funding.

Note ii – Net change for the Pensions Adjustments

This is the net change for the removal of pension contributions and the inclusion of Police Pension Top Up Grant and IAS19 Employee Benefits related expenditure and income:

- For service lines, this represents the removal of employer pension contributions as allowed by statute and the replacement with current service costs and past service costs.
- Financing and Investment Income and Expenditure – the net interest on the defined benefit liabilities is charged to the Comprehensive Income and Expenditure Statement.
- Taxation and Non-Specific Grant Income – The Police Pension Top Up Grant is credited to the Comprehensive Income and Expenditure Statement.

Note iii – Other Differences

This represents the timing difference on employee benefits for accumulated absences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

2. FINANCIAL RESOURCES CONSUMED BY THE CHIEF CONSTABLE FUNDED BY THE POLICE AND CRIME COMMISSIONER("PCC")

As the Chief Constable has no resources with which to fulfil devolved responsibilities to provide a policing service, the expenditure is funded by the PCC. The annual budget is set by the PCC in consultation with the Chief Constable. Similarly, access is granted to PCC staff and assets and a scheme of delegation operates between the two bodies determining the local arrangements and respective responsibilities.

The tables below show the movement through the intra-group accounts within the respective Balance Sheets during 2017-18 and 2016-17 and show that there are no outstanding intra-group balances at the year end dates, other than resulting from year end accounting adjustments in respect of payroll balances.

Accounting entries reflected in the respective Balance Sheets in year and at the year end:

	PCC £'000	Chief Constable £'000	PCC Group £'000
Intra - Group movements 2017- 2018:			
Opening balance as at 1 April 2017	(3,996)	3,996	-
PCC resources consumed at the request of the Chief Constable	220,924	(220,924)	-
PCC intra - group adjustment (resource funding)	(220,924)	220,924	-
	(3,996)	3,996	-
Year end adjustments:			
Accumulated absences movement	(468)	468	-
Pensions actuarial adjustments	6,002	(6,002)	-
PCC intra - group adjustment	(5,534)	5,534	-
Payroll creditors and debtors movement	433	(433)	-
Closing balance as at 31 March 2018	(3,564)	3,564	-
Intra - Group movements 2016- 2017:			
Opening balance as at 1 April 2016	(3,724)	3,724	-
PCC resources consumed at the request of the Chief Constable	189,510	(189,510)	-
PCC intra - group adjustment (resource funding)	(189,510)	189,510	-
	(3,724)	3,724	-
Year end adjustments:			
Accumulated absences movement	502	(502)	-
Pensions actuarial adjustments	28,984	(28,984)	-
PCC intra - group adjustment	(29,486)	29,486	-
Payroll creditors and debtors movement	(272)	272	-
Closing balance as at 31 March 2017	(3,996)	3,996	-

The financial consequences of PCC resources consumed at the request of the Chief Constable in pursuance of the Chief Constable's operational responsibilities are shown in the Comprehensive Income and Expenditure Statement. This shows the net cost of policing for the Chief Constable and the financial consequences recognised are offset by an intra-group adjustment to reflect the payment of the PCC resources consumed at the request of the Chief Constable to give a nil position on the Comprehensive Income and Expenditure Statement, apart from the year end adjustments for pensions actuarial adjustments and accumulated absences. In contrast, the PCC "Net Cost of Services" includes the intra-group adjustment ("Funding of Resources at the request of the Chief Constable") in addition to the cost of administering the PCC itself to show the overall net cost of policing Humberside.

3. SUMMARY SPENDING DETAILS

The statement below reflects the financial resources of the PCC consumed at the request of the Chief Constable. In practice, all the respective costs are paid for by the PCC and the intra-group adjustments referred to in Note 2 are shown in the statements below, resulting in a nil balance for the net cost of policing services apart from year end adjustments.

The financial resources of the PCC consumed at the request of the Chief Constable are shown below in a subjective analysis format. The subjective analysis is used by management to aid decisions about resource allocation in internal management reports.

2016-17 £'000		2017-18 £'000
	Financial resources of PCC consumed at the request of the Chief Constable	
	<u>Employees</u>	
127,033	Pay and Other Employment Costs	143,226
22,620	Police Pensions Current Service Cost	35,820
149,653		179,046
	<u>Running Expenses</u>	
6,795	Premises	6,063
4,327	Transport	3,445
24,207	Supplies and Services	24,739
380	Agency Services	735
35	Special Constables	2
4,035	Capital charges	5,191
77	Non Distributable Cost	1,702
39,856		41,879
189,509	Total financial resources of PCC consumed at the request of the Chief Constable	220,924
(218,995)	Intra - Group adjustments *	(226,459)
(29,486)	Net Cost of Policing Services	(5,535)

* PCC funding during the year for financial resources of the PCC consumed at the request of the Chief Constable and year end adjustments as shown in note 2.

The financial resources of the PCC consumed at the request of the Chief Constable analysed by operating functions are shown in the Comprehensive Income and Expenditure Statement.

4. PENSIONS COSTS

As part of the terms and conditions of employment the PCC Group offers retirement benefits for Police Officers and Police Staff. There are four pension schemes as described in the Statement of Accounting Policies. Further details of the Police Pension Schemes can be found in the Police Pension Fund Accounts. Details of actuarial valuations of all four pension schemes can be found in these financial statements.

To reflect the full financial consequences of utilising the services of Police Officers and Police Staff during the year, an amount for pensions costs is reflected in the Chief Constable's financial statements. In accordance with IAS 19 Employee Benefits, this amount equates to the present value of the pension benefits earned by active employees and is intended to reflect the true economic cost for the year based on current market conditions. The cost is determined independently of the funding of the schemes and measures the full liability estimated to have been generated in the year (at today's prices).

The following amounts have been included in the financial statements for the year:

	Local Government Pension Scheme		Police Pension Schemes	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Net Cost of Service				
Current Service Cost (Gross)	13,092	7,217	35,820	22,620
Non Distributed Costs	1,702	77	(1,350)	-
	<u>14,794</u>	<u>7,294</u>	<u>34,470</u>	<u>22,620</u>
Net Operating Expenditure				
Interest Cost	7,275	8,523	53,730	58,680
Interest Income	(5,492)	(6,750)	-	-
	<u>1,783</u>	<u>1,773</u>	<u>53,730</u>	<u>58,680</u>
Net Charge to the Comprehensive Income and Expenditure Statement	<u>16,577</u>	<u>9,066</u>	<u>88,200</u>	<u>81,300</u>
Statement of Movement in the General Fund Balance				
Reversal of Net Charges made for Retirement Benefits in Accordance with IAS 19	(16,577)	(9,066)	(88,200)	(81,300)
Actual amount charged against the General Fund Balance for Pensions in the Year:				
Employer's Contributions Payable to Scheme	<u>6,514</u>	<u>6,675</u>	<u>12,295</u>	<u>12,295</u>
Retirement Benefits Payable to Pensioners (Gross)	<u>-</u>	<u>-</u>	<u>-</u>	<u>755</u>

5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2016-17 £'000		2017-18 £'000
60,453	Pensions interest cost net of interest on pension assets	55,513
<u>60,453</u>		<u>55,513</u>

6. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, excluding employer's pension contributions was £50,000 or more in bands of £5,000 was:

2016-17 No.s	Remuneration band £	2017-18		Total No.s
		Police Officers No.s	Support Staff No.s	
126	50,000 - 54,999	156	3	159
86	55,000 - 59,999	94	-	94
22	60,000 - 64,999	24	1	25
8	65,000 - 69,999	13	2	15
8	70,000 - 74,999	6	-	6
8	75,000 - 79,999	7	1	8
3	80,000 - 84,999	7	1	8
7	85,000 - 89,999	3	1	4
-	90,000 - 94,999	2	1	3
2	95,000 - 99,999	-	1	1
-	100,000 - 104,999	2	-	2
-	105,000 - 109,999	-	-	-
-	110,000 - 114,999	-	-	-
1	115,000 - 119,999	-	-	-
-	120,000 - 124,999	-	-	-
1	125,000 - 129,999	-	-	-
1	130,000 - 134,999	-	-	-
1	135,000 - 139,999	-	-	-
-	140,000 - 144,999	-	-	-
-	145,000 - 149,999	1	-	1
-	150,000 - 154,999	-	-	-
-	155,000 - 159,999	-	-	-
1	160,000 - 164,999	-	-	-
<u>275</u>		<u>315</u>	<u>11</u>	<u>326</u>

The Officers disclosed separately in Note 7 are included in the bands above.

The numbers of employee compulsory and voluntary exit packages agreed with total cost per band and total cost of the redundancies are set out below:

2017-18

Exit package cost band £	No. of compulsory redundancies	No. of other agreed departures	Total No. of exit packages by cost band	Total cost of exit packages in each band £'000
0 -20,000	4	5	9	93
20,001 - 40,000	1	1	2	65
40,001 - 60,000	2	1	3	135
60,001 - 80,000	-	1	1	68
80,001 - 100,000	-	1	1	87
100,001 - 120,000	-	-	-	-
120,001 - 140,000	1	-	1	132
140,001 - 160,000	-	-	-	-
160,001 - 180,000	-	-	-	-
180,001 - 200,000	-	-	-	-
200,001 - 220,000	-	-	-	-
220,001 - 240,000	-	-	-	-
240,001 - 260,000	-	1	1	248
260,001 - 280,000	-	1	1	274
	8	11	19	1,102

2016-17

Exit package cost band £	No. of compulsory redundancies	No. of other agreed departures	Total No. of exit packages by cost band	Total cost of exit packages in each band £'000
0 -20,000	3	-	3	11
	3	-	3	11

7. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

Senior Officers and Relevant Police Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Post Holder	Note	2017-2018				Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		Salary (Including Fees & Allowances) £'000	Benefits in Kind £'000	Other Emoluments £'000	Compensatory Grant £'000	£'000	£'000	£'000
Chief Constable	1	33	1	-	3	37	8	44
Chief Constable	2	142	3	2	-	147	33	181
Deputy Chief Constable	3	56	5	4	-	65	14	78
Deputy Chief Constable	4	54	5	-	-	59	13	72
Assistant Chief Constable Operations	5	96	6	-	-	102	22	125
Assistant Chief Constable Communities		91	-	13	-	104	21	125
Assistant Chief Constable Operations	6	49	4	-	-	54	11	64
Assistant Chief Officer Human Resources	7	26	-	78	-	105	202	307
Assistant Chief Officer Support	8	66	-	53	-	119	206	326
		615	24	150	3	791	530	1,322

Note:

- 1 Chief Constable left the Force on 12 May 2017
- 2 Chief Constable appointed 26 June 2017
- 3 Deputy Chief Constable to 3 Sept 2017
- 4 Deputy Chief Constable appointed 23 Oct 2017
- 5 Assistant Chief Constable Operations to 13 Feb 2018
- 6 Assistant Chief Constable Operations started 23 Oct 2017
- 7 Assistant Chief Officer Human Resources left the Force on 12 June 2017
- 8 Assistant Chief Officer support left the Force on 30 Sept 2017

Post Holder	2016-2017							
	Salary (Including Fees & Allowances) £'000	Benefits in Kind £'000	Other Emoluments £'000	Compensatory Grant £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions £'000	
Chief Constable	Note							
Chief Constable	1	147	13	-	2	162	35	197
Deputy Chief Constable		119	10	3	-	132	29	161
Assistant Chief Constable Operations	2	25	-	-	-	25	4	29
Assistant Chief Constable Operations	3	88	11	-	-	99	21	120
Assistant Chief Constable Communities		108	9	-	-	117	25	142
Assistant Chief Officer Human Resources	4	120	2	14	-	136	26	162
Assistant Chief Officer Support		110	4	15	-	129	24	153
		717	49	32	2	800	164	964

Note:

- 1 Chief Constable left the Force on 12 May 2017
- 2 Assistant Chief Constable Operations to 1 June 2016
- 3 Assistant Chief Constable Operations from 16 May 2016
- 4 Assistant Chief Officer Human Resources left the Force on 12 June 2017

A shared service agreement exists in connection with the provision of services in respect of Human Resources and, under this arrangement, 50% other total pay and other costs of the Assistant Chief Officer (Human Resources) are met by from the OPCC for South Yorkshire.

No bonuses or compensation for loss of office were paid to Senior Officers during 2017/18 or 2016/17.

8. RELATED PARTY TRANSACTIONS

In accordance with the reporting requirements of IAS 24, the Chief Constable is required to disclose details of material transactions with related parties, that is bodies or individuals that have the potential to influence the Chief Constable or to be controlled or influenced by the Chief Constable.

Central Government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates as well as providing substantial resources in the form of grants which are paid to the PCC. It also prescribes the terms of many of the transactions that the PCC Group has with other parties. Grants received from Central Government to the PCC are set out in the PCC Group and PCC financial statements.

The Chief Constable is represented on the National Police Chiefs Council (NPCC) which is an independent professional body of chief police officers and senior staff equivalents.

The relationship between the PCC and the Chief Constable is explained in note 2 to these financial statements. The monetary value of transactions between the Chief Constable and the PCC are also disclosed in these financial statements.

Two Senior Officers of Humberside Police are also Directors of Emergency Services Fleet Management (Humberside) Ltd – Chief Superintendent Lauren Poultney and Assistant Chief Officer Support Philip Goatley. Emergency Services Fleet Management (Humberside) Ltd is a joint operation that provides vehicle maintenance services to Humberside Police and Humberside Fire Authority. The company supplied services with a value of £1,968,441 (£1,976,731 in 2016/17) to Humberside Police during 2017/18. The PCC Group leases part of its Melton workshop facility to the company for which a rent of £198,799 was charged (£198,799 2016/17). Details of Humberside Police's share of income, expenditure, assets and liabilities of this joint operation are disclosed in note 10 to the financial statements.

A survey of the Chief Constable and Senior Officers of Humberside Police and parties related to them was undertaken in preparing these financial statements. Except as disclosed above, no material related party transactions were identified.

9. EXTERNAL AUDIT FEES

The external audit fee payable to KPMG LLP for 2017-18 for the Chief Constable is £15k (2016-17 £15k).

10. REGIONAL COLLABORATION

Regional Collaboration Board (RCB)

The Regional Collaboration Programme was developed to bring opportunities to participating Forces across many policing activities whilst retaining local Police Forces, local identity and local accountability.

A Regional Collaboration Board (RCB) has governance of the arrangements. This Board comprises the four PCCs within the Yorkshire and Humberside Region together with their respective Chief Constables and Chief Executives. The arrangements are subject to agreement under Section 22A of the Police Act 1996 (as amended).

Regional Collaboration is funded from contributions made by the four participating PCCs and the level of contribution from each PCC is dependent upon an assessment of the benefit to be derived from each specific project or initiative.

Lead Force collaboration arrangements

A Lead Force model has been adopted for each functional area of regional collaboration, with the RCB having governance over all the arrangements.

The PCC for Humberside has Lead Force responsibility within the regional programme for property matters and marine services. Premises leased for the regional programme are detailed in the PCC Group financial statements.

Memorandum accounts for marine services for the year ended 31 March 2018 are as follows:

2016-17 £'000		2017-18	
		£'000	£'000
	<u>Expenditure</u>		
600	Staff Costs	547	
43	Property Related Expenses	43	
18	Supplies and Services	9	
58	Transport Related Expenses	64	
15	Capital charges	0	
<u>734</u>			663
	<u>Income</u>		
722	Contributions (see below)	698	
5	Other income	29	
<u>727</u>			<u>727</u>
<u>7</u>	Deficit/(Surplus)in year		<u>(64)</u>
	<u>Contributions</u>		
213	West Yorkshire	205	
130	South Yorkshire	126	
36	North Yorkshire	36	
343	Humberside	331	
<u>722</u>			<u>698</u>

The PCC for Humberside has made contributions during the year ended 31 March 2018 to other Lead Forces as follows:

Lead Force	Functional area	Contributions made	
		2016-17 £'000	2017-18 £'000
OPCC for South Yorkshire	Procurement and stores	374	555
	Firearms	25	37
OPCC for West Yorkshire	Serious and Organised Crime	1306	2675
	Scientific Support	4300	12,625

Other Regional Collaboration arrangements

The PCC for Humberside collaborates in a two force partnership with the OPCC for South Yorkshire (OPCCSY) on the provision of Human Resources and Training, Information Services and Joint Special Operations Uniformed (JSOU). The JSOU commenced with effect from 1st April 2016. The costs of each of these collaborations are shared based on the total size of the respective force budgets assessed using a measure of net revenue expenditure. The summary position for each of these joint operations is outlined below:

2017-18	JSOU £'000	Human Resources & Training £'000	Information Services £'000
Expenditure			
Staff Costs	8,937	11,184	6,821
Property Related Expenses	105	8	4
Supplies and Services	340	341	4,886
Transport Related Expenses	264	482	181
Third Party Costs	2	4	-
	<u>9,648</u>	<u>12,019</u>	<u>11,892</u>
Income			
Contributions (see below)	9,405	11,991	11,893
Other Income	243	28	(1)
	<u>9,648</u>	<u>12,019</u>	<u>11,892</u>
Deficit/(Surplus) in year	<u>-</u>	<u>-</u>	<u>0</u>
Contributions			
Humberside Police	3,907	4,920	5,137
South Yorkshire	5,498	7,071	6,755
	<u>9,405</u>	<u>11,991</u>	<u>11,892</u>

2016-17	JSOU	Human Resources & Training	Information Services
	£'000	£'000	£'000
<u>Expenditure</u>			
Staff Costs	21,765	10,446	5,307
Property Related Expenses	264	4	5
Supplies and Services	519	447	4,092
Transport Related Expenses	570	378	201
Third Party Costs	(2)	4	-
	<u>23,116</u>	<u>11,279</u>	<u>9,605</u>
<u>Income</u>			
Contributions (see below)	22,551	11,220	9,604
Other Income	565	59	1
	<u>23,116</u>	<u>11,279</u>	<u>9,605</u>
Deficit/(Surplus) in year	<u>-</u>	<u>-</u>	<u>-</u>
<u>Contributions</u>			
Humberside Police	9,275	4,615	4,137
South Yorkshire	13,276	6,605	5,467
	<u>22,551</u>	<u>11,220</u>	<u>9,604</u>

Humberside Police and Humberside Fire Authority collaborate on a joint operation in respect of their emergency vehicle maintenance requirements, which are delivered by Emergency Services Fleet Management (Humberside) Ltd, a company limited by guarantee which was established for that purpose. Humberside Police retain joint control of this company with Humberside Fire Authority. The amounts included in the PCC Group financial statements in respect of this joint operation are as follows:

2016-17
50% share
£'000

2017-18
50% share
£'000

Comprehensive Income and Expenditure Statement

(10)	Income	(0)
682	Pay and employment costs	642
100	Premises	100
598	Transport	626
70	Supplies and Services	77
27	Capital charges	22
<u>1,467</u>	Net Cost	<u>1,467</u>
Balance Sheet		
183	Property, Plant & Equipment	161
53	Inventories	42
52	Short Term Debtors	18
162	Cash and Cash Equivalents	380
(95)	Short Term Creditors	(167)
<u>355</u>	Net Assets	<u>434</u>

11. PREPAYMENTS AND DEBTORS/ACCRUALS

2016-17
£'000

2017-18
£'000

3,996	Other Police and Local Authorities	3,562
11	Other	38
<u>4,007</u>		<u>3,600</u>

12. SHORT TERM DEBTORS

2016-17
£'000

2017-18
£'000

4,007	Debtors & Accruals	3,600
<u>4,007</u>		<u>3,600</u>

13. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

2016-17
£'000

2017-18
£'000

3,271	Government Departments	1,238
4,135	Other	6,228
<u>7,407</u>		<u>7,466</u>

14. SHORT TERM CREDITORS

2016-17 £'000		2017-18 £'000
7,406	Creditors & Accruals	7,466
<u>7,406</u>		<u>7,466</u>

15. UNUSABLE RESERVES

2016-17 £'000		2017-18 £'000
(2,099,058)	Pensions Reserve	(2,116,121)
<u>(3,399)</u>	Accumulated Absences Adjustment Account/Interest	<u>(3,866)</u>
<u>(2,102,457)</u>	Total Unusable Reserves	<u>(2,119,987)</u>

Pensions Reserve

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 assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has 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.

2016-17 £'000		2017-18 £'000
(2,099,058)	Pensions Reserve	(2,116,121)
<u>(3,399)</u>	Accumulated Absences Adjustment Account/Interest	<u>(3,866)</u>
<u>(2,102,457)</u>	Total Unusable Reserves	<u>(2,119,987)</u>

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment 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 Funding Balance is neutralised by transfers to or from the Account.

2016-17 £'000		2017-18 £'000
(3,901)	Opening Balance	(3,399)
	Settlement or cancellation of accrual made at the end of the	
3,901	preceding year	(23)
(3,399)	Amounts accrued at the end of the current year	(3,890)
	Amount by which officer remuneration charged to the CIES on an	
	accruals basis is different from remuneration chargeable in the year	
502	in accordance with statutory requirements	(468)
(3,399)	Closing Balance	(3,867)

16. CONTINGENT LIABILITIES

The Chief Constable of Humberside, along with other Chief Constables and the Home Office, currently has 42 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal.

In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact.

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date.

Emergency Services Fleet Management (Humberside) Ltd - Pension liability

Emergency Services Fleet Management (Humberside) Ltd is a joint operation of Humberside Police and Humberside Fire Authority to provide vehicle maintenance services to both organisations. Should this arrangement cease (and the company be dissolved) any accrued pension liabilities will be payable equally by Humberside Police and Humberside Fire Authority. There are no current indications or plans to cease this joint operation.

17.ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits of the Chief Constable at 31 March 2018 and 31 March 2017 are as follows:

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(293,685)	(281,045)	(2,049,962)	(2,033,932)	(2,343,647)	(2,314,977)
Estimated Assets in the Scheme	225,858	214,220	-	-	225,858	214,220
Net Asset/(Liability)	(67,827)	(66,825)	(2,049,962)	(2,033,932)	(2,117,789)	(2,100,757)
Allocation of Net Asset/(Liability)					31 March 2018	31 March 2017
PCC					£'000	£'000
Chief Constable					(1,668)	(1,699)
					(2,116,121)	(2,099,058)
					<u>(2,117,789)</u>	<u>(2,100,757)</u>

The liabilities show the Chief Constable's long term commitments to pay retirement benefits. The total liability of £2,116m has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £2,120m. It must be noted however that the deficit on the Local Government Pension Scheme will be made good by increased contributions assessed by the scheme actuary every three years. Finance is only required to be raised to cover police pensions when pensions are actually paid.

The last actuarial review was carried out on the Local Government Pension Scheme as at 31 March 2016. The next actuarial review takes place as at 31 March 2019.

18. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

	Unfunded Liabilities: Police Pension Schemes		Funded Liabilities: Local Government Pension Scheme	
	2017-18	2016-17	2017-18	2016-17
	£'000	£'000	£'000	£'000
1st April	(2,033,932)	(1,667,758)	(281,045)	(240,411)
Current service cost	(35,820)	(22,620)	(13,422)	(7,405)
Past service costs (including curtailments)	(1,350)	-	(352)	(77)
Effect of settlements	-	-	-	-
Interest cost	(53,730)	(58,680)	(7,458)	(8,745)
Contributions by scheme participants	(8,220)	(8,140)	(2,165)	(2,033)
Benefits paid	58,370	60,446	3,844	4,118
Remeasurements:				
Gains and losses from changes in assumptions	9,180	(344,000)	6,939	(48,515)
Experience gains and losses	15,540	6,820	(26)	22,023
31st March	<u>(2,049,962)</u>	<u>(2,033,932)</u>	<u>(293,685)</u>	<u>(281,045)</u>

The expected contributions to the ERYC Fund for 2018/19 are £5.805m (2017/18 was £5.805m). The expected contributions to the Police Pension Fund for 2018/19 are £12.694m (2016/17 was £12.694m).

19. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

	Local Government Pension Scheme	
	2017-18	2016-17
	£'000	£'000
1st April	214,220	190,161
Interest income on Plan assets	5,630	6,926
Employer contributions	6,678	6,849
Contributions by scheme participants	2,165	2,033
Benefits paid	(3,844)	(4,118)
Effect of settlements	-	-
Remeasurements:		
Return on assets excluding net interest	1,009	12,369
31st March	<u>225,858</u>	<u>214,220</u>

20. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Police Schemes have been assessed by GAD (The Government Actuaries Department) and the Local Authority Scheme, which is administered by the East Riding of Yorkshire Council, has been assessed by Hymans Robertson, actuaries.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2017-18 %	2016-17 %	2017-18 %	2016-17 %
Rate of Inflation	2.40	2.40	2.30	2.35
Rate of Increases in Salaries				
Long term	2.60	2.60	4.30	4.35
Short term	N/A	N/A	1.00	1.00
Rate of Increase for Pensions	2.40	2.40	2.30	2.35
Rate for Discounting Scheme	2.70	2.60	2.55	2.65
Liabilities				
CARE Revaluation			3.55	3.6
Take up option to convert annual pension into retirement grant:				
Pre April 2008 service	60	60		
Post April 2008 service	80	80		

The sensitivity of scheme liabilities to changes in the main assumptions are:

Percentage increase in scheme liabilities and monetary values:

2017-18	Local Government Pension Scheme		Police Pension Schemes	
	%	£'000	%	£'000
Change in assumption:				
0.5% increase in salaries increase rate	2.0	6,840	1.0	23,000
0.5% increase in pensions increase rate	10.0	29,046	8.0	160,000
0.5% decrease in discounting of liabilities rate	12.0	36,444	10.0	202,000
1 year increase in member life expectancy rate	3.0	9,111	2.5	51,000

2016-17	Local Government Pension Scheme		Total Police Pension Schemes	
	%	£'000	%	£'000
Change in assumption:				
0.5% increase in salaries increase rate	2.0	6,865	1.1	21,900
0.5% increase in pensions increase rate	10.0	26,785	9.1	184,300
0.5% decrease in discounting of liabilities rate	12.0	34,241	-9.5	-194,000
1 year increase in member life expectancy rate	3.0	8,560	2.6	53,800

Opposite changes in assumptions would produce equal and opposite changes in scheme liabilities. Doubling the changes in assumptions would produce approximately double the change in scheme liabilities.

The weighted average duration of the scheme liabilities are:

	Local Government Pension Scheme	Police Pension Schemes
	Years	Years
2017-18	21.6	19.0
2016-17	21.6	21.0

The Police Pension Schemes have no assets to cover the liabilities incurred.

Assets in the East Riding of Yorkshire Council Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the assets held by the fund:

Asset quoted prices:	2017-18		2016-17	
	%	£'000	%	£'000
Equity securities	33.9	76,537	36.8	78,842
Debt securities	13.2	29,799	10.5	22,562
Private equity	4.5	10,093	4.7	10,013
Real estate	11.3	25,553	11.7	25,061
Investment funds	34.3	77,488	33.4	71,483
Cash and cash equivalents	2.8	6,387	2.9	6,259
Total		225,858		214,220
In active markets	79.6	179,764	79.0	169,335
Not in active markets	20.4	46,094	21.0	44,885
Total		225,858		214,220

21. ASSUMED MORTALITY RATES

Mortality rates are projected using published tables. Future mortality improvements are in line with the 2014-based UK principle population projections.

Police Pension Fund

2017-18

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	22.6	24.2	65	24.5	26.1

2016-17

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	23.2	25.2	65	25.2	27.3

East Riding of Yorkshire Pension Fund

2017-18

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	21.7	24.2	65	23.7	26.4

2016-17

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	21.7	24.2	65	23.7	26.4

22. REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY

The IAS19 remeasurement movements on the Pensions Reserve can be analysed into the following remeasurement categories, measured as absolute amounts and as percentages of assets or liabilities at 31 March:

Local Government Pension Scheme

	2013-14		2014-15		2015-16		2016-17		2017-18	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Return on assets, excluding net interest	6,491	4.07	11,300	6.11	(3,975)	-2.09	12,369	5.77	1,009	0.47
Difference between actuarial assumptions about liabilities and actual experience	(6,019)	(2.86)	1,301	0.49	2,060	0.86	22,023	7.84	(26)	(0.01)
Changes in the demographic and financial assumptions used to estimate liabilities	6,057	2.87	(38,803)	(14.60)	36,721	15.27	(48,515)	(17.26)	6,939	2.47
Total IAS19 remeasurements	6,529	3.10	(26,202)	(9.86)	34,806	14.48	(14,123)	(5.03)	7,922	2.93

Police Pension Schemes

	2013-14		2014-15		2015-16		2016-17		2017-18	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	35,940	2.24	33,780	1.81	74,590	4.54	6,820	0.34	15,540	0.76
Changes in the demographic and financial assumptions used to estimate liabilities	49,790	3.10	(213,500)	(11.47)	189,180	11.49	(344,000)	(16.91)	9,180	0.45
Total IAS19 remeasurements	85,730	5.32	(179,720)	(9.64)	263,770	16.02	(337,180)	(16.58)	24,720	1.23
Total IAS19 remeasurements	92,259		(205,922)		298,576		(351,303)		32,642	

Allocation of IAS19 remeasurements:

	2017-18
	£'000
PCC	195
Chief Constable	32,447
Total IAS19 remeasurements	32,642

23. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON CASH MOVEMENTS

2016-17	2017-18
£'000	£'000
(31,469) Notional Pension Costs (in excess of) / less than actual pensions paid	(49,512)
502 Accumulated absences movement	(466)
(30,967)	(49,978)

24. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was issued in June 2018. The Chief Constable has reviewed events occurring after 31 March and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

POLICE PENSION FUND ACCOUNTS

The Code of Practice on Local Authority Accounting sets out the accounting treatment for the Police Pension Fund Accounts in the financial year 2017-18.

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. All payments and receipts are made to and from the Police and Crime Commissioner for Humberside's ("PCC") Police Fund. These Police Pension Fund Accounts do not form part of the Chief Constable's or PCC Group Financial Statements.

TRANSACTIONS RELATING TO RETIREMENT BENEFITS

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

The PCC Group participates in the following pension schemes:

- The Police Pension Schemes for police officers – three schemes are provided for police officers, the 1987 Scheme with officers' contributions for 2017-18 in a range of 14.25 to 15.05% (2016-17 14.25 to 15.05%), the 2006 scheme has officers' contributions in a range 11.00 to 12.75% (2016-17 11.00 to 12.75%) and the 2015 scheme which has officers' contributions in a range of 12.44 to 13.78% (2016-17 12.44 to 13.78%). All schemes are unfunded schemes, i.e. no investment assets are built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.
- The Local Government Pension Scheme for police staff, administered by the East Riding of Yorkshire Council – this is a funded scheme, i.e. the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The accounting and funding arrangements for Police Pensions are detailed below:

POLICE PENSION FUND ACCOUNTS

2016-17 £'000		2017-18 £'000
	CONTRIBUTIONS RECEIVABLE	
	Police & Crime Commissioner ("PCC"):	
(12,297)	- contributions at 21.3% (2015-16 21.3%) of pensionable pay	(12,560)
(388)	- early retirements - Ill Health	(1,032)
(7,941)	Officers' contributions	(8,042)
(20,626)		(21,634)
	TRANSFERS IN	
(303)	Transfers in from other Pension Schemes	(1,342)
	BENEFITS PAYABLE	
45,566	- pensions	47,355
14,164	- commutations and lump sum retirement benefits	11,736
100	- lump sum death benefits	111
		59,202
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
4	- refunds of contributions	20
-	- transfers out to other Pension Schemes	-
102	- transfers out to other Police Forces: 1974 arrangements	289
		309
39,007	NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC	36,535
(37,333)	ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (FUNDED BY THE HOME OFFICE)	(34,825)
(1,674)	ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (NOT FUNDED BY THE HOME OFFICE)	(1,710)
-	NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR	-

NET ASSETS STATEMENT

2016-17 £'000		2017-18 £'000
	Current Assets	
168	Police Fund Debtor	75
	Current Liabilities	
(168)	Unpaid Pensions Due	(75)
-		-

NOTES TO THE POLICE PENSION FUND ACCOUNTS

The Police Pension Fund Account was established during 2006-07 with legal status being given by the Police Pension Fund Regulations 2007 (SI 2007 no. 1932).

The Police Officer Pension Schemes make up the account:

- 1987 Police Pension Scheme, contribution rates 14.25 to 15.05%
- 2006 Police Pension Scheme, contribution rates 11.00 to 12.75%
- 2015 Police Pension Scheme, contribution rates 12.44 to 13.78%

PCCs are obliged to include the Pension Fund Account in their Statement of Accounts in accordance with regulation 7(1)(d) of the Accounts and Audit Regulations 2003. The Fund is administered and managed by the Humberside Police Finance Section.

The fund is charged with all pensions expenditure in accordance with Home Office guidance, with income being employee contributions, employer contributions, which for 2017-18 was 21.3% of pensionable pay (2016-17 21.3%).

Other income items within the fund are transfer payments from other pension schemes and a capital charge that is twice the average pensionable pay of officers that retire on ill health.

The Home Office provide a pension "top up" grant to fund differences on the fund account, 80% is received up front for the relevant financial year, with the balance provided on submission of the PCC's financial statements.

There has been an adjustment of 2.9% to the cash flow to the Police Pension Fund due to the reduction in the employer contribution rate from 24.2% to 21.3% being reflected in a reduction in HM Treasury pensions top up funding of £1,710k (2016-17 £1,674k).

There are no investment assets, the fund is balanced to nil at the year end by either a contribution from the Police Fund, or if a surplus balance on the fund, a transfer to the Police Fund.

The fund does not account for benefits payable in the future (IAS 19 Employee Benefits), which is a divergence from the accounting policy for the Police Fund Account as stated in the statement of accounting policies. Details of the long term pension obligations and the cost of pensions can be found in the PCC Group's financial statements.

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

The responsibility for future pension benefits still lies with the PCC Group, through the Police Fund Account. The responsibility for amounts due to/from the Fund Account and the Home Office is shown within the Police Fund, not the Pensions Fund.

As previously stated the Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. All payments and receipts are made to and from the PCCs Police Fund. As such, the Chief Constable and the PCC are the only related parties to the Fund and all the transactions shown in the Police Pension Fund Accounts have been processed through the PCC.

GLOSSARY OF ACCOUNTING TERMS

The Chief has adopted the International Financial Reporting Standards (“IFRS”) based Code of Practice on Local Authority Accounting as its standard basis of accounting.

Definitions of accounting terms used are given below:

Term	Definition
Accounting period	The period of time covered by the financial statements, normally a period of twelve months.
Accruals basis	Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and revenue is recognised when it is earned, not when the cash is actually received.
Agency cost	Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.
Asset	An item owned or leased by the Chief Constable, which has a value, for example, land and buildings, vehicles, equipment, cash.
Assets held for sale	Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.
Balance Sheet	This represents a summary of all the assets and liabilities of the Chief Constable.
Carry overs	These are underspends at the end of the financial year, which are carried forward into the next financial year to support that year's expenditure plans.
Cash and cash equivalents	Cash includes cash held in bank accounts and cash in hand. Cash equivalents are assets that can be readily converted into cash such as deposits and certain short term investments.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
Contingent asset or liability	An asset or liability that is not recognised in the financial statements due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.
Creditors	Amounts owed by the Chief Constable for goods received or services rendered but not yet paid for at the end of the financial year.
Current asset or liability	An asset or liability that the Chief Constable expects to hold or discharge for a period of less than one year from the Balance Sheet date.
Debtors	Sums of money due to the Chief Constable for work done or services supplied but not received at the end of the financial year.
Deferred liabilities	Liabilities which by arrangement are payable beyond the next year at some points in the future or paid off by an annual sum over a period of time.

Employee benefits	All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.
Going concern basis	The underlying assumption used in producing the financial statements that the Chief Constable will continue to operate for at least 12 months from the Balance Sheet date.
Income Received in Advance	Income received that should be classed as a benefit in the next financial year.
Intangible assets	Capital expenditure which does not create a tangible asset.
Inventories	Stocks held by the Chief Constable such as fuel.
Leases	A method of financing expenditure over a period of time. There are two types of lease: <ul style="list-style-type: none"> ▪ Finance lease, where the risks of ownership are transferred to the lessee and where the assets are recorded in the Chief Constable's Balance Sheet at a current valuation. ▪ Operating lease, where the risks of ownership stay with the leasing company and the annual rental charges are made via the Comprehensive Income and Expenditure Statement.
Liability	An amount owing to a third party such as a loan or unpaid invoice from a supplier.
Local Authority Accounting Panel (LAAP) bulletin	Latest update from CIPFA detailing amendments and guidance to changes in Local Authority Accounting Practice.
Medium Term Resource Strategy (MTRS)	The MTRS covers a 5 year period and describes the financial direction of the Force and the Chief Constable capturing known and estimated funding, financial pressures and development needs as well as seeking to identify financial risks. It is an indication of the likely direction of financial planning over the next year.
Net assets	Total assets less total liabilities.
Non current asset or liability	An asset or liability that the Chief Constable expects to hold or discharge for a period of more than one year from the Balance Sheet date.
Non Distributed Cost	This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis.
Prepayment	Where an amount of expenditure is paid in the current financial year, but the goods or services are a benefit in the next/following year.
Provision	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.

Remeasurements of the Net Defined Benefit Liability	For a defined benefit pension scheme, the changes that arise because : <ul style="list-style-type: none"> ▪ events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or ▪ The actuarial assumptions have changed.
Reserves	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Earmarked reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
Revenue expenditure	Spending on day to day items, including salaries, premises costs and supplies and services.
SeRCOP	The Service Reporting Code of Practice for Local Authorities (SeRCOP) establishes proper practices with regard to consistent financial reporting for services. All local authorities are expected to comply with its requirements.
The Code	The Code of Practice published by CIPFA, relating to Local Authority Accounting in the United Kingdom and is issued each year.

Acronyms and Abbreviations

ACPO	Association of Chief Police Officers
APACE	Association of Police and Crime Chief Executives
ASB	Anti Social Behaviour
CCRF	Commissioners Crime Reduction Fund
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
CJS	Criminal Justice System
CPS	Crown Prosecution Service
CSE	Child Sexual Exploitation
CSFG	Community Safety Fund Grant
CSP	Community Safety Partnership
CSR	Comprehensive Spending Review
DCLG	Department of Communities and Local Government
GAD	Government Actuaries Department
GOYH	Government Office for Yorkshire and the Humber
HMIC	Her Majesty's Inspector of Constabulary
HPA / HP	Humberside Police Authority / Humberside Police
IAS	International Accounting Standards
IPCC	Independent Police Complaints Commission
JIAC	Joint Independent Audit Committee
JSOU	Joint Special Operations Uniformed
LAAP	Local Authority Accounting Panel
LCJB	Local Criminal Justice Board
LGYH	Local Government Yorkshire and the Humber
MTRS	Medium Term Resource Strategy
NPCC	National Police Chiefs Council
NPT	Neighbourhood Policing Teams
ONS	Office for National Statistics
OPCC	Office of Police and Crime Commissioner
OPCCNY	OPCC for North Yorkshire / North Yorkshire Police
OPCCSY	OPCC for South Yorkshire / South Yorkshire Police
OPCCWY	OPCC for West Yorkshire / West Yorkshire Police
OPPB	Operational Policing Programme Board
PaCCTS	Police and Crime Commissioners Treasurers' Society
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PDR	Performance Development Review
PEQF	Police Entry and Qualifications Framework
PNB	Police Negotiating Board
PRSRA	Police Reform and Social Responsibility Act
PSC	Police Staff Council
RCB	Regional Collaboration Board
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOLACE	Society of Local Authority Chief Executives
UITF	Urgent Issues Task Force of Accounting Standards Board