



**HUMBERSIDE**  
POLICE & CRIME  
COMMISSIONER



Serving our communities to  
make them safer and stronger

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# THE POLICE AND CRIME COMMISSIONER FOR HUMBERSIDE

## FINANCIAL STATEMENTS

2020/21

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## **NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS**

### **INTRODUCTION TO THE HUMBERSIDE POLICE FORCE AREA**

The Statement of Accounts summarises the financial performance of the Police and Crime Commissioner (PCC) Group for the year ended 31 March 2021. These accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The purpose of the narrative report is to offer interested parties a fair, balanced and easily understandable guide to the most significant matters reported in the accounts. The inevitable use of technical language has been kept to a minimum. A 'Glossary of Terms' (to help explain some of the technical terms) can be found in the appendices.

### **ABOUT THE PCC FOR HUMBERSIDE**

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 c1,300 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. 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 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.

Jonathan Evison is the PCC (elected in May 2021) and Lee Freeman is the Chief Constable. The previous PCC's Police and Crime Plan covered the period 2017-21. The new PCC is currently working on his Police and Crime Plan for the period 2021 onwards.

The Chief Constable has developed a 'Plan on a page', refreshed in August 2020, which is included on the next page.

# CULTURE, VALUES AND BEHAVIOURS

Our values are that we always act with **Fairness, Integrity** and **Respect** and deliver policing with **Professionalism, Compassion** and a strong **Victim Focus**.

## To deliver our mission, we will:



- Ensure Humberside Police is a place where our people feel engaged, can be themselves and are proud to work for an organisation that our communities trust.
- Help our staff and communities to feel they have a voice which is listened to and that can make a difference.
- Encourage innovation so that it is seen as a big part of who we are.

We recognise that the public come first, but how we involve, value and treat our staff is fundamental to us ensuring that we can serve our communities to make them safer and stronger. Every single person in Humberside Police has a role to play in bringing these values to life.

## PEOPLE

### Our staff are the key to our success, we will:



#### Prioritise the health and wellbeing of our staff

- To support their physical and mental wellbeing.
- Create an environment where people are developed and stretched, encouraging them to be accountable, take personal responsibility, recognising problems and responding quickly with solutions.



#### Retain and develop the best people

- Through a culture of continuous improvement and organisational learning, provide our staff with the skills they require to respond to the increasingly complex demands that we face.
- Develop diverse leaders who lead by example, are positive role models and who gain trust and respect by actively listening to the needs of their staff and the communities we serve.



#### Be an employer of choice

- Build on our reputation as a great place to work.
- Attract, recruit and retain talented and passionate people who reflect our diverse communities and our values.

## RESOURCES

### To enable us to continuously improve, we will:



#### Optimise the use of our resources to deliver victim focussed outcomes

- Effectively align our resources to meet both current and future demand.
- Develop the most effective and efficient working practices to deliver value for money.



#### Be innovative and transformational

- Support our staff to proactively put forward new ideas about how to work better and improve performance.
- Continue our commitment to support change initiatives and new ideas.
- Continue with our investment in digital innovation to transform our services.
  - Intelligently use data to inform evidence based decision-making.



#### Apply organisational learning

- Continue to learn and develop from what has gone well and what has not gone so well.
- Create a safe and transparent learning environment that allow us to clarify and verify the outcomes of our actions.

## PARTNERSHIPS

### To deliver the right services, we will:



#### Be accessible to, and engage with, our partners

- Work together with our communities, partners, third sector organisations and volunteers to deliver services that improve people's lives.
- Work with partners to ensure that we can identify, assess and effectively manage the most vulnerable in our communities and jointly provide long-term solutions.



#### Understand and prioritise the needs and demands in our communities

- Recognise the diverse challenges of our communities, responding to those who require our help and that of our partners, ensuring we work together to protect those who are most vulnerable.



#### Work effectively with partners

- Work together to develop effective preventative strategies which focus on multi-agency delivery.
- Through early intervention, work to ensure those in need of additional support will receive the right care by the right organisation.

SERVING OUR  
COMMUNITIES TO  
MAKE THEM SAFER  
AND STRONGER

## COMMUNITIES

### To serve our communities to make them safer and stronger, we will:



#### Deliver a visible and accessible police service

- Continue to deliver a place based policing service that places victims at the heart of how we deal with them.
- Our Neighbourhood Policing Team's will be focussed on the delivery of Problem Orientated Policing which will incorporate both early intervention and crime prevention.



#### Prevent, reduce and investigate crime and anti-social behaviour (ASB)

- Provide a victim focussed response to offences which have taken place.
- Deliver proactive and preventative activities to reduce crime and ASB, including the proactive management of offenders.
- Continue to proactively target and disrupt organised crime groups.



#### Build trust and confidence

- We will communicate openly and honestly with the public, ensuring that our actions and intentions align.
- Give a voice to our communities by actively seeking and listening to their feedback to improve our response in line with their needs.
- Ensure that we treat everyone with fairness, respect and compassion.



## FORCE PERFORMANCE

### POLICE OFFICERS

Almost **600**  
more police



### ASB

Anti-social  
behaviour down



**15.8%**

### MY COMMUNITY ALERT over

**40,000**

local people signed up to the  
local alert messaging system  
(rising daily)



**PATROL  
RESPONSE  
TIMES**

continue to improve  
across the board

**CONFIDENCE IN  
HUMBERSIDE  
POLICE IS UP**



**AND CRIME  
IS STILL  
FALLING**

### EXTERNAL INSPECTION OF HUMBERSIDE POLICE

✓ **Efficiency**  
**GOOD** from **INADEQUATE**

✓ **Effectiveness** **GOOD** from  
**REQUIRES IMPROVEMENT**

✓ **Local Policing**  
**GOOD** from  
**REQUIRES IMPROVEMENT**

✓ **Vulnerability**  
**GOOD** from **INADEQUATE**

## CALL HANDLING



### ABANDONED CALLS

101 (non-emergency) rate  
down from over  
**9%** to less than **2%**

999 (emergency) rate  
down from  
**1.6%** to almost **0%**

### ANSWER TIME

101 (non-emergency)  
is now around **17**  
seconds on average

999 (emergency)  
is now **9** seconds  
on average



**VICTIMS UPDATED  
ON TIME**

Almost **86%**  
(from **73.5%**)

## INTERVENTIONS



**84%** in referrals to **Blue Door** for Sexual  
Violence Support (up from 73%)

Over  
**91%**  
engaged

victims now engaged  
with Victim Support

**829**  
engaged

victims engaged with **Remedi**  
(restorative justice support)

## COMMUNITY SPEED WATCH

**35** Schemes in  
and rising place across the  
Humber region

Over  
**350** Local people  
involved in the  
schemes



POLICE AND CRIME COMMISSIONER PERFORMANCE

# DELIVERY AGAINST THE POLICE AND CRIME PLAN



Returned neighbourhood officers back into local police stations - not one existing operational base has closed since 2016 without being replaced



Improved leadership in Humberside Police



Re-energised Office of the Police and Crime Commissioner (OPCC) focused on delivery to the public



Commitment to our rural communities – 60 officers trained in Wildlife Crime and ground-breaking Rural Task Force now in place



Almost 600 more police officers than in 2016 - biggest recruitment drive in history



Innovative financial planning and management of Humberside Police



Crime continues to fall



'Best in class' call handling performance



Effective and remodelled range of interventions commissioned to enable victims and the vulnerable to cope and recover



Growing confidence levels



Even greater staff morale in Humberside Police – from worst to best in the country in three years and still improving



Re-energised Community Safety Partnerships (CSPs) with increased funding



Improved police response capability



Invested in a Digital Innovation Team to ensure that Humberside Police becomes the most digitally enabled force in the country

## CHIEF FINANCE OFFICER'S STATEMENT

This is the Statements of Accounts for the PCC for Humberside for 2020/21.

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.

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 2020/21 have been published separately and are available on the PCC and Force websites.

### **Explanation of Accounting Statements**

The financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

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 Forces for England and Wales and Fire and Rescue Authorities created under Section 4A of the Fire and Rescue Services Act 2004 (July 2018).

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 controls 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 PCC 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 Statement of Responsibilities** details the responsibilities of the PCC/Chief and the Chief Finance Officer/S.151 Officer for the Accounts. This statement is signed and dated by Chief Finance Officer/S.151 Officer under a statement that the Accounts give a True and Fair View of the financial position of the PCC Group at the accounting date and its income and expenditure for the year ended 31 March.

**The Movement in Reserves Statements** shows the movement in the year on the different Reserves held by the PCC Group. This statement is split into usable and unusable Reserves; the usable Reserves are those that can be used by the PCC to fund expenditure; and the unusable Reserves are those Reserves that are required to mitigate the effect of some transactions on council tax and those Reserves that are created to mitigate unrealised gains and losses.

**The Comprehensive Income and Expenditure Statements** shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation in accordance with regulations which are different from the accounting cost. The taxation position is shown in the Movement in Reserves Statements (the movement on usable reserves).

**The Balance Sheets** which shows the value of the Assets and Liabilities recognised by the PCC Group and the PCC at the Balance Sheet date.

**The Cash Flow Statement** which shows the changes in cash and cash equivalents during the year. This statement shows how the PCC generates and uses its cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

**The Pension Fund Account** which shows the movements relating to the Police Pension Fund

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

### **2020/21 Financial Year**

The PCC approved an original budget in February 2020 of £198.760m which following a mid-year financial review was revised to £197.277m after consultation with Branch Commanders / Heads of Department in conjunction with the Force Finance Team. The budget was realigned in November to reflect these changes and monitoring against this revised budget was undertaken during the second half of the year.

Actual expenditure for the year was £193.858m, an underspend of £3.419m. There were underspends in the following areas:

- £0.935m COVID-19 funding received late in the year;
- £0.811m due to a pay underspend in a number of areas;
- £0.459m underspend on Digital Innovation spending;
- £0.335m primarily due to a reduction in training due to COVID-19;
- £0.376m National Enabling Programme and National ANPR Service;
- £0.263m telephony and network costs.

Reserves at the start of 2020/21 totalled £17.2m. The total level of reserves at 31 March 2021 stands at £20.4m.

The original savings target within the Medium Term Resource Strategy (MTRS) for 2020/21 was £2.1m which was delivered in full by the Force. The main areas of savings were achieved through:

- Decoupling Human Resources from South Yorkshire Police (£0.383m);
- Overtime savings (£0.500m);
- Police staff for vacant hours in part time posts (£0.767m).



A summary of capital performance compared to budget is shown in the table below:-

<b>CAPITAL PROGRAMME</b>	<b>CURRENT BUDGET £000</b>	<b>2020/21 ACTUAL £000</b>	<b>VARIANCE £000</b>
Estates Programme	13,660	11,396	(2,263)
ICT Programme	6,301	5,104	(1,197)
Vehicles & Equipment	2,873	1,991	(0.882)
<b>Grand Total</b>	<b>22,834</b>	<b>18,491</b>	<b>(4,343)</b>

The main areas of expenditure during 2020/21 were on Melton 2 and IT expenditure.

### **Financing of Capital Expenditure**

The PCC has a rolling capital programme that is reviewed throughout the year. The programme is financed by external borrowing, capital receipts and revenue contributions.

### **Humberside PCC Reserves**

Balances at 1 April 2020 stood at £17.2m. £2.9m was transferred to Earmarked Reserves during 2020/21. £0.3m was transferred to the General Reserve, balances at 31 March 2021 now stand at £20.4m.

### **Future Spending Plans**

The PCC has published a MTRS for 2021/22 to 2025/26 which sets out the overall shape of the PCCs budget. It establishes how available resources will best deliver the Police and Crime Plan and mitigate corporate risks identified. The current level of PWLB borrowing is £88.588m. The operational boundary is £150.000m and the authorised limit is £180.000m (these are part of the PCC's prudential indicators that have been previously agreed in the PCC's Treasury Management report; Published March 2021).

### **International Accounting Standard 19 (IAS 19)**

IAS 19 requires employers to report the full cost of pension benefits as they are earned, regardless of whether they have been paid for. The total liability is £2,725m (2019/20 was £2,383m); this is split between the Local Government Pension Scheme £407m (2019/20 was £289m) and the Police Pension Schemes (1987 and 2015) £2,318m (2019/20 was £2,094m). It should be noted that IAS 19 does not impact upon the level of balances held by the PCC. (Under IAS 19 injury awards are now recognised in the PCC Group accounts).

### **Humberside Police Pension Fund Account**

The Financial Statements include a separate section for the Humberside Police Pension Fund Account. Under the pension funding arrangements each PCC in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the fund are specified by regulation.

### **Change in Statutory Function**

There have been no changes to the PCC's statutory functions during 2020/21.

### **Significant Changes in Accounting Policies**

There have been no significant changes to the accounting policies used by the PCC.

### **Material Events after 31 March**

There have been no material events after the 31 March balance sheet date.

### **Going Concern**

The MTRS ensures a balanced budget over the medium term. The PCC for Humberside and Humberside Police will remain a Going Concern.

### **Further Information**

You can also find more information about the finances of the PCC and the Force on the respective websites and [www.humberside.police.uk](http://www.humberside.police.uk)

### **Acknowledgement**

I would like to express my appreciation to Sabine Braddy, who completed the majority of the work on these accounts, and to colleagues within the Force Finance Team for their assistance in compiling the financial statements. I would also like to thank the Assistant Chief Officer (Resources), the Head of Finance and other operational managers within the Force for their support.

**Kevin Wilson BSc Econ (Hons), FCPFA**

Chief Finance Officer to the Police and Crime Commissioner for Humberside – February 2022

**Independent auditor's report to the Office of the Police and Crime Commissioner for Humberside and Group****Report on the audit of the financial statements****Opinion on the financial statements**

We have audited the financial statements of the Office of the Police and Crime Commissioner for Humberside and Group (Group and PCC) for the year ended 31 March 2021, which comprise the Group and PCC Comprehensive Income and Expenditure Statements, the Group and PCC Movement in Reserves Statements, the Group and PCC Balance Sheets, the Group and PCC Cash Flow Statement, the Group Police Pension Fund and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and PCC as at 31<sup>st</sup> March 2021 and of the Group and PCC'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 2020/21.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

## **Responsibilities of the Chief Finance Officer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Group and PCC will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Group and PCC to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the PCC, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Group and PCC which were contrary to applicable laws and regulations, including fraud.

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

- making enquiries of management and the PCC on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and

- addressing the risks of fraud through management override of controls by performing journal entry testing.

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

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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

### **Report on the PCC's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Matters on which we are required to report by exception**

We are required to report to you if, in our view, we are not satisfied that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021.

We have not completed our work on the PCC's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not reported any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the PCC's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

#### **Responsibilities of the Office of the Police and Crime Commissioner for Humberside**

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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

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

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



We have nothing to report in these respects.

**Use of the audit report**

This report is made solely to the Office of the Police and Crime Commissioner for Humberside, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Office of the Police and Crime Commissioner for Humberside 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 Office of the Police and Crime Commissioner for Humberside, as a body, for our audit work, for this report, or for the opinions we have formed.

**Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Group's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Gavin Barker  
Director  
For and on behalf of Mazars LLP

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

15 March 2022

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### **The Police and Crime Commissioner's Responsibilities**

The Police and Crime Commissioner is required:

- To make arrangements for the proper administration of financial affairs and to ensure that one of the officers (the 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 9 March 2022**

**Jonathan Evison  
Police and Crime Commissioner for  
Humberside**

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

The Chief Finance Officer of the PCC is responsible for the preparation of the PCC'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 CIPFA is required to present fairly the financial position of the PCC and the PCC Group at the accounting date, and its income and expenditure for the year ended 31 March 2021.

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 PCC and the PCC Group as at 31 March 2021 and the income and expenditure for the year.**

**Date 9 March 2022**



**Kevin Wilson  
Chief Finance Officer**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE PCC GROUP

This statement shows the accounting cost in the year for the PCC Group 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 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 note and the Movement in Reserves Statement.

Year Ended 31 March 2020			Year Ended 31 March 2021				
£'000	£'000	£'000		£'000	£'000	£'000	
Expenditure	Income	Net		Expenditure	Income	Net	
6,415	(699)	5,716	Criminal Justice (combined into Corporate Development in 20-21)	4	-	4	
43,413	(123)	43,290	Northbank Division	43,128	(116)	43,012	
29,317	(34)	29,283	Southbank Division	29,152	(13)	29,139	
18,943	(19)	18,924	Force Control Room	17,663	(252)	17,411	
13,047	(110)	12,937	Protecting Vulnerable People	11,892	(43)	11,849	
9,719	(1,363)	8,356	Regional Collaboration	10,025	(1,356)	8,669	
13,230	(696)	12,534	Special Operations Unit	13,513	(1,194)	12,319	
16,338	(3,132)	13,206	Specialist Crime	16,054	(3,133)	12,921	
10,852	(1,860)	8,992	People Services	7,430	(103)	7,327	
11,097	(3,453)	7,644	Estates Services	11,741	(3,813)	7,928	
9,938	(266)	9,672	Information Services	10,982	(249)	10,733	
23,869	(784)	23,085	Centrally Managed Services	33,986	(3,735)	30,251	
4,196	(784)	3,412	Corporate Development	11,381	(687)	10,694	
20,751	(4,995)	15,756	Other Services	20,185	(5,752)	14,433	
6,288	(1,309)	4,979	Police & Crime Commissioner	7,006	(2,022)	4,984	
<b>237,413</b>	<b>(19,627)</b>	<b>217,786</b>	<b>Cost of Services - Continuing Operations</b>	<b>244,142</b>	<b>(22,468)</b>	<b>221,674</b>	
608	(427)	181	Other Operating Expenditure	8	273	(149)	124
58,958	(115)	58,843	Financing and Investment Income and Expenditure	9	50,401	(87)	50,314
-	(220,206)	(220,206)	Taxation and Non-Specific Grant Income	10	-	(230,165)	(230,165)
		<b>56,604</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>41,947</b>
		1,483	(Surplus) or Deficit on Revaluation of Non Current Assets				(46)
		(227,176)	Remeasurements of the net defined benefit liability	33			254,062
		<b>(225,693)</b>	<b>(Surplus)/Deficit</b>				<b>254,016</b>
		<b>(169,089)</b>	<b>Total Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>295,963</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE PCC

This statement shows the accounting cost in the year for the PCC 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 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. Resources of the PCC consumed at the request of the Chief Constable during the year are shown for comparative purposes. The consolidated accounting cost and funding for the PCC Group for the year is shown on the preceding page.

Year Ended 31 March 2020				Year Ended 31 March 2021					
£'000	PCC		Chief Constable £'000		Note	PCC		Chief Constable £'000	
	Expenditure	Income				Net	Expenditure		Income
-	(699)	(699)	6,415	Criminal Justice (combined into Corporate Development in 20-21)		-	-	-	4
-	(123)	(123)	43,413	Northbank Division		-	(116)	(116)	43,128
-	(34)	(34)	29,317	Southbank Division		-	(13)	(13)	29,152
-	(19)	(19)	18,943	Force Control Room		-	(252)	(252)	17,663
-	(110)	(110)	13,047	Protecting Vulnerable People		-	(43)	(43)	11,892
-	(1,363)	(1,363)	9,719	Regional Collaboration		-	(1,356)	(1,356)	10,025
-	(696)	(696)	13,230	Special Operations Unit		-	(1,194)	(1,194)	13,513
-	(3,132)	(3,132)	16,338	Specialist Crime		-	(3,133)	(3,133)	16,054
-	(1,860)	(1,860)	10,852	People Services		-	(103)	(103)	7,430
-	(3,453)	(3,453)	11,097	Estates Services		-	(3,813)	(3,813)	11,741
-	(266)	(266)	9,938	Information Services		-	(249)	(249)	10,982
-	(784)	(784)	23,869	Centrally Managed Services		-	(3,735)	(3,735)	33,986
-	(784)	(784)	4,196	Corporate Development		-	(687)	(687)	11,381
-	(4,995)	(4,995)	20,751	Other Services		-	(5,752)	(5,752)	20,185
6,288	(1,309)	4,979	-	Police & Crime Commissioner		7,006	(2,022)	4,984	-
<b>6,288</b>	<b>(19,627)</b>	<b>(13,339)</b>	<b>231,125</b>	<b>Cost of Services - Continuing Operations</b>		<b>7,006</b>	<b>(22,468)</b>	<b>(15,462)</b>	<b>237,136</b>
239,853	-	239,853	(239,853)	Intra-Group Funding	5	244,816	-	244,816	(244,816)
<b>246,141</b>	<b>(19,627)</b>	<b>226,514</b>	<b>(8,728)</b>	<b>Net Cost of Policing Services</b>		<b>251,822</b>	<b>(22,468)</b>	<b>229,354</b>	<b>(7,680)</b>
608	(427)	181		Other Operating Expenditure	8	273	(149)	124	
1,684	(115)	1,569		Financing and Investment Income and Expenditure	9	1,989	(87)	1,902	
-	(220,206)	(220,206)		Taxation and Non-Specific Grant Income	10	-	(230,165)	(230,165)	
		<b>8,058</b>		<b>(Surplus) or Deficit on Provision of Services</b>				<b>1,215</b>	
		1,483		(Surplus) or Deficit on Revaluation of Non Current Assets				(46)	
		(471)		Remeasurements of the net defined benefit liability	33			1,473	
		<b>1,012</b>		<b>Other Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>1,427</b>	
		<b>9,070</b>		<b>Total Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>2,642</b>	

The 2019/20 intergroup and remeasurements of the net defined benefit liability figures within the PCC CIES have been restated as a result of a prior period adjustment. Note 38 to the accounts provides further details of this amendment.

## MOVEMENT IN RESERVES STATEMENT FOR THE PCC GROUP

This statement shows the movement in the year on the different reserves held by the PCC Group, 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 PCC Group'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 Increase / Decrease in Year line shows the statutory General Fund Balance movements in the year following those adjustments.

### MOVEMENT IN RESERVES – PCC GROUP

	General Fund Balance £'000	Capital Unapplied Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2020</b>	17,171	-	17,171	(2,153,540)	<b>(2,136,369)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(41,947)	-	(41,947)	(254,016)	<b>(295,963)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	45,129	-	45,129	(45,129)	-
<b>Increase / (Decrease) in Year</b>	<b>3,182</b>	-	<b>3,182</b>	<b>(299,145)</b>	<b>(295,963)</b>
<b>Balance at 31 March 2021</b>	<b>20,353</b>		<b>20,353</b>	<b>(2,452,685)</b>	<b>(2,432,332)</b>

	General Fund Balance £'000	Capital Unapplied Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2019</b>	20,002	-	20,002	(2,325,460)	<b>(2,305,458)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(56,604)	-	(56,604)	225,693	<b>169,089</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	53,773	-	53,773	(53,773)	-
<b>Increase / (Decrease) in Year</b>	<b>(2,831)</b>	-	<b>(2,831)</b>	<b>171,920</b>	<b>169,089</b>
<b>Balance at 31 March 2020</b>	<b>17,171</b>	-	<b>17,171</b>	<b>(2,153,540)</b>	<b>(2,136,369)</b>

A breakdown of the PCC Group Adjustments between Accounting and Funding Basis under Regulations can be found in Note 16 of the accounts.



## MOVEMENT IN RESERVES STATEMENT FOR THE PCC

This statement shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. It shows how the movements in year of the PCC'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 Increase / Decrease in Year line shows the statutory General Fund Balance movements in the year following those adjustments.

### MOVEMENT IN RESERVES – PCC

	<b>General Fund Balance £'000</b>	<b>Capital Unapplied Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Total Unusable Reserves £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2020</b>	17,171	-	17,171	4,262	<b>21,433</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(1,215)	-	(1,215)	(1,427)	<b>(2,642)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	4,397	-	4,397	(4,397)	-
<b>Increase / (Decrease) in Year</b>	<b>3,182</b>	<b>-</b>	<b>3,182</b>	<b>(5,824)</b>	<b>(2,642)</b>
<b>Balance at 31 March 2021</b>	<b>20,353</b>		<b>20,353</b>	<b>(1,562)</b>	<b>18,791</b>

	<b>General Fund Balance £'000</b>	<b>Capital Unapplied Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Total Unusable Reserves £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2019</b>	20,002	-	20,002	10,501	<b>30,503</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	14,009	-	14,009	(23,079)	<b>(9,070)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(16,840)	-	(16,840)	16,840	-
<b>Increase / (Decrease) in Year</b>	<b>(2,831)</b>	<b>-</b>	<b>(2,831)</b>	<b>(6,239)</b>	<b>(9,070)</b>
<b>Balance at 31 March 2020</b>	<b>17,171</b>		<b>17,171</b>	<b>4,262</b>	<b>21,433</b>

A breakdown of the PCC Adjustments between Accounting and Funding Basis under Regulations can be found in Note 17 of the accounts.

## BALANCE SHEET FOR THE PCC GROUP AND PCC

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC Group and the PCC. The net assets (assets less liabilities) are matched by the reserves held by the PCC Group and the PCC.

31 March 2020			31 March 2021	
PCC Group	PCC		PCC Group	PCC
£'000	£'000	Note	£'000	£'000
86,825	86,825	Property, Plant & Equipment	86,293	86,293
1,117	1,117	Assets under Construction	11,868	11,868
2,185	2,185	Intangible Assets	3,922	3,922
240	240	Long Term Debtors	180	180
<b>90,367</b>	<b>90,367</b>	<b>Long Term Assets</b>	<b>102,263</b>	<b>102,263</b>
915	915	Assets Held for Sale	740	740
106	106	Inventories	118	118
-	-	Short Term Investments	12,000	12,000
17,573	17,539	Short Term Debtors	21,542	21,425
4,301	4,301	Cash and Cash Equivalents	5,105	5,105
<b>22,895</b>	<b>22,861</b>	<b>Current Assets</b>	<b>39,505</b>	<b>39,388</b>
2,746	2,746	Cash and Cash Equivalents (liability)	516	516
20,665	16,506	Short Term Creditors	23,935	21,436
-	-	Capital Grants Received in Advance	42	42
273	273	Short Term Provisions	1,364	1,364
13,378	13,378	Short Term Borrowing	12,325	12,325
<b>37,062</b>	<b>32,903</b>	<b>Current Liabilities</b>	<b>38,182</b>	<b>35,683</b>
58,588	58,588	Long Term Borrowing	85,263	85,263
2,153,981	304	Other Long Term Liabilities	2,450,655	1,914
<b>2,212,569</b>	<b>58,892</b>	<b>Long Term Liabilities</b>	<b>2,535,918</b>	<b>87,177</b>
<b>(2,136,369)</b>	<b>21,433</b>	<b>Net Assets/ (Liabilities)</b>	<b>(2,432,332)</b>	<b>18,791</b>
17,171	17,171	Usable Reserves	20,353	20,353
(2,153,540)	4,262	Unusable Reserves	(2,452,685)	(1,562)
<b>(2,136,369)</b>	<b>21,433</b>	<b>Total Reserves</b>	<b>(2,432,332)</b>	<b>18,791</b>

## CASH FLOW STATEMENT FOR THE PCC AND THE PCC GROUP

The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC Group and the PCC during the reporting period. As there is no distinction between the PCC Group and the PCC movements, there is no separate statement for the PCC. The statement shows how the PCC Group and the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC Group and the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC Group/PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC Group and the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC Group/PCC.

<b>31 March 2020 £'000</b>		<b>31 March 2021 £'000</b>
56,604	Net (Surplus) or Deficit on the Provision of Services	41,947
(52,846)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(49,726)
746	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	550
<b>4,504</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(7,229)</b>
5,843	Investing Activities	29,817
(10,289)	Financing Activities	(25,622)
<b>58</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>	<b>(3,034)</b>
1,613	Cash and Cash Equivalents at the Beginning of the Reporting Period	1,555
<b>1,555</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>4,589</b>

Note 35 in the accounts provides further details of the figures in the above Cash Flow statement.

## STATEMENT OF ACCOUNTING POLICIES FOR THE PCC AND THE PCC GROUP

### **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. 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 PCC Group/PCC for the purpose of presenting fairly the position of the PCC Group/PCC has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

### **Group accounts**

The Financial Statements included here represent the accounts for the PCC and the PCC Group. The term "PCC Group" is used to indicate individual transactions and policies of the PCC and the Chief Constable. The identification of the PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011. The Chief Constable is a subsidiary organisation of the PCC. The transactions and balances of the PCC and the Chief Constable have been consolidated into the PCC Group financial statements using the line-by-line method.

### **Accounting convention**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. Where appropriate financial assets and liabilities have been impaired or discounted to bring them to current value.

### **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.

### **Going Concern**

After making enquires, the PCC has formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the PCC and PCC Group 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. The liabilities for pensions are unrealised liabilities at the balance sheet date and will fall due as employees retire over their working lives.

### **Critical Judgements in Applying Accounting Policies**

In the application of the PCC Group's accounting policies, management is required to make judgements about complex transactions involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are in regards to the degree of uncertainty about future levels of central government funding and the impact of budget cuts to be achieved. However, the PCC Group has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the PCC Group might be impaired as a result of a need to close facilities or reduce levels of service provision.

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

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

- **Short Term Employee Benefits**

In calculating the accrual for the above, the uncertainty is that the number of days annual leave, or the rate used to cost the accrual are incorrect.

- **Property, Plant and Equipment - Depreciation**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If in the current economic climate the PCC Group was unable to sustain its current spending on repairs and maintenance, the useful lives assigned to assets would be brought into doubt. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls.

- **Property, Plant and Equipment – Componentisation Thresholds**

If in applying the policy, an incorrect judgement is made regarding the threshold, this would result in a possible misstatement of asset depreciation and asset assumed useful life.

- **Pensions Liability and Reserve**

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

- **Allocation of Expenditure between the PCC and the Chief Constable**

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.

### **Revenue**

Revenue in respect of services provided is recognised when performance occurs, and is measured at the fair value of the consideration receivable. A de-minimis threshold of £10,000 is in place for year-end accruals.

Where income is received for a specific activity that is to be delivered in the following year that income is deferred. IFRS 15 Revenue Recognition has been adopted however the impact on the group is minimal. Goods are sold on an incidental basis. Income is recognised at the point the sale transaction occurs.

### **Agency income**

Council Tax/Precept income is collected on behalf of the PCC Group by the four unitary authorities within the Force Area (East Riding of Yorkshire Council, Hull City Council, North East Lincolnshire Council and North Lincolnshire Council). This income is collected under an agency arrangement with the PCC Group including an appropriate share of taxpayer transactions within the financial statements.



## **Employee Benefits**

- **Short-term employee benefits**

Employee benefits are those due to be settled within 12 months of the year-end. These benefits are recognised as an expense in the year in which the employee renders service to the PCC Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the PCC Group to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These costs are charged as an expense in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement when the PCC Group 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 PCC Group accounts for 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 PCC Group's budget.

- **Police Staff**

The PCC is an admitted body to the East Riding Pension Fund, which is administered by 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/PCC have fully adopted IAS 19 Employee Benefits. The financial statements reflect the commitment to make up any shortfall in attributable net assets in the Pension Fund. The overall pension liability is included in the Balance Sheet of the PCC Group and service costs are reflected in the Comprehensive Income and Expenditure Statements.

## **Expenses**

Expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

Whilst all expenditure is paid for by the PCC, including the remuneration of police officers and staff, the actual recognition in the respective PCC and Chief Constable's financial statements is based on economic benefit.

## **Property, Plant and Equipment**

- **Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administration purposes;
- it is probable that service potential will be provided to the PCC Group;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £10,000

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets if they have a cost of over 25% of the whole asset, and they are depreciated over their own useful economic lives.

- **Valuation**

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at current value.

Land and buildings used by the PCC Group are stated in the Balance Sheet at their revalued amounts, being their current value at the date of valuation less any subsequent accumulated depreciation and impairment losses. From 2020/21 a rolling programme of revaluations is being undertaken, with the top 20% of the highest valued properties being revalued every financial year. The remaining properties within the Force estate are revalued on a four year rolling programme basis, based on the four local authority areas the properties are located. The revalued assets in 2020/21 cover 88% of the total Gross Book Value of properties held on the Balance Sheet.

Current values are determined as follows:-

- Land and non-specialised buildings – market value for existing use
- Specialised buildings with no market based evidence – depreciated replacement cost as an estimate of current value
- Vehicles, plant and equipment – historic cost less accumulated depreciation (as a proxy for current replacement cost)

Properties in the course of construction are carried at cost, less any impairment loss. Cost includes professional fees and other costs directly attributable to the construction of qualifying assets. Assets are revalued and depreciation commences when they are brought into use. An increase arising on revaluation is taken to the Revaluation Reserve except when it reverses an impairment previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A decrease on revaluation is recognised as an impairment charged to the Revaluation Reserve to the extent that there is a balance on the reserve for the asset, and, thereafter, to expenditure. Gains and losses recognised in the Revaluation Reserve are reported as other comprehensive income in the Comprehensive Income and Expenditure Statements.

- **Disposals**

Capital receipts over £10,000 from the sale of non-current assets are held in the Capital Receipts Unapplied account until such time as they are used to finance other capital expenditure or to repay debt. Individual receipts of less than £10,000 are shown as income within the Comprehensive Income and Expenditure Statements. Gains and losses on the disposal of non-current assets are recognised in the Comprehensive Income and Expenditure Statements.

## **Intangible Assets**

- **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the PCC Group's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits or service potential will be provided to the PCC Group; where the cost of the asset can be measured reliably, and where the cost is at least £10,000.

Intangible assets acquired separately are initially recognised at current value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

- **Measurement**

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible assets can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value by reference to an active market, or where no active market exists, at amortised replacement cost (modern equivalent assets basis). Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

## **Depreciation, amortisation and impairments**

Freehold land, properties under construction and vehicles in the process of preparation for operational use are not depreciated. Otherwise, depreciation and amortisation are charged to Cost of Services in the Comprehensive Income and Expenditure Statements to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, on a straight line basis. Depreciation and amortisation are not taken on additions to the capital base for the year. The estimated useful life of an asset is the period over which the PCC Group expects to obtain economic benefits or service potential from the asset. This is specific to the PCC Group and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

The approximate average useful lives (depreciation periods) are included below:

- Buildings 25 to 65 years
- Small/medium size vehicle 1 to 5 years
- Large vehicle 6 to 8 years
- Boat 10 years
- Equipment 5 years
- Intangibles 5 years

At each reporting period end, the PCC Group checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the Revaluation Reserve.

The PCC Group is not required to raise Council Tax to cover depreciation, impairment or amortisation. However it is required to make an annual provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the minimum revenue provision (MRP). The PCC Group has adopted, from 1 April 2019 the Asset Life Method to provide for MRP calculated by using the annuity method, for any capital expenditure funded from borrowing. MRP is not provided for assets in the course of construction.

### **Government Grants**

All grants and contributions will only be credited to the Comprehensive Income and Expenditure Statements, when all the grant conditions for the discharge of its specific use have been met. Grants where the conditions have not been satisfied are carried in the Balance Sheet as Grants Receipts in Advance. When the conditions have been satisfied, the grant or contribution will be credited to the Comprehensive Income and Expenditure Statements, either to cost of services or taxation and non-specific grant income. Assets purchased from Government grants are valued, depreciated and impaired as described for purchased assets.

### **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses. The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statements. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Capital Adjustment Account. Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

### **Leases**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

**The PCC Group as a lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

**Inventories**

Inventories are valued at the lower of cost and net realisable value using the average cost method. This is considered to be a reasonable approximation to current value.

**Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the PCC Group and the PCC's cash management.

**Provisions**

Provisions are recognised when the PCC Group has a present legal or constructive obligation as a result of a past event, it is probable that the PCC Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In establishing a provision a charge is made as an expense to the Comprehensive Income and Expenditure Statements in the year that the PCC Group/PCC becomes aware of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. The provision stays on the Balance Sheet, and when payments are made, the charge is made against the provision. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

**Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PCC Group, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of payment is remote.

A contingent asset is a possible asset that arises from past events and existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PCC Group. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.



**Reserves**

The PCC Group and the PCC set 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 Statements 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 non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC Group. Details of these reserves are provided in the relevant note to the financial statements.

**Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'Financial Instrument' covers both Financial Assets and Financial Liabilities and includes both the most straightforward Financial Assets and Liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. IFRS 9 Financial Instruments has been adopted however the impact is minimal.

**Financial assets**

The Police and Crime Commissioner only has one class of financial assets

**Loans and receivables held at amortised cost**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, or failing that by reference to similar arm's length transactions between knowledgeable and willing parties.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the initial fair value of the financial asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset reduced directly.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised

**Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the PCC Group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired. The fair value of financial liabilities is disclosed in the notes to the financial statements.

**Jointly Controlled Operations**

The PCC Group 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.

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

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

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

The implementation of the IFRS 16: Leases standard, originally planned for 1 April 2020, has been deferred by the CIPFA/LASAAC (Local Authority Accounting Code) Board to 1 April 2022. The introduction of this standard will require all assets, apart from those meeting certain exemption criteria, leased in by the PCC Group to be accounted for on its Balance Sheet. Short-term leases and those of low value will be exempt from this requirement. The PCC Group currently has a number of leased in properties which may need to be added onto the PCC Group Balance Sheet. There are minimal changes to the accounting for assets leased out by the PCC Group.

**Accounting standards issued that have been adopted early**

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

**Exceptional items**

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

**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.

**Events after the Reporting Period**

Material events after the balance sheet date, both favourable and unfavourable, that occur between the end of the reporting period and the date when 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.

**Group accounts**

Each reporting period the PCC Group will review its interests and influence on all types of entities including, but not limited to, other PCCs and similar statutory bodies, common good trust funds, charities, companies, joint committees and other joint arrangements. If appropriate, such other entities will be included in the group accounts prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

**Value Added Tax (VAT)**

Most of the activities of the PCC Group are outside the scope of VAT and, in general, output tax does not apply. Input tax on purchases is largely recoverable from Her Majesty's Revenue and Customs. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of property, plant and equipment. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

# NOTES TO THE CORE FINANCIAL STATEMENTS

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## 1. EXPENDITURE AND FUNDING ANALYSIS FOR THE PCC GROUP

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

The 2019/20 figures within the PCC Group and PCC EFA (notes 1 to 4) have been restated as a result of a prior period adjustment. Note 38 to the accounts provides further details of this amendment.

### EXPENDITURE AND FUNDING ANALYSIS – PCC GROUP

Year Ended 31 March 2020			Year Ended 31 March 2021		
Net Expenditure Chargeable to the General Fund	Adjustments between Accounting and Funding Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between Accounting and Funding Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
4,910	806	5,716	4	0	4
42,916	374	43,290	45,148	(2,136)	43,012
28,996	287	29,283	30,602	(1,463)	29,139
15,255	3,669	18,924	15,597	1,814	17,411
12,760	177	12,937	12,464	(615)	11,849
8,304	52	8,356	8,695	(26)	8,669
12,530	4	12,534	12,910	(591)	12,319
12,526	680	13,206	13,215	(294)	12,921
8,776	216	8,992	6,917	410	7,327
7,234	410	7,644	7,691	237	7,928
9,662	10	9,672	10,724	9	10,733
33,427	(10,342)	23,085	30,172	79	30,251
2,655	757	3,412	9,951	743	10,694
14,252	1,504	15,756	13,802	631	14,433
4,731	248	4,979	4,842	142	4,984
<b>218,934</b>	<b>(1,148)</b>	<b>217,786</b>	<b>222,734</b>	<b>(1,060)</b>	<b>221,674</b>
			<b>Net Cost of Services</b>		
(216,103)	54,921	(161,182)	(225,916)	46,189	(179,727)
<b>2,831</b>	<b>53,773</b>	<b>56,604</b>	<b>(3,182)</b>	<b>45,129</b>	<b>41,947</b>
<b>20,002</b>			Opening General Fund Balance	17,171	
(2,831)			Add: Surplus/(Deficit) on General Fund in year	3,182	
<b>17,171</b>			Closing General Fund Balance	<b>20,353</b>	

**2. EXPENDITURE AND FUNDING ANALYSIS – ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS – PCC GROUP**

Year Ended 31 March 2020				Year Ended 31 March 2021				
Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments	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		£'000	£'000	£'000	£'000
208	560	37	<b>805</b>	Criminal Justice	-	-	-	-
2,155	(2,161)	380	<b>374</b>	Northbank Division	1,890	(3,514)	(512)	<b>(2,136)</b>
1,465	(1,437)	259	<b>287</b>	Southbank Division	1,262	(2,384)	(341)	<b>(1,463)</b>
774	2,758	137	<b>3,669</b>	Force Control Room	712	1,294	(192)	<b>1,814</b>
530	(447)	94	<b>177</b>	Protecting Vulnerable People	409	(914)	(110)	<b>(615)</b>
46	(2)	8	<b>52</b>	Regional Collaboration	34	(51)	(9)	<b>(26)</b>
617	(722)	109	<b>4</b>	Special Operations Unit	552	(994)	(149)	<b>(591)</b>
603	(29)	106	<b>680</b>	Specialist Crime	545	(692)	(147)	<b>(294)</b>
244	(71)	43	<b>216</b>	People Services	265	217	(72)	<b>410</b>
104	288	18	<b>410</b>	Estates Services	86	174	(23)	<b>237</b>
-	10	-	<b>10</b>	Information Services	-	9	-	<b>9</b>
259	458	40	<b>757</b>	Corporate Development	428	431	(116)	<b>743</b>
11	(10,354)	2	<b>(10,341)</b>	Centrally Managed Services	32	56	(9)	<b>79</b>
315	1,128	61	<b>1,504</b>	Other Services	263	431	(63)	<b>631</b>
38	203	7	<b>248</b>	Police & Crime Commissioner	34	116	(8)	<b>142</b>
<b>7,369</b>	<b>(9,818)</b>	<b>1,301</b>	<b>(1,148)</b>	<b>Net Cost of Services</b>	<b>6,512</b>	<b>(5,821)</b>	<b>(1,751)</b>	<b>(1,060)</b>
(2,077)	57,287	(289)	<b>54,921</b>	Other Income and Expenditure	(3,112)	48,433	868	<b>46,189</b>
<b>5,292</b>	<b>47,469</b>	<b>1,012</b>	<b>53,773</b>	<b>(Surplus) or Deficit</b>	<b>3,400</b>	<b>42,612</b>	<b>(883)</b>	<b>45,129</b>





**4. EXPENDITURE AND FUNDING ANALYSIS – ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS – PCC**

Year Ended 31 March 2020				Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Year Ended 31 March 2021			
Adjustments for Capital Purposes (Note i) £'000	Net Change for the Pensions Adjustments (Note ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (Note i) £'000	Net Change for the Pensions Adjustments (Note ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'000
208	-	-	<b>208</b>	Criminal Justice	-	-	-	-
2,155	-	-	<b>2,155</b>	Northbank Division	1,890	-	-	<b>1,890</b>
1,465	-	-	<b>1,465</b>	Southbank Division	1,262	-	-	<b>1,262</b>
774	-	-	<b>774</b>	Force Control Room	712	-	-	<b>712</b>
530	-	-	<b>530</b>	Protecting Vulnerable People	409	-	-	<b>409</b>
46	-	-	<b>46</b>	Regional Collaboration	34	-	-	<b>34</b>
617	-	-	<b>617</b>	Special Operations Unit	552	-	-	<b>552</b>
603	-	-	<b>603</b>	Specialist Crime	545	-	-	<b>545</b>
244	-	-	<b>244</b>	People Services	265	-	-	<b>265</b>
104	-	-	<b>104</b>	Estates Services	86	-	-	<b>86</b>
-	-	-	-	Information Services	-	-	-	-
259	-	-	<b>259</b>	Corporate Development	428	-	-	<b>428</b>
11	-	-	<b>11</b>	Centrally Managed Services	32	-	-	<b>32</b>
315	-	-	<b>315</b>	Other Services	263	-	-	<b>263</b>
38	203	7	<b>248</b>	Police & Crime Commissioner	34	116	(8)	<b>142</b>
<b>7,369</b>	<b>203</b>	<b>7</b>	<b>7,579</b>	<b>Net Cost of Services</b>	<b>6,512</b>	<b>116</b>	<b>(8)</b>	<b>6,620</b>
(2,077)	14	(289)	<b>(2,352)</b>	Other Income and Expenditure	(3,112)	21	868	<b>(2,223)</b>
<b>5,292</b>	<b>217</b>	<b>(282)</b>	<b>5,227</b>	<b>(Surplus) or Deficit</b>	<b>3,400</b>	<b>137</b>	<b>860</b>	<b>4,397</b>

**Note i – Adjustments for Capital Purposes**

This adds in depreciation and impairments in the service line and for:

- Other Operating Expenditure – adjusts for losses on sale of assets.
- Financing and Investment Income and Expenditure - the statutory charges for capital financing (i.e. Minimum Revenue Provision and other revenue contributions) are deducted from income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income – Capital grants are adjusted for income not chargeable under generally accepted accounting practices.

**Note ii – Net change for the Pensions Adjustments**

This is the net change for the removal of pension contributions 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.

**Note iii – Other Differences**

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

- For service lines, this represents the movement in the timing difference on employee benefits for accumulated absences.
- Taxation and Non-Specific Grant Income – adjustment is made for the movement in the timing difference on the Council Tax Collection Fund.

## 5. INTERCOMPANY FUNDING

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.

These transactions are reflected in the intra-group accounts of both entities.

The tables below show the movement through the intra-group accounts within the respective Balance Sheets during 2020/21 and 2019/20 and show that there are no outstanding intra-group balances at the year end date, other than resulting from year end accounting adjustments in respect of payroll balances, as the PCC paid for all the financial resources consumed at the request of the Chief Constable and an intra-group adjustment was made to offset the Chief Constable's consumption of resources.

The funding covers the day to day expenses on an accruals basis as well as charges for operational assets consumed in the year. The funding does not cover IAS 19 pension charges and charges for compensated absences as these charges (in the Chief Constable's Comprehensive Income and Expenditure Statement) are reversed in the Chief Constable's Movement in Reserves Statement and charged to the Chief Constable's unusable Pensions Reserve and Accumulated Absences Adjustment Account.

The Comprehensive Income and Expenditure Statement (CIES) for the PCC and the PCC Group are at summary level. This is because the Net Cost of Policing sub-total within the PCC CIES includes not only the cost of administering the PCC itself, but also payment for PCC resources consumed at the request of the Chief Constable. The decision to account for this expenditure within the PCC Net Cost of Policing Services is in the same format that it is reported to management. In contrast, in the Chief Constable's CIES the Net Cost of Policing is nil, apart from the year end adjustments for pensions actuarial adjustments and accumulated absences, as the Resources consumed at the request of the Chief Constable are completely offset by the intra-group adjustment.

### Intra - Group movements 2020-2021:

	PCC £'000	Chief Constable £'000	PCC Group £'000
Opening balance as at 1 April 2020	(4,525)	4,525	-
PCC resources consumed at the request of the Chief Constable	244,816	(244,816)	-
PCC intra-group adjustment (resource funding)	(244,816)	244,816	-
	<b>(4,525)</b>	<b>4,525</b>	-
Year end adjustments:			
Accumulated absences movement	1,743	(1,743)	-
Pensions actuarial adjustments	(499,760)	499,760	-
PCC intra-group adjustment	498,018	(498,018)	-
Payroll creditors and debtors movement	1,385	(1,385)	-
<b>Closing balance as at 31 March 2021</b>	<b>(3,139)</b>	<b>3,139</b>	-

### Intra - Group movements 2019-2020:

Opening balance as at 1 April 2019	(85,287)	85,287	-
Correction to 19-20 Opening Balance	81,147	(81,147)	-
PCC resources consumed at the request of the Chief Constable	239,853	(239,853)	-
PCC intra-group adjustment (resource funding)	(239,853)	239,853	-
	<b>(4,140)</b>	<b>4,140</b>	-
Year end adjustments:			
Accumulated absences movement	(1,293)	1,293	-
Pensions actuarial adjustments	(70,857)	70,857	-
PCC intra-group adjustment	72,150	(72,150)	-
Payroll creditors and debtors movement	(385)	385	-
<b>Closing balance as at 31 March 2020</b>	<b>(4,525)</b>	<b>4,525</b>	-



## 7. PENSIONS INCOME & EXPENDITURE ACCOUNT

The cost of retirement benefits is recognised in the CIES with the inclusion of the amount reflecting the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge that is required to be made against Council Tax is based on the cash payable in the year. The real cost of retirement benefits is deducted in the Statement of Movement in the General Fund Balance, and replaced with actual pensions paid/contributions.

The following transactions have been made in the CIES and Statements of Movement in the General Fund Balance during the year:

PCC Group	Local Government Pension Scheme		Police Pension Schemes	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
<b>Comprehensive Income and Expenditure Statement</b>				
Net Cost of Service				
Current Service Cost (Gross)	12,280	14,760	40,770	43,660
Non Distributed Costs	64	136	-	(10,460)
Reversal of IAS19 Contributions	(7,168)	(6,178)	(51,767)	(51,736)
	<b>5,176</b>	<b>8,718</b>	<b>(10,997)</b>	<b>(18,536)</b>
Net Operating Expenditure				
Interest Cost	6,758	8,470	46,990	54,780
Interest Income	(5,315)	(5,963)	-	-
	<b>1,443</b>	<b>2,507</b>	<b>46,990</b>	<b>54,780</b>
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b>6,619</b>	<b>11,225</b>	<b>35,993</b>	<b>36,244</b>
<b>Statement of Movement in the General Fund Balance</b>				
Reversal of Net Charges made for Retirement Benefits in Accordance with IAS19	(6,619)	(11,225)	(35,993)	(36,244)
<b>Actual amount charged against the General Fund Balance for Pensions in the Year</b>				
Employer's Contributions Payable to Scheme	6,224	5,603	21,487	20,212
Police Officer Injury and Ill Health Pension Costs	-	-	1,787	1,293

PCC	Local Government Pension Scheme	
	31 March 2021 £'000	31 March 2020 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
Net Cost of Service		
Current Service Cost (Gross)	280	349
Non Distributed Costs	-	-
Reversal of IAS19 Contributions	(164)	(146)
	<b>116</b>	<b>203</b>
Net Operating Expenditure		
Interest Cost	97	44
Interest Income	(76)	(30)
	<b>21</b>	<b>14</b>
<b>Net Charge to the Comprehensive Income and Expenditure Statement</b>	<b>137</b>	<b>217</b>
<b>Statement of Movement in the General Fund Balance</b>		
Reversal of Net Charges made for Retirement Benefits in Accordance with IAS19	(137)	(217)
<b>Actual amount charged against the General Fund Balance for Pensions in the Year</b>		
Employer's Contributions Payable to Scheme	142	132

**8. OTHER OPERATING INCOME AND EXPENDITURE**

Other Operating Income and Expenditure includes the gain or loss on the sale of non-current assets during the year as follows:

2019/20			2020/21		
Net Book Value £'000	Receipt £'000	Total £'000	Net Book Value £'000	Receipt £'000	Total £'000
493	(427)	66	175	(149)	26
<b>493</b>	<b>(427)</b>	<b>66</b>	<b>175</b>	<b>(149)</b>	<b>26</b>
113	-	113	98	-	98
2	-	2	-	-	-
<b>115</b>	<b>-</b>	<b>115</b>	<b>98</b>	<b>-</b>	<b>98</b>
<b>608</b>	<b>(427)</b>	<b>181</b>	<b>273</b>	<b>(149)</b>	<b>124</b>

Land and Buildings (Held for Sale)

**Gain from the Sale of Non Current Assets**

Vehicles, Plant and Equipment

Intangible Assets

**(Gain)/Loss on the Sale of Non Current Assets**

**9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

Financing and Investment Income and Expenditure includes corporate items of income and expenditure which arise from the PCC Groups involvement in financial instruments and similar items.

In the case of the PCC Group this includes both interest payable and receivable during the year, along with the net pensions interest cost.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
1,671	Interest payable and similar charges	1,968
57,287	Pensions interest cost net of interest on pension assets	48,433
(115)	Interest receivable	(87)
<b><u>58,843</u></b>		<b><u>50,314</u></b>

**10. TAXATION AND NON SPECIFIC GRANT INCOME**

Taxation and Non-Specific Grant Income contains all un-ringfenced grants and contributions, including council tax income, receivable during the year which cannot be identified to a particular service line within cost of services.

All capital grants and contributions are included within this line, even if they are service specific.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
61,412	Council Tax Income	62,978
126,524	General Government Grants	136,518
31,524	Police Pensions Top Up Grant receivable	30,268
746	Capital Grants	401
<b>220,206</b>		<b>230,165</b>

The Council Tax Income includes the actual income received in year (see Note 11) plus an adjustment for the difference between estimated and actual surplus/deficits on the collection fund.

A breakdown of general government grants are included in Note 12 along with a breakdown of service specific revenue grants included within the cost of services in the CIES.



**11. PRECEPTS AND COUNCIL TAX INCOME**

The precepts raised for the year are as follows;

**2020/21**

<b>BAND</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Rate £	152.15	177.50	202.86	<b>228.22</b>	278.94	329.65	380.37	456.44

**2019/20**

<b>BAND</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Rate £	148.88	173.69	198.51	<b>223.32</b>	272.95	322.57	372.20	446.64

The Council Tax precept income collected from each of the Local Authorities for the financial year is:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
26,255	East Riding of Yorkshire Council	27,368
13,926	Kingston Upon Hull City Council	14,612
9,804	North East Lincolnshire Council	10,346
11,138	North Lincolnshire Council	11,519
<b>61,123</b>		<b>63,845</b>

**12. GRANT INCOME**

The PCC Group receive a number of non-ringfenced general grants from central government. These grants are included within Taxation and Non-Specific Grant Income and are as follows;

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
114,580	Police Revenue Grant	123,155
8,341	Council Tax Support Grants	8,341
1,903	Police Pension Grant	1,904
1,700	Council Tax Freeze Grants	1,700
-	COVID-19 Grant Funding	1,418
<b>126,524</b>	<b>Total General Government Grants</b>	<b>136,518</b>

Additional service specific grants were received from numerous bodies, and are included as part of total income in cost of services. Details of those grants that are £0.500m and above are shown below:

<b>2019/20</b>		<b>2020/21</b>
<b>£</b>		<b>£</b>
-	Recruitment Uplift Programme Grant (Home Office Grant)	2,707,990
1,181,013	DSP Port Security (Home Office Grant)	1,240,015
1,055,949	Victims Support Grant (Ministry of Justice Grant)	1,210,095
693,485	DSP Port Security Armed Response (Home Office Grant)	837,346
-	Safer Streets Funding	565,510
<b>2,930,447</b>		<b>6,560,956</b>

**13. EXTERNAL AUDIT FEES**

The external audit fees payable to Mazars LLP for 2020/21 are £45,197 (2019/20 £50,132) for the PCC Group, of which £31,287 (2019/20 £34,246) is in respect of the PCC and £13,910 for the Chief Constable (2019/20 £15,886). The 2020/21 fee includes recurring increases in the base audit fee arising from regulatory pressures of £7,602 (2019/20 £7,602), of which £5,242 relates to the PCC and £2,360 to the Chief Constable. The 2019/20 figures include an additional fee of £4,935 in relation one-off fee increases in respect of extra work arising from the COVID-19 pandemic.

**14. OFFICERS’ REMUNERATION AND EXIT PACKAGES****OFFICERS’ REMUNERATION - BANDINGS**

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

2019/20			Remuneration Band £	2020/21		
Police Officers No.s	Support Staff No.s	Total No.s		Police Officers No.s	Support Staff No.s	Total No.s
102	5	<b>107</b>	50,000 - 54,999	107	8	<b>115</b>
87	2	<b>89</b>	55,000 - 59,999	90	1	<b>91</b>
11	-	<b>11</b>	60,000 - 64,999	28	2	<b>30</b>
3	1	<b>4</b>	65,000 - 69,999	5	1	<b>6</b>
2	2	<b>4</b>	70,000 - 74,999	3	-	<b>3</b>
3	4	<b>7</b>	75,000 - 79,999	4	5	<b>9</b>
7	1	<b>8</b>	80,000 - 84,999	3	3	<b>6</b>
1	1	<b>2</b>	85,000 - 89,999	5	1	<b>6</b>
4	-	<b>4</b>	90,000 - 94,999	1	-	<b>1</b>
1	-	<b>1</b>	95,000 - 99,999	2	1	<b>3</b>
-	1	<b>1</b>	100,000 - 104,999	-	-	<b>-</b>
-	-	<b>-</b>	105,000 - 109,999	-	-	<b>-</b>
-	-	<b>-</b>	110,000 - 114,999	-	-	<b>-</b>
1	1	<b>2</b>	115,000 - 119,999	-	1	<b>1</b>
-	1	<b>1</b>	120,000 - 124,999	-	1	<b>1</b>
1	-	<b>1</b>	125,000 - 129,999	1	-	<b>1</b>
-	-	<b>-</b>	130,000 - 134,999	1	-	<b>1</b>
-	-	<b>-</b>	135,000 - 139,999	-	-	<b>-</b>
-	-	<b>-</b>	140,000 - 144,999	1	-	<b>1</b>
-	-	<b>-</b>	145,000 - 149,999	-	-	<b>-</b>
-	-	<b>-</b>	150,000 - 154,999	-	-	<b>-</b>
1	-	<b>1</b>	155,000 - 159,999	1	-	<b>1</b>
<b>224</b>	<b>19</b>	<b>243</b>		<b>252</b>	<b>24</b>	<b>276</b>

The Officers disclosed separately in senior officers’ remuneration table below are included in the bands above.

A number of employees work in shared services with other regional forces. Disclosure of such employees is made in the accounts of the force that holds the employment contract of those individuals.

**OFFICERS’ REMUNERATION – SENIOR OFFICERS**

The remuneration paid to senior employees and senior police officers is as follows:

Post Holder 2020/21		Salary (Including Fees & Allowances) £000	Other Emoluments £000	Total Remuneration excluding Pension Contributions £000	Pension Contributions £000	Total Remuneration including Pension Contributions £000
<b>Chief Constable</b>	<b>Note</b>					
Chief Constable - Lee Freeman		159	-	159	48	207
Deputy Chief Constable	1	137	6	143	40	183
Assistant Chief Constable - Operations		118	7	125	37	162
Assistant Chief Constable - Communities		132	-	132	38	170
Assistant Chief Officer		118	-	118	21	139
Assistant Chief Officer (Resources)		124	-	124	21	145
		<b>788</b>	<b>13</b>	<b>801</b>	<b>205</b>	<b>1,006</b>
<b>PCC</b>						
Police and Crime Commissioner		77	-	77	14	91
Chief Executive		89	-	89	16	105
Chief Finance Officer (PCC Section 151)	2	42	-	42	8	50
		<b>208</b>	<b>-</b>	<b>208</b>	<b>38</b>	<b>246</b>
<b>PCC Group Total</b>		<b>996</b>	<b>13</b>	<b>1,009</b>	<b>243</b>	<b>1,252</b>

1. Deputy Chief Constable – ended in post March 2021
2. Chief Finance Officer (PCC Section 151) - part time seconded from Humberside Fire. Humberside Police contribute towards 40% of salary, NI and Pension

Post Holder 2019/20		Salary (Including Fees & Allowances) £000	Other Emoluments £000	Total Remuneration excluding Pension Contributions £000	Pension Contributions £000	Total Remuneration including Pension Contributions £000
<b>Chief Constable</b>	<b>Note</b>					
Chief Constable - Lee Freeman		155	-	155	47	202
Deputy Chief Constable		130	-	130	39	169
Assistant Chief Constable - Operations		116	-	116	36	152
Assistant Chief Constable - Communities	1	43	1	44	11	55
Assistant Chief Constable - Communities	2	70	-	70	20	90
Assistant Chief Constable	3	49	1	50	13	63
Assistant Chief Officer	4	116	-	116	21	137
Assistant Chief Officer (Resources)		121	-	121	21	142
		<b>800</b>	<b>2</b>	<b>802</b>	<b>208</b>	<b>1,010</b>
<b>PCC</b>						
Police and Crime Commissioner		77	-	77	14	91
Chief Executive		87	-	87	16	103
Deputy Chief Executive & Treasurer	5	57	-	57	-	57
Chief Finance Officer (PCC Section 151)	6	16	-	16	3	19
		<b>237</b>	<b>-</b>	<b>237</b>	<b>33</b>	<b>270</b>
<b>PCC Group Total</b>		<b>1,037</b>	<b>2</b>	<b>1,039</b>	<b>241</b>	<b>1,280</b>

1. Assistant Chief Constable Communities – ended in post August 2019.
2. Assistant Chief Constable Communities – started in post 2nd September 2019.
3. Assistant Chief Constable – ended in post 31st August 2019.
4. Assistant Chief Officer NECB (North East Collaboration Board)
5. Deputy Chief Executive & Treasurer – left 18th March 2020.
6. Chief Finance Officer (PCC Section 151) - part time seconded from Humberside Fire from 1 January 2020. Humberside Police contribute towards 40% of salary, NI and Pension.

**OFFICERS’ REMUNERATION – EXIT PACKAGES**

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:

<b>2020/21</b>				
<b>Exit Package Cost Band</b>	<b>No. of compulsory redundancies</b>	<b>No. of other agreed departures</b>	<b>Total No. of exit packages by cost band</b>	<b>Total cost of exit packages in each band</b>
<b>£</b>				<b>£000</b>
0 - 20,000	6	3	9	94
40,001 - 60,000	2	1	3	133
	<b>8</b>	<b>4</b>	<b>12</b>	<b>227</b>

<b>2019/20</b>				
<b>Exit Package Cost Band</b>	<b>No. of compulsory redundancies</b>	<b>No. of other agreed departures</b>	<b>Total No. of exit packages by cost band</b>	<b>Total cost of exit packages in each band</b>
<b>£</b>				<b>£000</b>
0 - 20,000	8	21	29	157
20,001 - 40,000	3	2	5	148
40,001 - 60,000	3	2	5	270
60,001 - 80,000	-	-	-	-
80,001 - 100,000	1	-	1	82
	<b>15</b>	<b>25</b>	<b>40</b>	<b>657</b>

## 15. 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.

The North East Collaboration Board (NECB) has been established between Humberside, the three Yorkshire forces and Cleveland, Durham and Northumbria.

### 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 Underwater Search services.

The Underwater Search Unit made a surplus of £0.007m in the financial year 2020/21 (Surplus £0.009m in 2019/20) with the PCC for Humberside contributing £0.394m (£0.375m in 2019/20).

The PCC for Humberside has made contributions during the year ended 31 March 2021 to other Lead Forces as follows:

Lead Force	Functional Area	Contributions Made	
		2020/21 £'000	2019/20 £'000
OPCC for South Yorkshire	Procurement and Stores	504	427
	Firearms	11	58
OPCC for West Yorkshire	Serious and Organised Crime	1,270	1,361
	Scientific Support	5,041	5,046
	Collision Investigation	454	370

**OTHER REGIONAL COLLABORATION ARRANGEMENTS**

The PCC for Humberside collaborates in a two force partnership with the Office for the Police and Crime Commissioner (OPCC) for South Yorkshire on the provision of Information Services. The previous collaboration on the provision of Human Resources and Training ended in 2020/21. The cost of the collaboration is shared based on the total size of the respective force budgets assessed using a measure of net revenue expenditure. The summary position for the joint operations is outlined below:

	<b>Human Resources &amp; Training</b>		<b>Information Services</b>	
	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
<b><u>Expenditure</u></b>				
Staff Costs	-	10,405	6,497	6,361
Property related expenses	-	5	4	2
Supplies and services	-	636	6,708	7,312
Transport related expenses	-	307	71	114
Third party costs	-	4	-	-
	<b>-</b>	<b>11,357</b>	<b>13,280</b>	<b>13,789</b>
<b><u>Income</u></b>				
Contributions (see below)	-	11,345	13,280	13,789
Other income	-	12	-	-
	<b>-</b>	<b>11,357</b>	<b>13,280</b>	<b>13,789</b>
<b>Deficit/(Surplus) in year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Contributions:</u></b>				
Humberside Police	-	4,721	5,703	6,111
South Yorkshire Police	-	6,624	7,577	7,678
	<b>-</b>	<b>11,345</b>	<b>13,280</b>	<b>13,789</b>

**LOCAL COLLABORATION ARRANGEMENTS**

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 (ESFM), a company limited by guarantee which was established for that purpose. Humberside Police retain joint control of this company with Humberside Fire Authority.

The Net Cost of ESFM Ltd in relation to the Humberside Police in 2020/21 was £1.760m (2019/20 £1.676m), with a closing Net Assets figure of £0.480m (2019/20 £0.671m).

Humberside Police provide Estates Management Services to Humberside Fire Authority on a lead Authority basis. The Joint Estates Service (JES) provides premises repairs, regular maintenance, utility management and support for capital projects. Governance for the JES is provided by the JES board chaired by the Assistant Chief Officer (Resources). The Director of Support Services from Humberside Fire and Rescue Service also sits on the board. The overall operational cost of the JES is £11.504m (2019/20 £10.686m) with income of £2.9m received from Humberside Fire and Rescue Service (2019/20 £2.2m) and other income of £1.063m received from other organisations (2019/20 £1.253m).



**16. ANALYSIS OF ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS – PCC GROUP**

The table below provides a breakdown of the figure included in the Movement in Reserves Statement which adjusts the total Comprehensive Income and Expenditure recognised within the year to the resources available to the Group as specified by statutory provision.

Year Ended 31 March 2020				Year Ended 31 March 2021			
General Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves	General Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
5,673	<b>5,673</b>	(5,673)	-	5,805	<b>5,805</b>	(5,805)	-
1,695	<b>1,695</b>	(1,695)	-	707	<b>707</b>	(707)	-
(746)	<b>(746)</b>	746	-	(401)	<b>(401)</b>	401	-
608	<b>608</b>	(608)	-	273	<b>273</b>	(273)	-
(1,402)	<b>(1,402)</b>	1,402	-	(2,379)	<b>(2,379)</b>	2,379	-
(109)	<b>(109)</b>	109	-	(456)	<b>(456)</b>	456	-
(427)	<b>(427)</b>	427	-	(149)	<b>(149)</b>	149	-
(57,914)	<b>(57,914)</b>	57,914	-	(58,935)	<b>(58,935)</b>	58,935	-
105,383	<b>105,383</b>	(105,383)	-	101,547	<b>101,547</b>	(101,547)	-
1,301	<b>1,301</b>	(1,301)	-	(1,751)	<b>(1,751)</b>	1,751	-
(289)	<b>(289)</b>	289	-	868	<b>868</b>	(868)	-
<b>53,773</b>	<b>53,773</b>	<b>(53,773)</b>	-	<b>45,129</b>	<b>45,129</b>	<b>(45,129)</b>	-

## 17. ANALYSIS OF ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS – PCC

Year Ended 31 March 2020				Year Ended 31 March 2021			
General Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves	General Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
5,673	<b>5,673</b>	(5,673)	-	5,805	<b>5,805</b>	(5,805)	-
1,695	<b>1,695</b>	(1,695)	-	707	<b>707</b>	(707)	-
(746)	<b>(746)</b>	746	-	(401)	<b>(401)</b>	401	-
608	<b>608</b>	(608)	-	273	<b>273</b>	(273)	-
(1,402)	<b>(1,402)</b>	1,402	-	(2,379)	<b>(2,379)</b>	2,379	-
(109)	<b>(109)</b>	109	-	(456)	<b>(456)</b>	456	-
(427)	<b>(427)</b>	427	-	(149)	<b>(149)</b>	149	-
(146)	<b>(146)</b>	146	-	(143)	<b>(143)</b>	143	-
363	<b>363</b>	(363)	-	280	<b>280</b>	(280)	-
7	<b>7</b>	(7)	-	(8)	<b>(8)</b>	8	-
(289)	<b>(289)</b>	289	-	868	<b>868</b>	(868)	-
<b>5,227</b>	<b>5,227</b>	<b>(5,227)</b>	-	<b>4,397</b>	<b>4,397</b>	<b>(4,397)</b>	-

**Reversal of items debited or credited to the CIES:**

Depreciation of non-current assets

Revaluation Losses charged on Property, Plant and Equipment

Capital Grants applied

Non-current assets value written off on disposal

**Inclusion of items not debited or credited to the CIES:**

Statutory provision for the financing of capital investment

Capital Expenditure funded from Revenue

**Adjustments involving the Capital Unapplied Reserve:**

Reversal of cash sale proceeds credited to gain/loss on disposal in CIES

**Adjustments involving the Pension Reserve:**

Reversal of items relating to retirement benefits debited or credited to CIES

Employer's pension contributions and direct payments to pensioners payable in the year

**Adjustments involving the Accumulated Absences Reserve:**

Holiday pay accrual charged to the CIES

**Adjustments Relating to the Collection Fund:**

Collection Fund adjustment charged to the CIES

**Total Adjustments**

**18. PROPERTY, PLANT & EQUIPMENT**

The property, plant and equipment held on the PCC Group balance sheet can be split into a number of different asset categories as follows;

	Land & Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Assets Held for Sale	TOTAL
	£000	£000	£000	£000	£000
<b>Gross Book Value</b>					
As at 1st April 2020	73,579	27,005	1,117	915	102,616
Correction to Opening Balances	565	(515)	-	-	50
Additions & Enhancements	1,220	4,209	10,751	-	16,180
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,492)	-	-	-	(1,492)
Disposals	-	(4,798)	-	(175)	(4,973)
Transfers	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(583)	-	-	-	(583)
<b>As at 31st March 2021</b>	<b>73,289</b>	<b>25,901</b>	<b>11,868</b>	<b>740</b>	<b>111,798</b>
<b>Depreciation</b>					
To 31st March 2020	233	13,526	-	-	13,759
Correction to Opening Balances	-	52	-	-	52
In Year	1,477	3,723	-	-	5,200
On Assets Revalued	(1,414)	-	-	-	(1,414)
On Assets Sold	-	(4,700)	-	-	(4,700)
<b>As at 31st March 2021</b>	<b>296</b>	<b>12,601</b>	<b>-</b>	<b>-</b>	<b>12,897</b>
<b>Net Book Value</b>					
As at 31st March 2021	<b>72,993</b>	<b>13,300</b>	<b>11,868</b>	<b>740</b>	<b>98,901</b>
As at 31st March 2020	<b>73,346</b>	<b>13,479</b>	<b>1,117</b>	<b>915</b>	<b>88,857</b>

	Land & Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Assets Held for Sale	TOTAL
	£000	£000	£000	£000	£000
<b>Gross Book Value</b>					
As at 1st April 2019	76,494	23,338	40	805	100,677
Additions & Enhancements	2,425	4,078	1,077	-	7,580
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,674)	-	-	-	(1,674)
Disposals	-	(411)	-	(805)	(1,216)
Transfers	(915)	-	-	915	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,751)	-	-	-	(2,751)
<b>As at 31st March 2020</b>	<b>73,579</b>	<b>27,005</b>	<b>1,117</b>	<b>915</b>	<b>102,616</b>
<b>Depreciation</b>					
To 31st March 2019	4	10,329	-	-	10,333
In Year	1,480	3,802	-	-	5,282
On Assets Revalued	(1,248)	-	-	-	(1,248)
On Assets Sold	(3)	(605)	-	-	(608)
<b>As at 31st March 2020</b>	<b>233</b>	<b>13,526</b>	<b>-</b>	<b>-</b>	<b>13,759</b>
<b>Net Book Value</b>					
As at 31st March 2020	<b>73,346</b>	<b>13,479</b>	<b>1,117</b>	<b>915</b>	<b>88,857</b>
As at 31st March 2019	<b>76,490</b>	<b>13,009</b>	<b>40</b>	<b>805</b>	<b>90,345</b>

**19. ASSET NUMBERS**

<b>31 March 2020</b>		<b>31 March 2021</b>
17	Local Police Team Buildings	17
14	Police Stations	13
5	Other Buildings	5
4	Headquarters and Offices	4
4	Vulnerable Victims Units	4
1	Training Centre	1
1	Custody Suite	1
1	Assets Under Construction - Property	1
-	Assets Under Construction - Vehicles	20
524	Vehicles	539

Details on the valuations of property held by the PCC Group can be found in Note 21 in the accounts.

**20. INTANGIBLE ASSETS**

	<b>2020/21</b>		<b>2019/20</b>
	<b>£000</b>		<b>£000</b>
<b>Gross Book Value</b>		<b>Gross Book Value</b>	
As at 1st April 2020	3,117	As at 1st April 2019	1,952
Additions & Enhancements	2,342	Additions & Enhancements	1,167
Disposals	(89)	Disposals	(2)
<b>As at 31st March 2021</b>	<b><u>5,370</u></b>	<b>As at 31st March 2020</b>	<b><u>3,117</u></b>
<b>Amortisation</b>		<b>Amortisation</b>	
To 31st March 2020	932	To 31st March 2019	543
In Year	605	In Year	391
On Disposals	(89)	On Disposals	(2)
<b>As at 31st March 2021</b>	<b><u>1,448</u></b>	<b>As at 31st March 2020</b>	<b><u>932</u></b>
<b>Net Book Value</b>		<b>Net Book Value</b>	
As at 31st March 2021	<b><u>3,922</u></b>	As at 31st March 2020	<b><u>2,185</u></b>
As at 31st March 2020	<b><u>2,185</u></b>	As at 31st March 2019	<b><u>1,409</u></b>

The Intangible Assets all relate to computer software which has been capitalised.

**21. PROPERTY VALUATIONS**

	<b>Land and Buildings £000</b>	<b>Assets Held for Sale £000</b>
Valued at current value as at:		
31 March 2019	7,906	430
31 March 2020	1,633	310
31 March 2021	63,750	-
<b>Total Gross Book Value</b>	<b><u>73,289</u></b>	<b><u>740</u></b>

Plant and Equipment is carried at current value in the gross book value of Vehicles, Plant and Equipment.

The PCC property portfolio is valued on an annual basis by an external valuer with an effective date of 31 March 2021. The PCC carries out a rolling programme of valuations. This includes the highest valued 20% of assets, which as of 2020/21, accounts for 80% of the net book value of property held on the balance sheet.

On 11<sup>th</sup> March 2020 a Global Pandemic was declared by the World Health Organisation in relation to the outbreak of the Novel Coronavirus (COVID-19). Consequently less certainty, and a higher degree of caution should be attached to the valuations than would normally be the case.

Given that the majority of the properties held by the PCC are of a specialist nature these are valued on a depreciated replacement cost basis. This valuation is based on the replacement costs of the buildings, adjusted for obsolescence factors with the land value then added. Within their report, the valuers have stated that the long term COVID-19 situation could impact on the construction costs used within these valuations, however, they do not consider that these would have filtered through between the valuation date and the date of their report.

The valuation of assets held will undergo further review through the revaluation of assets for the 2021-22 Statement of Accounts.

**22. SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE**

The note below shows the movement in the Capital Financing Requirement due to capital expenditure for 2020/21, and the source of finance used.

The Capital Financing Requirement is an indicator that authorities have to include within the suite of Prudential Indicators relating to capital finance in Local Authorities.

It is a measure of the PCC Group's underlying need to borrow for capital purpose. The PCC Group has decided to part fund capital by using prudential borrowing, this is reflected in the Capital Financing Requirement balance at the end of the financial year.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
80,891	<b>Opening Capital Financing Requirement</b>	86,954
	<b><u>Capital Investment</u></b>	
7,580	Property, Plant and Equipment	16,151
1,167	Intangible Assets	2,342
	<b><u>Sources of Finance</u></b>	
(109)	Revenue funding of Capital	(456)
(1,402)	Revenue Provision	(2,379)
(746)	Capital Grant	(401)
(427)	Capital Receipts	(149)
<b>86,954</b>	<b>Closing Capital Financing Requirement</b>	<b>102,062</b>
	<b><u>Explanation of Movements in Year</u></b>	
6,063	Increase/(Decrease) in underlying need to borrow	15,108
<b>6,063</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>15,108</b>

**23. SHORT TERM DEBTORS AND CREDITORS****SHORT TERM DEBTORS**

<b>PCC Group</b>	<b>PCC</b>		<b>PCC Group</b>	<b>PCC</b>
<b>2019/20</b>	<b>2019/20</b>		<b>2020/21</b>	<b>2020/21</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
4,602	4,602	<b>Short-Term Debtor by Source:</b>		
7,158	7,124	Government Departments	6,418	6,418
5,813	5,813	Other Police and Local Authorities	9,136	9,136
		Other	5,988	5,871
<b>17,573</b>	<b>17,539</b>	<b>Total Short Term Debtors</b>	<b>21,542</b>	<b>21,425</b>
		<b>Short-Term Debtor by Type:</b>		
12,431	12,397	Debtors & Accruals	16,068	15,951
5,142	5,142	Prepayments	5,474	5,474
<b>17,573</b>	<b>17,539</b>	<b>Total Short Term Debtors</b>	<b>21,542</b>	<b>21,425</b>

**SHORT TERM CREDITORS**

<b>PCC Group</b>	<b>PCC</b>		<b>PCC Group</b>	<b>PCC</b>
<b>2019/20</b>	<b>2019/20</b>		<b>2020/21</b>	<b>2020/21</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
2,854	2,854	<b>Short-Term Creditor by Source:</b>		
9,818	9,784	Government Departments	3,050	3,050
7,993	3,868	Other Police and Local Authorities	8,913	8,913
		Other	11,972	9,473
<b>20,665</b>	<b>16,506</b>	<b>Total Short Term Creditors</b>	<b>23,935</b>	<b>21,436</b>
		<b>Short-Term Creditor by Type:</b>		
20,192	16,033	Creditors & Accruals	23,430	20,931
473	473	Income in Advance	505	505
<b>20,665</b>	<b>16,506</b>	<b>Total Short Term Creditors</b>	<b>23,935</b>	<b>21,436</b>



**24. SHORT TERM INVESTMENTS**

Short term investments relate to those investments which are due to mature within the next 12 months. The movement in short term investments throughout the year is as follows;

	<b>Balance at 1st April 2020 £000</b>	<b>New Investments £000</b>	<b>Investment Maturities £000</b>	<b>Balance at 31st March 2021 £000</b>
Short Term Investments with Financial Institutions	-	190,300	(178,300)	<b>12,000</b>
	<b>-</b>	<b>190,300</b>	<b>(178,300)</b>	<b>12,000</b>

**25. BORROWING****SHORT TERM BORROWING**

This relates to borrowing due for maturing within 12 months.

	Balance at 1st April 2020 £000	Loans Repaid £000	New Loans £000	Transferred from Long Term Borrowing £000	Balance at 31st March 2021 £000
Public Works Loan Board (PWLB)	6,378	(6,378)	-	3,325	3,325
Other Borrowing	7,000	(52,000)	54,000	-	9,000
	<b>13,378</b>	<b>(58,378)</b>	<b>54,000</b>	<b>3,325</b>	<b>12,325</b>

**LONG TERM BORROWING**

This relates to borrowing that will need to be repaid after more than one year.

	Balance at 1st April 2020 £000	Loans Repaid £000	New Loans £000	Transferred to Short Term Borrowing £000	Balance at 31st March 2021 £000
Public Works Loan Board (PWLB)	58,588	-	30,000	(3,325)	85,263

Debt at 31st March 2020 £000		Debt at 31st March 2021 £000
3,325	1-2 years	3,266
10,032	2-5 years	10,212
17,091	5-10 years	16,762
16,640	10-15 years	18,523
11,500	> 15 years	36,500
<b>58,588</b>		<b>85,263</b>

## 26. USABLE RESERVES

The PCC and PCC Group has four revenue reserves and one capital reserve:

**Performance Improvement Reserve** - This Reserve has been provided specifically to support initiatives that are aimed at securing improvements and will “pump prime” and meet the initial cost of investment in services.

**Partnership Reserve** - This Reserve was created to allow the PCC/ PCC Group to continue schemes that were previously funded by partner agencies and to support partnership work.

**Risk Management Reserve** - This Reserve will allow the Chief Constable and the PCC to assist in meeting the cost of items highlighted through the Chief Constable’s and the PCC’s risk management processes.

**General Reserve** - This Reserve is currently being maintained at 3% of the net revenue budget and is designed to cushion the PCC/ PCC Group against unforeseen expenditure pressures.

**Capital Unapplied Reserve** - This Reserve reflects capital grants and receipts that have been received but have yet to be used to fund capital expenditure

The movements on the usable reserves in the year are:

2020/21	Opening Balance £000	Transfers to/(from) Reserves £000	Closing Balance £000
<b>Revenue Reserves</b>			
Performance Improvement Reserve	7,631	3,203	10,834
Partnership Reserve	1,740	(466)	1,274
Risk Management Reserve	2,000	125	2,125
General Reserve	5,800	320	6,120
<b>General Fund Balance</b>	<b>17,171</b>	<b>3,182</b>	<b>20,353</b>
<b>Capital Reserves</b>			
Capital Unapplied Reserve	-	-	-
<b>Total Usable Reserves</b>	<b>17,171</b>	<b>3,182</b>	<b>20,353</b>

2019/20	Opening Balance £000	Transfers to/(from) Reserves £000	Closing Balance £000
<b>Revenue Reserves</b>			
Performance Improvement Reserve	10,900	(3,269)	7,631
Partnership Reserve	2,082	(342)	1,740
Risk Management Reserve	1,800	200	2,000
General Reserve	5,220	580	5,800
<b>General Fund Balance</b>	<b>20,002</b>	<b>(2,831)</b>	<b>17,171</b>
<b>Capital Reserves</b>			
Capital Unapplied Reserve	-	-	-
<b>Total Usable Reserves</b>	<b>20,002</b>	<b>(2,831)</b>	<b>17,171</b>

**27. UNUSABLE RESERVES**

The breakdown of the unusable reserves held on the PCC Group/PCC balance sheet is as follows;

2019/20			2020/21	
PCC Group	PCC		PCC Group	PCC
£'000	£'000		£'000	£'000
(2,153,981)	(304)	Pensions Reserve	(2,450,655)	(1,914)
(12,540)	(12,540)	Capital Adjustment Account	(15,594)	(15,594)
16,033	16,033	Revaluation Reserve	15,733	15,733
1,099	1,099	Collection Fund Adjustment Account	231	231
(4,151)	(26)	Accumulated Absences Adjustment Account	(2,400)	(18)
<b>(2,153,540)</b>	<b>4,262</b>	<b>Total Unusable Reserves</b>	<b>(2,452,685)</b>	<b>(1,562)</b>

**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 PCC/ PCC Group 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 PCC/ PCC Group 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 PCC/ PCC Group 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.

2019/20			2020/21	
PCC Group	PCC		PCC Group	PCC
£'000	£'000		£'000	£'000
(2,333,688)	(555)	Opening Balance	(2,153,981)	(304)
227,176	468	Actuarial Gains or (losses) on the pensions assets and liabilities	(254,062)	(1,473)
(105,383)	146	Reversal of items relating to retirement benefits debited/credited to the Surplus or Deficit on the Provision of Services in the CIES	58,935	143
57,914	(363)	Employers Pension Contributions and direct payments to pensioners	(101,547)	(280)
<b>(2,153,981)</b>	<b>(304)</b>	<b>Closing Balance</b>	<b>(2,450,655)</b>	<b>(1,914)</b>

**CAPITAL ADJUSTMENT ACCOUNT**

The Capital Adjustment Account is credited with amounts set aside by the PCC/ PCC Group to finance expenditure on non-current assets and absorbs the timing differences that might arise as a result of setting aside of resources being out of line with accounting charges for depreciation and impairment losses.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(7,666)	Opening Balance	(12,540)
109	Direct Revenue Financing	456
1,402	Minimum Revenue Provision	2,379
121	Revaluation reserve write down re disposals	50
427	Receipts on disposal of non current assets	149
(608)	Carrying value of disposed assets	(273)
(7,367)	Annual depreciation and impairment	(6,512)
296	Historical cost depreciation adjustment	296
746	Application of Government Grants to finance capital expenditure	401
<b>(12,540)</b>	<b>Closing Balance</b>	<b>(15,594)</b>

**REVALUATION RESERVE**

The Revaluation Reserve contains the gains made by the PCC/ PCC Group arising from increases in the value of its Property, Plant and Equipment. A transfer can be made from the Revaluation Reserve to the Capital Adjustment Account to reflect the amount of additional depreciation that has been charged due to increases in value. The balance is also reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, or when assets with accumulated gains are disposed of and the gains are realised.

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
17,932	Opening Balance	16,033
(1,482)	Revaluation of Non Current Assets	46
(121)	Amounts written out relating to sold asset	(50)
(296)	Historical cost depreciation adjustment	(296)
<b>16,033</b>	<b>Closing Balance</b>	<b>15,733</b>

**COLLECTION FUND ADJUSTMENT ACCOUNT**

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

**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/from the Account.

<b>2019/20</b>			<b>2020/21</b>	
<b>PCC Group</b>	<b>PCC</b>		<b>PCC Group</b>	<b>PCC</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
(2,850)	(19)	Opening Balance	(4,151)	(26)
(1,301)	(7)	Adjustment based on calculation for untaken leave	1,751	8
<b>(4,151)</b>	<b>(26)</b>	Closing Balance	<b>(2,400)</b>	<b>(18)</b>

## **28. CONTINGENT LIABILITIES**

### **CIVIL CLAIMS**

A number of potential civil and other claims could be brought against the PCC Group. The total estimated liability is £3,325k (2019/20 £3,897k). The timing of these claims is very unpredictable and is likely to be over a number of years.

### **REGIONAL WORKING – EMPLOYMENT OF STAFF**

The Regional Collaboration Board has agreed to the adoption of a lead force model to provide managers and staff/officers engaged in Regional Working with consistent Human Resources policy and practices. Under these arrangements police staff will be employed by the lead force on a permanent, substantive basis and Police officers will be seconded.

The PCC for Humberside has agreed to indemnify other PCCs for its share of any costs in the event of any employment tribunal or civil court claims related to regional employment. This indemnity is unlimited. At this time, it is not possible to predict the value or timing of any obligations falling due as a result of this indemnity and so no provision has been made.

**29. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS**

The underlying assets and liabilities for retirement benefits of the PCC and PCC Group at 31 March 2021 and 31 March 2020 are as follows:

	Local Government Pension Scheme		Police Pension Schemes		TOTAL	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Estimated liabilities in the Scheme	(406,955)	(289,275)	(2,317,532)	(2,093,772)	<b>(2,724,487)</b>	<b>(2,383,047)</b>
Estimated assets in the Scheme	273,832	229,066	-	-	<b>273,832</b>	<b>229,066</b>
<b>Net Asset/(Liability)</b>	<b>(133,123)</b>	<b>(60,209)</b>	<b>(2,317,532)</b>	<b>(2,093,772)</b>	<b>(2,450,655)</b>	<b>(2,153,981)</b>

  

	31 March 2021 £'000	31 March 2020 £'000
Allocation of Net Asset/(Liability):		
PCC	(1,914)	(304)
Chief Constable	(2,448,741)	(2,153,677)
	<b>(2,450,655)</b>	<b>(2,153,981)</b>

The liabilities show the PCC's and PCC Group's long term commitments to pay retirement benefits. The total liability of £2,451m has a substantial impact on the net worth of the PCC and PCC Group as recorded in the balance sheet, resulting in a negative overall balance of £2,432m. It must be noted however that the deficit on the Local Government Pension Scheme (LGPS) 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 valuation on the Police Pension Scheme was carried out as at 31 March 2020. The next Police Pension valuation is due to be reported in 2023/24. The last actuarial review was carried out on the Local Government Pension Scheme as at 31 March 2019. The next actuarial review takes place as at 31 March 2022.

In March 2020 the World Health Organisation declared the outbreak of COVID-19 as a global pandemic which led initially to a material negative impact in publicly quoted markets. This caused additional uncertainty in the valuation of unquoted investments which are challenging to value even in normal market conditions.

In their reports, the actuaries for the pension schemes have stated that the current population mortality projections make no specific allowance for the impact of COVID-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term. It's the actuaries' view that it is too early to determine whether COVID-19 changes the long term view of life expectancy in the UK. Any death rate from COVID-19 in excess of that already allowed for would emerge as an experience gain over the next year's accounts.



**30. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS AND LIABILITIES****RECONCILIATION OF SCHEME LIABILITIES**

	<b>Unfunded Liabilities: Police Pension Schemes</b>		<b>Funded Liabilities: Local Government Pension Scheme</b>	
	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
1st April	(2,093,772)	(2,234,162)	(289,275)	(345,920)
Current service cost	(40,770)	(43,660)	(12,280)	(14,760)
Past service costs (including curtailments)	-	10,460	(64)	(136)
Interest cost	(46,990)	(54,780)	(6,758)	(8,470)
Contributions by scheme participants	(9,680)	(9,770)	(2,487)	(2,270)
Benefits paid	61,447	57,950	5,275	5,291
Remeasurements:				
Gains and losses from changes in assumptions	(241,917)	133,830	(101,366)	76,990
Experience gains and losses	54,150	46,360	-	-
31st March	<b>(2,317,532)</b>	<b>(2,093,772)</b>	<b>(406,955)</b>	<b>(289,275)</b>

The expected contributions to the LGPS for 2020/21 are £7.3m (2019/20 was £6.5m) and £22.7m for the Police Pension Fund (2019/20 was £21.3m).

**RECONCILIATION OF SCHEME ASSETS**

	<b>Local Government Pension Scheme</b>	
	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
1st April	229,066	246,394
Interest income on Plan assets	5,315	5,963
Employer contributions	7,112	6,178
Contributions by scheme participants	2,487	2,270
Benefits paid	(5,219)	(5,291)
Remeasurements:		
Return on assets excluding net interest	35,071	(26,448)
31st March	<b>273,832</b>	<b>229,066</b>

### 31. 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 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	
	2020/21	2019/20	2020/21	2019/20
	%	%	%	%
Rate of Inflation	2.80	1.80	2.40	2.00
Rate of Increases in Salaries	3.70	2.70	4.15	4.00
Rate of increase in Pensions	2.80	1.80	2.40	2.00
Rate for Discounting Scheme Liabilities	2.05	2.30	2.00	2.25
CARE Revaluation			3.65	3.25
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:

2020/21	Local Government Pension Scheme		Police Pension Schemes	
	%	£000	%	£000
Change in assumption:				
0.5% increase in salaries increase rate	1.00	5,521	1.00	22,000
0.5% increase in pensions increase rate	11.00	43,191	9.00	206,000
0.5% decrease in discounting of liabilities rate	12.00	49,776	9.50	216,000
1 year increase in member life expectancy rate	3.00	12,209	3.50	81,000

  

2019/20	Local Government Pension Scheme		Police Pension Schemes	
	%	£000	%	£000
Change in assumption:				
0.5% increase in salaries increase rate	1.00	4,099	1.00	20,000
0.5% increase in pensions increase rate	10.00	29,506	7.50	157,000
0.5% decrease in discounting of liabilities rate	12.00	33,927	9.50	196,000
1 year increase in member life expectancy rate	3.00	8,678	3.00	6,000

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:

	<b>Local Government Pension Scheme</b>	<b>Police Pension Schemes</b>
	Years	Years
2020/21	24.0	20.0
2019/20	24.0	20.0

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

Assets in the LGPS 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:

		<b>2020/21</b>		<b>2019/20</b>
<b>Asset quoted prices:</b>	%	<b>£000</b>	%	<b>£000</b>
Equity securities	12.1	33,187	8.7	19,910
Debt securities	13.6	37,182	13.2	30,233
Private equity	5.7	15,615	5.3	12,161
Real estate	11.6	31,834	13.3	30,484
Investment funds	54.2	148,409	54.8	125,442
Cash and cash equivalents	2.8	7,605	4.7	10,836
<b>Total</b>		<b><u>273,832</u></b>		<b><u>229,066</u></b>
In active markets	77.1	211,175	73.2	167,688
Not in active markets	22.9	62,657	26.8	61,378
		<b><u>273,832</u></b>		<b><u>229,066</u></b>

**32. ASSUMED MORTALITY RATES**

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

**2020/21**

<b>Current Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	22.0	23.7

<b>Future Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	23.7	25.3

**2019/20**

<b>Current Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	21.9	23.6

<b>Future Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	23.6	25.2

**LOCAL GOVERNMENT PENSION SCHEME****2020/21**

<b>Current Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	21.0	23.7

<b>Future Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	22.2	25.5

**2019/20**

<b>Current Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	20.9	23.3

<b>Future Pensioners</b>		
<b>Exact Age</b>	<b>Expectation of life (in years) for existing pensioners</b>	
	Males	Females
65	21.8	24.8

**33. 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**

	2016/17		2017/18		2018/19		2019/20		2020/21	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Return on assets, excluding net interest	12,369	5.77	1,009	0.45	9,430	4.12	(26,448)	(10.61)	35,071	12.81
Difference between actuarial assumptions about liabilities and actual experience	22,023	7.84	(26)	(0.01)	(15)	(0.01)	27,544	7.55	2,903	0.71
Changes in the demographic and financial assumptions used to estimate liabilities	(48,515)	(17.26)	6,939	2.36	(31,373)	(10.70)	49,446	14.36	(104,269)	(25.62)
<b>Total IAS19 Remeasurements</b>	<b>(14,123)</b>	<b>(5.03)</b>	<b>7,922</b>	<b>(5.03)</b>	<b>(21,958)</b>	<b>2.70</b>	<b>50,542</b>	<b>14.35</b>	<b>(66,295)</b>	<b>(16.29)</b>

**POLICE PENSION SCHEMES**

	2016/17		2017/18		2018/19		2019/20		2020/21	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	6,820	0.34	15,550	0.76	6,633	0.32	42,804	1.89	54,150	2.34
Changes in the demographic and financial assumptions used to estimate liabilities	(344,000)	(16.91)	9,170	0.45	(61,020)	(3.00)	133,830	5.99	(241,917)	(10.44)
<b>Total IAS19 Remeasurements</b>	<b>(337,180)</b>	<b>(16.58)</b>	<b>24,720</b>	<b>1.23</b>	<b>(54,387)</b>	<b>(2.65)</b>	<b>176,634</b>	<b>7.88</b>	<b>(187,767)</b>	<b>(8.10)</b>

**Allocation of IAS19 Remeasurements:**

	2020/21	2019/20
	£'000	£'000
PCC	1,473	(471)
Chief Constable	252,589	(226,705)
<b>Total IAS19 Remeasurements</b>	<b>254,062</b>	<b>(227,176)</b>

### 34. FINANCIAL INSTRUMENTS

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'Financial Instrument' covers both Financial Assets and Financial Liabilities and includes both the most straight forward Financial Assets and Liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. IFRS 9 Financial Instruments has been adopted however the impact on the Financial Statements is minimal due to the use of only simple financial instruments.

#### FINANCIAL ASSETS AND LIABILITES

Trade creditors and debtors included as financial instruments are less than the creditors and debtors included in the Balance Sheet as those that are not contractual or are not due to be settled in cash or by another financial instrument are excluded.

The carrying and fair value amounts of financial liabilities and assets held by the PCC Group on the Balance Sheet are:

Financial Liabilities	31-Mar-21		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Trade Creditors	16,817	16,817	18,228	18,228
Cash Overdrawn	516	516	2,746	2,746
PWLB Loans	88,588	99,556	64,966	77,256
Other Loans	9,000	9,000	7,000	7,000
<b>Total</b>	<b>114,921</b>	<b>125,889</b>	<b>92,940</b>	<b>105,230</b>

These relate to loans from the PWLB, which are included in the Balance Sheet as outstanding principal (carrying value) and accrued interest, shown separately within current liabilities. Trade creditors and other payables are shown at the invoiced amounts.

The fair value is greater than the carrying amount because the PCC Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the markets at the balance sheet date. The fair value measurement for loans payable has been provided by the PWLB based on their premature repayment rates. Other Loans represents short term borrowing held at fair value.

Financial Assets	31-Mar-21		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Trade Debtors	16,415	16,415	15,876	15,876
Cash and Cash Equivalents	5,105	5,105	4,301	4,301
Deposits with Banks and Financial Institutions	12,000	12,001	-	-
<b>Total</b>	<b>33,520</b>	<b>33,521</b>	<b>20,177</b>	<b>20,177</b>

Financial Assets include temporary investments that have fixed or determinable payments, but are not quoted in an active market, and trade debtors and receivables based on the invoiced/billed amounts.

The nature and the type of Financial Instruments held by the PCC/PCC Group are not significant in relation to the overall financial position of the PCC/PCC Group.

**RECLASSIFICATION/DE-RECOGNITION** - The PCC/PCC Group has not reclassified any Financial Instruments during the year as to how they are measured, i.e. at amortised cost rather than fair value and no financial assets have been transferred during the year, in such a way that part or all do not qualify for recognition. No early repayment has been undertaken.

**COLLATERAL** - The PCC/PCC Group has not pledged any financial assets as collateral for liabilities during the year and holds no collateral as security.

#### **EFFECT OF FINANCIAL INSTRUMENTS ON THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

Charges and income to the Comprehensive Income and Expenditure Statement in relation to Financial Instruments are made up as follows:

	<u>Liabilities</u>	<u>Assets</u>	
		<u>Deposits with Banks and Financial Institutions</u>	
	<b>PWLB Loans £000</b>	<b>£000</b>	<b>Total £000</b>
Interest Expense	1,777	191	<b>1,968</b>
Interest Income	-	(87)	<b>(87)</b>
<b>Net Affect for the Year</b>	<b>1,777</b>	<b>104</b>	<b>1,881</b>

#### **FINANCIAL RISKS**

The PCC's and PCC Group's activities expose it to a variety of financial risks.

The PCC Group's overall Risk Management Policy in relation to financial instruments is embedded within the Treasury Management Strategy Statement. The Policy has been prepared to include the requirements of the CIPFA Code of Practice in Treasury Management. In relation to specific risk categories set out above, the PCC Group's position is as follows:

##### **Credit Risk**

Credit risk is the possibility that other parties might fail to pay amounts due to the PCC Group.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC Group's customers.

The PCC Group regards the prime objective of its Treasury Management activities to be the security of the principal sums it invests.

Deposits are made in accordance with the treasury management practices and associated schedules approved as part of the treasury management policy statement.

Customers of the PCC Group are assessed, taking into account their latest financial standing and credit for customers is not generally allowed.

The Debtors at 31 March 2021, includes £15.6m that relates to Central and Local Government organisations, and as such is not classed as a credit risk. The profile of the remaining debtors which are monitored on a regular basis is set out below:

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Up to Three Months	121	115
More than Three Months	72	61
<b>Total</b>	<b>193</b>	<b>176</b>

### **Liquidity Risk**

Liquidity risk is the possibility that the PCC Group might not have funds available to meet its commitments to make payments.

As at 31 March 2021 the PCC Group had balances on revenue reserves of £20.353m, cash and cash equivalents of £5.1m and deposits with banks and financial institutions of £12m. The PCC Group also has access to borrowing from the Public Works Loan Board (PWLB). There is therefore no significant risk that the PCC Group would be unable to meet its financial commitments.

As part of the Treasury Management Strategy Statement the PCC Group considers the maturity analysis of borrowings at the beginning of the financial year in order to manage the profile of debt repayable. The position at 31 March 2021 can be found within Note 25 of these accounts.

### **Market Risk**

Market risk is the possibility that financial loss might arise for the PCC Group as a result of changes in such measures as interest rates and stock market movements.

The PCC Group is not exposed to specific risk in terms of interest movements as both borrowings and investments are at fixed rates. The PCC Group manages its exposure to fluctuations in interest rates with a view to containing its costs within approved budgets within the arrangements set out in its Treasury Management Strategy Statement.

Fluctuations in market interest rates are a factor that is considered when formulating the PCC Group's MTRS which provides a framework for investment and borrowing decisions.



**35. NOTES TO THE CASH FLOW STATEMENT****ADJUSTMENTS FOR NON-CASH MOVEMENTS**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(42,850)	Notional Pension Costs (in excess of) / less than actual pensions paid	(42,612)
(7,368)	Depreciation and Impairment	(6,512)
(2,628)	Other non cash movements	(602)
<b>(52,846)</b>		<b>(49,726)</b>

**CASH AND CASH EQUIVALENTS**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(2,746)	Bank Imprest and current accounts	(516)
4,301	Short term deposits with banks and building societies	5,105
<b>1,555</b>		<b>4,589</b>

**OPERATING ACTIVITIES**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(119)	Interest received	(87)
1,671	Interest paid	1,968
<b>1,552</b>		<b>1,881</b>

**INVESTING ACTIVITIES**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
5,104	Purchase of Property, Plant and Equipment	16,067
1,166	Purchase of Intangible Assets	2,342
-	Capital Grants received	(443)
(427)	Proceeds from sale of Property, Plant and Equipment	(149)
-	Purchase of Short Term Investments	12,000
<b>5,843</b>		<b>29,817</b>

**FINANCING ACTIVITIES**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
(10,000)	Cash Receipts of Short and Long Term Borrowing	(84,000)
-	Repayment of Short and Long Term Borrowing	58,378
(289)	Appropriation to/from Collection Fund	-
<b>(10,289)</b>		<b>(25,622)</b>

### 36. RELATED PARTY TRANSACTIONS

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

There are direct relationships between the PCC and a number of central and local government organisations, the main ones being the Home Office (Police Grant), the Ministry of Justice (Grant) and the four Unitary Authorities (Council Tax/Precepts). These are disclosed elsewhere in the financial statements.

The PCC has direct control over the Group's finances and is responsible for setting priorities through the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC, to deliver the Force aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

There are also direct relationships between the PCC and other PCCs within the Yorkshire and Humberside region and PCCs in Cleveland, Durham and Northumbria in respect of Regional Collaboration arrangements. Details are disclosed in note 15 to the financial statements.

Two Senior Officers of Humberside Police are also Directors of Emergency Services Fleet Management (Humberside) Ltd – Deputy Chief Constable Chris Rowley (up to 29<sup>th</sup> March 2021)/Paul Anderson (from 29<sup>th</sup> March 2021) and Assistant Chief Officer (Resources) Nancie Shackleton. 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 £1,922,204 to Humberside Police during 2020/21 (£2,297,368 in 2019/20). The PCC Group leases part of its Melton workshop facility to the company for which a rent of £198,799 was charged in 2020/21 (£198,799 2019/20). Details of Humberside Police's share of income, expenditure, assets and liabilities of this joint operation are disclosed in Note 15 to the financial statements.

Keith Hunter, the previous Police and Crime Commissioner during 2020-21, was also an Advisory Board Member for a local consulting company, Agencia Ltd. The company supplied services with a value of £10,000 during 2019/20 (£38,600 2019/20).

The Chief Executive of the OPCC is a non-executive director on the board of Ongo Partnership Limited, a social housing provider in North Lincolnshire. During 2020/21 £650,000 of Safer Streets Grant Income was awarded to the company (£nil 2019/20).

The Chief Finance Officer and the Deputy Chief Finance Officer to the PCC are seconded from Humberside Fire and Rescue Services for 40% of their time. The Office of the Police and Crime Commissioner for Humberside contributes towards all relevant pay and employee costs for this proportion of their time.

From the 1 April 2020 the Assistant Chief Officer (Resources) became treasurer for the British Association of Women in Policing (BAWP). Humberside Police hold a separate bank account for BAWP, along with an account for the Senior Women in Policing (SwiP), which is a part of BAWP. The BAWP is a national charity which exists to raise awareness and understanding of issues affecting women within the Police Service. Apart from a £350 corporate membership fee paid to the charity, Humberside Police does not have any transactions with the charity.

A survey of the Police and Crime Commissioner for Humberside, Senior Staff within the OPCC, the Chief Constable/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.

### 37. EVENTS AFTER THE BALANCE SHEET DATE

The audited Statement of Accounts were issued on 9 March 2022. The PCC Group reviewed events occurring between 31 March and the issue date, and did not identify any additional events that were adjusting events in respect of conditions existing at the Balance Sheet date.

### 38. PRIOR PERIOD ADJUSTMENT

During the completion of the 2020/21 accounts it was discovered that the split between the PCC and the Chief Constable within the Expenditure and Funding Analysis (EFA) Disclosure note for 2019/20 was incorrect (See Notes 1 & 2). The CIPFA Code requires that material prior period errors must be corrected by retrospective restatement of the financial statements.

The error specifically relates to the split between Capital Adjustments, including depreciation and revaluations, IAS19 Pension Adjustments and the Collection Fund. Additionally, the adjustment within the EFA for the Pension Grant was within net cost of services rather than under Other Income and Expenditure in error. This error does not have an overall impact on the General Fund Balance at the end of 2019/20.

In order to correct this misstatement, the 2019/20 figures within the EFA disclosure notes (See notes 1 to 4) have been restated to show the correct split between the PCC and Chief Constable. In addition the 2019/20 figures within the PCC CIES have been restated for the impact of this restatement on the intergroup funding and remeasurement of the net defined benefits liability.

The following are the relevant extracted lines from the CIES.

<u>PCC - Amended CIES</u>	Originally Stated	RESTATED	Amount of
	19-20	19-20	Restatement
	Net Expenditure	Net Expenditure	
	£000	£000	£000
<b>Cost of Services</b>	- 13,339	- 13,339	-
Intra-Group Funding	217,786	239,853	22,067
<b>(Surplus) or Deficit on Provision of Services</b>	- 14,009	8,058	<b>22,067</b>
Remeasurements of the Net Defined Benefit Liability	21,596 -	471 -	22,067
<b>Total Comprehensive Income and Expenditure</b>	<b>9,070</b>	<b>9,070</b>	-

The CIPFA Code requires that a Balance Sheet at the beginning of the preceding period be presented when a restatement is made. However in this case the prior period error has not impacted on the opening Balance Sheet for 2019/20 and therefore no third Balance Sheet has been presented.

## **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 2020/21.

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 2020/2021 in a range of 14.25 to 15.05% (2019/20 14.25 to 15.05%), the 2006 scheme has officers' contributions in a range 11.00 to 12.75% (2019/20 11.00 to 12.75%) and the 2015 scheme which has officers' contributions in a range of 12.44 to 13.78% (2019/20 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 – 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 PENSIONS FUND ACCOUNT**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
	<b>CONTRIBUTIONS RECEIVABLE</b>	
	Police and Crime Commissioner ("PCC"):	
(18,482)	- contributions at 31%	(19,660)
(392)	- early retirements - Ill Health	(83)
(8,733)	Officers' Contributions	(9,293)
		(29,036)
	<b>TRANSFERS IN</b>	
(1,042)	Transfers in from other Pension Schemes	(385)
	<b>BENEFITS PAYABLE</b>	
51,907	- Pensions	53,400
9,491	- Commutations and lump sum retirement benefits	7,685
363	- Lump sum death benefits	133
		61,218
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
92	- Refunds of contributions	52
49	- Transfers out to other Pension Scheme	258
-	- Transfers out to other Police Forces: 1974 arrangements	-
		310
<b>33,253</b>	<b>NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC</b>	<b>32,107</b>
(31,524)	Additional funding payable by the PCC to meet the deficit (funded by the Home Office)	(30,268)
(1,729)	Additional funding payables by the PCC to meet the deficit (NOT funded by the Home Office)	(1,839)
<b>-</b>	<b>NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR</b>	<b>-</b>

### **NET ASSETS STATEMENT**

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
	<b>CURRENT ASSETS</b>	
1,996	Police Fund Debtor	4,496
4,428	Pensions Paid in Advance	4,464
	<b>CURRENT LIABILITIES</b>	
161	Unpaid Pensions Due	-
6,263	Humberside Police and Crime Commissioner	8,960
<b>-</b>		<b>-</b>

## NOTES TO THE POLICE PENSION FUND ACCOUNTS

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 2020/21 was 31% of pensionable pay (2019/20 31%).

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 33.9% to 31% being reflected in a reduction in HM Treasury pensions top up funding of £1.839k (2019/20 £1.729k).

There are no investment assets, the fund is balanced to nil at the yearend 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.

A number of claims have been made against the Chief Constable of Humberside, please see note 38 for details.

## GLOSSARY OF ACCOUNTING TERMS

The PCC and PCC Group 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:

<b>Term</b>	<b>Definition</b>
<b>Accounting period</b>	The period of time covered by the financial statements, normally a period of twelve months.
<b>Accruals basis</b>	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.
<b>Agency cost</b>	Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.
<b>Amortisation</b>	The term used for depreciation of intangible assets such as the annual charge in respect of computer licenses the PCC/ PCC Group has purchased.
<b>Asset</b>	An item owned or leased by the PCC/ PCC Group, which has a value, for example, land and buildings, vehicles, equipment, cash.
<b>Assets held for sale</b>	Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.
<b>Balance Sheet</b>	This represents a summary of all the assets and liabilities of the PCC/ PCC Group.
<b>Capital expenditure</b>	Expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance value.
<b>Capital Financing Account</b>	This account represents amounts set aside from revenue or capital receipts to finance expenditure on property, plant and equipment or for the repayment of external loans and certain other capital financing transactions.
<b>Capital Financing Requirement (CFR)</b>	The Capital Financing Requirement is a measure of the extent to which the PCC/ PCC Group needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any point in time.
<b>Capital receipts</b>	Proceeds from the sale of property, plant and equipment.
<b>Carry overs</b>	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.
<b>Cash and cash equivalents</b>	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.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
<b>Collection Fund</b>	Precept Income is collected on behalf of the PCC by the four billing Authorities (East Riding of Yorkshire Council; Kingston upon Hull City Council; North East Lincolnshire Council and North Lincolnshire Council). The precept income is then paid to the PCC as Precept Income.
<b>Contingent asset or liability</b>	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.

<b>Creditors</b>	Amounts owed by the PCC/ PCC Group for goods received or services rendered but not yet paid for at the end of the financial year.
<b>Current asset or liability</b>	An asset or liability that the PCC/ PCC Group expect to hold or discharge for a period of less than one year from the Balance Sheet date.
<b>Debtors</b>	Sums of money due to the PCC/ PCC Group for work done or services supplied but not received at the end of the financial year.
<b>Deferred liabilities</b>	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.
<b>Depreciation</b>	The accounting charge representing the use of property, plant and equipment assets which spreads the cost or value of the asset over its useful life.
<b>Employee benefits</b>	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.
<b>Financial instruments</b>	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
<b>Going concern basis</b>	The underlying assumption used in producing the financial statements that the PCC/ PCC Group will continue to operate for at least 12 months from the Balance Sheet date.
<b>Impairment</b>	The fall in the value of an asset.
<b>Income Received in Advance</b>	Income received that should be classed as a benefit in the next financial year.
<b>Intangible assets</b>	Capital expenditure which does not create a tangible asset.
<b>Inventories</b>	Stocks held by the PCC/ PCC Group such as uniforms, fuel etc.
<b>Leases</b>	A method of financing expenditure over a period of time. There are two types of lease: Finance lease, where the risks of ownership are transferred to the lessee and where the assets are recorded in the PCC's/ PCC Group'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.
<b>Liability</b>	An amount owing to a third party such as a loan or unpaid invoice from a supplier.
<b>Minimum Revenue Provision (MRP)</b>	The Minimum Revenue Provision is the amount required by statute that the PCC/ PCC Group must fund to cover the redemption of external debt, including any supported or unsupported borrowing used to fund capital; the MRP amount being equal to the capital expenditure funded by the borrowing over the expected life of the assets.
<b>Medium Term Resource Strategy (MTRS)</b>	The MTRS covers a 5 year period and describes the financial direction of the Chief Constable and the PCC capturing known and estimated funding, financial pressures, staffing resources 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.
<b>Net assets</b>	Total assets less total liabilities.
<b>Non-current asset or liability</b>	An asset or liability that the PCC/ PCC Group expects to hold or discharge for a period of more than one year from the Balance Sheet date.
<b>Non Distributed Cost</b>	This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis.
<b>Precept</b>	A levy which the PCC makes through the Council Tax to pay for services.
<b>Prepayment</b>	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.
<b>Provision</b>	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.



<b>Prudential Borrowing</b>	This is the borrowing as part of funding of capital expenditure, where no actual loan is taken out to match the element of expenditure incurred. The affect is shown through the Capital Financing Requirement and is the amount to be funded when all other funding types i.e. capital grant, revenue, capital receipts etc. have been used.
<b>Remeasurements of the Net Defined Benefit Liability</b>	For a defined benefit pension scheme, the changes that arise because : events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or The actuarial assumptions have changed.
<b>Reserves</b>	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.
<b>Revenue expenditure</b>	Spending on day to day items, including salaries, premises costs and supplies and services.
<b>The Code</b>	The Code of Practice published by CIPFA, relating to Local Authority Accounting in the United Kingdom and is issued each year.
<b>Unrealised gains and losses</b>	Unrealised gains and losses are those which have been recognised by the PCC/ PCC Group in its financial statements but are only potential gains as they have yet to be realised, such as rises and falls in the value of land and buildings due to changes in the property market. The gain or loss only becomes realised when the property is sold.

**Acronyms and Abbreviations**

ACO	Assistant Chief Officer
CARE	Career Average Revalued Earnings
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
DSP	Data and System Planning
ERYC	East Riding of Yorkshire Council
ESFM	Emergency Services Fleet Management
GAD	Government Actuaries Department
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JES	Joint Estates Services
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
MRP	Minimum Revenue Provision
MTRS	Medium Term Resource Strategy
NECB	North East Collaboration Board
NPCC	National Police Chiefs Council
OPCC	Office of the Police and Crime Commissioner
OPCCSY	OPCC for South Yorkshire/ South Yorkshire Police
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PCSO	Police Community Support Officer
PRSRA	Police Reform and Social Responsibility Act
PWLB	Public Works Loans Board
RCB	Regional Collaboration Board
SeRCOP	Service Reporting Code of Practice for Local Authorities
VAT	Value-Added Tax