



Protecting Communities, Targeting Criminals

THE CHIEF CONSTABLE OF HUMBERSIDE

FINANCIAL STATEMENTS

2013-2014

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FOREWORD TO THE STATEMENT OF ACCOUNTS

INTRODUCTION

These accounts provide a record of the Force's financial position and performance for the year. Taken together with those of the Police and Crime Commissioner for Humberside they present a comprehensive set of statements about the income, expenditure, assets and liabilities associated with policing the communities across the force area.

In November 2012, the Chief Constable of Humberside was established as a separate corporation sole and made responsible for the Humberside Police Force. The primary function of this body headed by the Chief Constable is the exercise of operational policing duties under the Police Act 1996. The PCC's function is to hold the Chief Constable to account for the exercise of these duties.

The aim of this foreword is to provide an overview of the accounting arrangements and a narrative context to the accounts by presenting a summary of the Force's financial position, its performance for the year and prospects for future years.

THE STATEMENT OF ACCOUNTS

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

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

- The Police Reform and Social Responsibility Act 2011 ("the Act");
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013;
- The Corporate Governance Framework.

The Corporate Governance Framework includes:

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

The financial statements also reflect the Government's intention to phase in the reforms over a number of years.

The accounting arrangements between the PCC and the Chief Constable during the Stage 1 transition are detailed more fully in note 1 to the financial statements.

Briefly summarising the position, the PCC is responsible for the finances of the whole PCC Group and controls the assets, liabilities and reserves. The PCC receives all income and funding and makes all payments for the PCC Group from the PCC Police Fund. In turn, the Chief Constable fulfils prescribed functions under the Act within an annual budget (set by the PCC in consultation with the Chief Constable). The Corporate Governance Framework described above sets out how the two corporations sole discharge their respective responsibilities, as well as local arrangements in respect of the use of PCC's assets and staff.

There have been amendments to the presentation of information in 2013/14 compared with the financial statements for 2012/13. These changes follow discussions within the service which led to CIPFA issuing a new LAAP Bulletin which in turn gave rise to the Audit Commission providing new guidance to auditors. These changes are explained in the accounts.

The Stage 2 Staff Transfer Scheme submitted to the Home Office by the PCC was approved by the Home Secretary before implementation from 1 April 2014. Essentially this involved a small number of staff being retained in the employment of the PCC, including those under the Chief Finance Officer for the PCC who are responsible for production of these accounting statements. There are also a group of staff performing roles such as performance development and internal research which, whilst being retained by the PCC as their employer, form a shared service serving both the PCC and the Chief Constable.

THE FINANCIAL STATEMENTS

The financial statements for the Chief Constable required under the 2013/14 Code consist of:

- A Statement of Responsibilities for the Statement of Accounts – *this sets out details of the responsibilities of the Chief Constable and those of the Chief Finance Officer in relation to the statement of accounts;*
- Movement in Reserves Statement – *this summarises the movements to and from the reserves for the year. These reserves are analysed between those that can be used to support local expenditure or to reduce taxation and other reserves which cannot be used in this way;*
- A Comprehensive Income and Expenditure Statement (CIES) – *this summarises the income and expenditure for the year and has been prepared applying the accounting principles set out in the CIPFA Accounting Code of Practice. The headings used are from CIPFA's Service Reporting Code of Practice (SeRCOP). Financial resources consumed by the Chief Constable are shown in this statement;*
- The Balance Sheet – *this sets out the assets, liabilities and reserves recognised by the Chief Constable. The net assets of the Chief Constable are matched by its reserves. The balance sheet includes long term liabilities associated with defined benefit pension schemes for employees;*

- The Cash Flow statement – *this shows the inflows and outflows of cash to the Chief Constable. As previously mentioned the Chief Constable does not manage any of these transactions and accordingly the statement does not show any actual movements of cash. Details of cash movements are included in the Accounts of the PCC.*
- Statement of Accounting Policies – *this sets out details of the accounting policies adopted in compiling the Statement of Accounts;*

In addition to the financial statements, the annual accounts include the Accounts and information on the Police Officers Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities) as the Chief Constable is responsible for the administration of police pensions.

An Annual Governance Statement for Humberside Police for 2013/14 has been published separately and is available on the Humberside Police website: www.humberside.police.uk

BACKGROUND TO HUMBERSIDE POLICE

Humberside Police is one of 43 forces in England and Wales and one of 4 in the Yorkshire and The Humber Region. The organisation provides a full range of policing services from neighbourhood policing of communities across Humberside to dealing with major, serious and organised crime in partnership with both regional police forces and national agencies. These services are underpinned by comprehensive business support functions.

Operational performance

The Force has been working hard to deliver against the Operational Delivery Plan which feeds the Police and Crime Plan ensuring that the public are protected, the quality of service to victims is improved and that people have confidence to report crime to us. There is more focus on threat risk and harm and while overall crime, based on last years figures, shows an increase of 4.9%, the main increases have been seen in volume crime areas.

The levels of absence from work due to sickness have increased marginally for both police officers and police staff compared to last years figures and are currently at 4.01% and 3.38% respectively. This does not appear to have had an impact on the public as Satisfaction rates have remained relatively stable with the full year to the end of March 2014 showing 86.1% of victims surveyed being happy with the service received. The PCC Community Survey shows that 8 out of 10 people in Humberside are confident in the police (80.4%). As at March 2014 Humberside Police recorded 71.5% staff and officers as public facing.

Humberside Police answer 94% of emergency 999 calls and 92.8% of non emergency (101) calls in a timely manner. The new operating manner will allow not only these calls to continue to be answered swiftly but there will be greater emphasis on quality.

As with last year the Force continues to seek innovative ways to provide value for money to the public and as a result is rolling out mobile technology and testing new concepts in predictive patrolling. This is alongside the continued work to seek partnership opportunities with other forces, and other agencies.

Organisation Structure

The Force is led by a Chief Constable supported directly by a team of 5 Chief Officers each having command and functional responsibilities that are force wide. The most significant operational assets are vested in three Divisions which are coterminous with the boundaries of the four unitary local authorities in the former County of Humberside. These cover the City of Hull (D Division), the East Riding of Yorkshire (C Division), and the South Bank of the Humber, comprising the areas of North and North East Lincolnshire Councils (South Bank Division). These are supported by Branches as follows:

Crime Management Branch: (includes specialist functions for crime policy, the management of multi agency arrangements for offenders, the Police National Computer, operational intelligence, major crime and major incident teams, ports security and counter terrorism services, covert policing and forensic services).

Operations Support Branch: (includes public order, roads policing, collision investigation, firearms and armed response units, police dogs and mounted units, chemical, biological, radiological and nuclear protection, marine and air support units operations planning and business continuity services).

Corporate Development Branch: (includes organisational performance and planning specialists, Legal Services, Media and Marketing, Force Diversity and Force Vetting and Compliance Units, together with information security specialists.)

Support Services Branch: (comprises Finance, Fleet and Supplies, Estates and Information Technology Units and Force Business Centres).

Human Resources Development Branch: (includes functions covering organisational change, equalities, conduct, workforce and career planning, occupational health and wellbeing, health and safety and all Force training).

THE FORCE'S AIMS AND OBJECTIVES

For 2013/14 the Force had four strategic aims that by 2016:

- Humberside is a safer place to live, work, visit and invest due to reductions in overall crime and anti social behaviour.
- Policing will be increasingly responsive to local needs and the public, including victims of crime, will experience improved levels of trust, confidence and satisfaction in Humberside Police.
- Humberside Police will be known for providing quality and value for money in all core services through priority led resource allocation that balances risk and sustainable financial viability.

- We will be recognised as a modern and flexible service committed to developing staff to realise their full potential and where staff are well led and managed.

FINANCIAL PERFORMANCE 2013/14

The budget for the combined spend of the Force and for the Office of the Police and Crime Commissioner for 2013/14 was set at £178.5m. As part of the preparation of the MTFS, a mid-year budget review was carried out which identified permanent savings which were incorporated into the CSR Savings Plan and temporary savings were returned to reserves during the year. Further In year savings have been routed through the Force Performance Fund, which provides the only contingency available to the Chief Constable to address emerging budget issues and one off costs of significant business changes.

In the last monitoring report in February 2014 budget managers projected an outturn spend for the year of £175.490m, £3.0m less than the original budget. This was reviewed and revised down to £1.4m after further scrutiny by the central Finance team.

Following the closure of the accounts, the outturn expenditure for the year is £172.424m, a gross underspend of £6.1m, £4.6m of which has been the subject of carry forward requests a significant majority of which relate to contractual commitments and under spending in capital financing costs. These requests relate to submissions from Divisional Commanders and Branch Managers, to meet identified unbudgeted spending pressures in 2014/15, external funding, Regional Collaboration financing and from the OPCC for monies for the CCRF. The net position after taking account of these requests results is an underspend of £1.5m.

The tables below sets out at a high level the Force budget and how it has been funded in 2013/14, followed by a more detailed analysis of the revenue spend for the year.

Summary revenue spending and sources of finance	Latest Approved Budget	Actual Outturn	Variance to Approved Budget	Variance to Approved Budget
	£	£	£	%
Summary spending:				
Protected Pay Budgets	133,172,790	133,211,089	(38,299)	-0.03%
Protected Non Pay	23,761,550	20,182,689	3,578,861	15.06%
Devolved Budgets	8,868,620	8,096,048	772,572	8.71%
Collaboration Budgets	12,293,420	11,446,033	847,387	6.89%
Externally Funded Programmes	183,750	(511,671)	695,421	378.46%
Planned Funding from Reserves	249,870	0	249,870	100.00%
TOTAL REVENUE	178,530,000	172,424,188	6,105,812	3.42%
Sources of finance:				
Police Revenue Grant	(73,372,060)	(73,372,063)	3	0.00%
Revenue Support Grant	(50,978,290)	(50,978,295)	5	0.00%
Council Tax and Legacy Grants	(10,179,060)	(10,175,774)	(3,286)	-0.03%
Funding from Council Tax Payers	(42,160,240)	(42,557,310)	397,070	0.94%
Reserves Funding to Support Base Budget	(1,840,350)	(1,840,350)	0	0.00%
TOTAL REVENUE FUNDING	(178,530,000)	(178,923,792)	393,792	0.22%
Net over or (underspend)	0	(6,499,604)	6,499,604	3.64%

2013/14 Revenue	Latest Approved Budget	Actual Outturn	Variance to Approved Budget	Variance to Approved Budget
	£	£	£	%
Protected Budgets				
Pay Budgets				
Police pay	70,108,240	70,395,482	-287,242	-0.41%
Other Staff	37,150,580	36,764,755	385,825	1.04%
PCSO	9,334,490	9,361,707	-27,217	-0.29%
Police Pensions	16,579,480	16,689,145	-109,665	-0.66%
	133,172,790	133,211,089	-38,299	-0.03%
Non Pay				
Crime Management Branch	2,112,170	2,230,805	-118,635	-5.62%
Operations Branch	1,890,370	1,514,199	376,171	19.90%
Corporate Development Branch	299,780	219,896	79,884	26.65%
Projects/Project Support	412,010	393,336	18,674	4.53%
Human Resources	894,210	894,208	2	0.00%
Interest, Capital Charges & Reserves	1,371,850	1,283,106	88,744	6.47%
Information Services Branch	6,230,220	5,782,724	447,496	7.18%
Support Services Branch	8,771,690	8,596,785	174,905	1.99%
Chief Officers	1,779,250	-732,370	2,511,620	141.16%
	23,761,550	20,182,689	3,578,861	15.06%
Devolved Budgets				
South Bank	1,627,340	1,627,338	2	0.00%
C Division	1,365,850	1,378,947	-13,097	0.96%
Chief Officers	166,800	172,587	-5,787	-3.47%
Corporate Development Branch	188,030	175,293	12,737	6.77%
Crime Management Branch	759,090	710,478	48,612	6.40%
D Division	1,594,980	1,525,846	69,134	4.33%
Business Centres	215,290	227,738	-12,448	-5.78%
Information Services Branch	0	559	-559	N/A
Operations Branch	1,030,830	971,407	59,423	5.76%
Human Resources	3,220	7,236	-4,016	-124.72%
Police & Crime Commissioner	1,699,220	1,162,523	536,697	31.58%
Professional Standards Unit	105,900	54,424	51,476	48.61%
Support Services Branch	112,070	81,672	30,398	27.12%
	8,868,620	8,096,048	772,572	8.71%
Collaboration Budgets				
Crime Management Branch	-2,430	0	-2,430	100.00%
Operations Branch	179,580	123,756	55,824	31.09%
Human resources	4,570,050	4,277,431	292,619	6.40%
Information Services Branch	1,704,210	1,905,157	-200,947	-11.79%
Regional Collaboration	5,842,010	5,139,689	702,321	12.02%
	12,293,420	11,446,033	847,387	6.89%

Externally Funded Programmes				
Externally Funded Programmes	183,750	-511,671	695,421	378.46%
	183,750	-511,671	695,421	378.46%
Planned Funding from Reserves				
Planned Funding from Reserves	249,870		249,870	100.00%
TOTAL REVENUE	178,530,000	172,424,188	6,105,812	3.42%

Protected Budgets

Pay Budgets

Overall the total pay budget of £133m ended the year at a £38k (0.03%) underspend. There was no application to carry any funding forward for pay related budgets.

Other Protected Budgets

Along with pay budgets these were the subject of the mid-year budget review (MYBR) led by the Finance Unit which highlighted a range of temporary and permanent opportunities and challenges. Within the 2013/14 MYBR several budgets were permanently realigned and short term risks managed across the protected category as a whole.

At the close of the financial year the outturn was a £3.6m (15.06%) underspend compared to the £23.8m budget.

Crime Management Branch outturned at £119k (5.6%) overspent compared to the anticipated overspend of £76k. The overspend was a result of higher than budgeted expenditure on investigation of serious incidents, which totalled £684k against a budget of £487k.

Operations Branch underspent by £376k (19.9%) compared with the anticipated underspend of £310k. The anticipated and realised underspend both reflect income received for mutual aid provided to other Police Forces, where some of the costs being reimbursed were embedded in other budgets. The difference between the projected and outturn position is a result of underspends on the air support (helicopter) budget, which was a consequence of lower than budgeted insurance costs.

Corporate Development Branch under spent by £80k (26.65%) compared to the anticipated underspend of £26k. The Branch underspend includes the Special Constables budget which underspent by £22k on a range of activities. The residual balance is due principally to £40k of orders for marketing & media that were not fulfilled during the financial year.

Force projects outturned an underspend of £19k (4.5%) compared to the forecast £40k. The main reason for the reduction in underspend was the launch of the “Building the Future” change programme, which incurred £14k of expenditure at the end of the year.

Human Resources Development Branch outturned on budget. This budget relates primarily to restructuring and severance costs, which were funded in-year from savings made by the CSR 2015 change programme.

Interest, capital charges and reserves underspent by £89k (6.5%) as a result of a small net over-recovery on the three holding / trading accounts (fleet, police overtime and staff overtime). This compares with an outturn projection of £80k underspent.

The Chief Officers non-pay protected budget comprises the Force Performance Fund (FPF), which underspent by £2.512m (141%). An underspend of £2.157m had been forecast. The underspend reflects a significant number of planned large-scale investments, including invest-to-save initiatives, which will be carried forward to 2014/15.

Devolved Budgets

Overall devolved budgets underspent by £772.6k (8.7%) Carry forward applications of £563.7k have been endorsed based on the forecast outturn.

Within devolved budgets, police overtime was underspent by £19k, Police Staff overtime overspent by £18k, transport overspent by £107k and fees and income from charges over achieved by £223k.

South Bank Division outturned on budget. This would have been an overspend of £73k, however this amount was underwritten from the Chief Officers’ protected budget as it was due to circumstances beyond the Division’s control.

Crime Management Branch outturned underspent by £49k (6.4%), which was slightly lower than the forecast underspend of £63k.

D Division outturned underspent by £69k (4.3%) which was lower than the £105k underspend anticipated. This was primarily due to higher than expected spend at the end of the year on police overtime as a result of targeted activity to address acquisitive crime levels and increased public order activity.

Business Centres overspent by £12k (5.8%). It had been anticipated that the outturn would be on budget. The overspend was incurred on supplies and services and in particular printing, however does not reflect an in-year budget reduction of £160k.

Operations Branch outturned underspent by £59k (5.8%). This budget had been expected to overspend as a result of cost pressures in incident handling and Ops Development, however higher than anticipated levels of income gave rise to the underspend position.

The devolved budgets for Human Resources and Information Services transferred to collaboration during the year. These budgets both showed a slight overspend as a result of variations in the timing of these transfers.

Support Services Branch outturned £30k (27%) underspent, which matched the forecast outturn.

The OPCC (Office of the Police and Crime Commissioner), ended 2013/14 with an underspend of £536.7k (31.6%). The full balance of the actual underspend is to be carried forward and is included in the carry forwards for devolved budgets above.

Collaboration Budgets

The new heading of “collaboration budgets” was created for 2013/14 to reflect the increased level of expenditure in areas of collaboration. In 2012/13, the Human Resources and Information Services budgets were a combination of protected and devolved budgets and the regional collaboration budget was held under Corporate Development Branch protected.

Operations Branch underspent by £56k (31%) compared with a forecast underspend of £5k. The budget related to the regional underwater search function for the period from 2 September, however the underspend relates to the full year budget which was inherited from West Yorkshire Police and could not be estimated prior to the year end. The underspend will be earmarked for use to support spend in this area in future years.

Human Resources underspent by £293k (6.4%) compared with a forecast underspend of £307k.

Information Services overspent by £201k (11.8%) but had been forecast to outturn on budget. The overspend was a result of activity that was budgeted for under the protected budget which transferred to collaboration, however the budget was not correctly adjusted. This overspend therefore offsets the significant underspend on protected.

Regional collaboration underspent by £702k (12%). In accordance with regional financial instruments, this underspend has been earmarked to support regional spend in future years.

Outlook

Since 2009/10, Humberside Police has been engaged in a wide-ranging programme of savings and cost reductions, which has seen the Force make budget savings totalling £30.33m to the end of 2013/14. This challenge still remains, with a further £31.297m of savings to be made between 2014/15 and 2018/19.

The target for savings in 2013/14 of £5.006m was supported by a planned use of reserves of £1.84m. At the end of the year, the Force had achieved a total of £6.596m and as a result £1.59m of the planned funding from reserves has not been utilised.

Phil Goatley
Chief Finance Officer

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF HUMBERSIDE

We have audited the financial statements of the Chief Constable of Humberside for the year ended 31 March 2014 on pages 1 to 34. 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 2013/14.

This report is made solely to the Chief Constable in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2014 and of the Chief Constable's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

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

The Chief Constable's responsibilities

The Chief Constable 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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place 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 Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how she secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Corporation Sole of the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects the Chief Constable of Humberside put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable of Humberside in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

John Prentice
for and on behalf of KPMG LLP, Appointed Auditor
Chartered Accountants
KPMG
1 The Embankment
Neville Street
LEEDS LS1 4DW

29 September 2014

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Chief Constable's Responsibilities

The Chief Constable is required:

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

I approve this Statement of Accounts.

Date: 26 September 2014

Justine Curran
Chief Constable of Humberside

Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Chief Constable at the accounting date, and its income and expenditure for the year ended 31 March 2014.

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

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

The Chief Finance Officer has also:

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

I certify that the attached Statement of Accounts present a true and fair view of the position of the Chief Constable of Humberside as at 31 March 2014 and its income and expenditure for the year.

Date: 26 September 2014

Phil Goatley
Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT FOR THE CHIEF CONSTABLE OF HUMBERSIDE

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Chief Constable.

	General Fund Balance £'000	Total Usable Reserves £'000	Pensions Reserve £'000	Accumulated Absences Adjustment Account £'000	Total Reserves £'000
Balance at 31 March 2013	-	-	(1,725,324)	(4,003)	(1,729,327)
Surplus or (Deficit) on Provision of Services (accounting basis)	(69,870)	(69,870)	-	-	(69,870)
Other Comprehensive Expenditure and Income	-	-	92,158	-	92,158
Total Comprehensive Income & Expenditure	(69,870)	(69,870)	92,158	-	22,288
Adjustments between Accounting Basis & Funding Basis under Regulations (Note3)	69,870	69,870	(70,184)	314	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-	-	21,974	314	22,288
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase / Decrease in Year	-	-	21,974	314	22,288
Balance at 31 March 2014	-	-	(1,703,350)	(3,689)	(1,707,039)

Restated

	General Fund Balance £'000	Total Usable Reserves £'000	Pensions Reserve £'000	Accumulated Absences Adjustment Account £'000	Total Reserves £'000
Balance at 31 March 2012	-	-	(1,461,791)	(3,626)	(1,465,417)
Surplus or (Deficit) on Provision of Services (accounting basis)	(57,773)	(57,773)	-	-	(57,773)
Other Comprehensive Expenditure and Income	-	-	(206,137)	-	(206,137)
Total Comprehensive Income & Expenditure	(57,773)	(57,773)	(206,137)	-	(263,910)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 3)	57,773	57,773	(57,396)	(377)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-	-	(263,533)	(377)	(263,910)
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase / Decrease in Year	-	-	(263,533)	(377)	(263,910)
Balance at 31 March 2013	-	-	(1,725,324)	(4,003)	(1,729,327)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

2012-13 Restated £'000			Year ended 31 March 2014		
		Note	£'000 Expenditure	£'000 Income	£'000 Net
73,569	Local Policing		78,147	-	78,147
19,565	Dealing with the Public		21,521	-	21,521
14,864	Criminal Justice Arrangements		14,959	-	14,959
19,617	Road Policing		12,701	-	12,701
11,286	Specialist Operations		12,612	-	12,612
10,465	Intelligence		11,352	-	11,352
43,908	Investigation		49,025	-	49,025
8,776	Investigative Support		7,396	-	7,396
6,005	National Policing		4,643	-	4,643
208,055	Financial Resources Consumed		212,356	-	212,356
265	The Corporate and Democratic Core		203	-	203
161	Non Distributed Cost		-	-	-
208,481	Total financial resources of the PCC consumed at the request of the Chief Constable	2 & 4	212,559	-	212,559
(221,982)	Intra - Group Adjustment	1	(216,922)	-	(216,922)
(13,501)	Net Cost of Policing Services	2	(4,363)	-	(4,363)
-	Other Operating Expenditure		-	-	-
71,274	Financing and Investment Income and Expenditure	6	74,233	-	74,233
57,773	(Surplus) or Deficit on Provision of Services				69,870
206,137	Actuarial (Gains) / Losses on Pension Assets / Liabilities	22			(92,158)
206,137	Other Comprehensive Income and Expenditure (Surplus)/Deficit				(92,158)
263,910	Total Comprehensive Income and Expenditure (Surplus)/Deficit				(22,288)

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

BALANCE SHEET OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

Restated 01-Apr-12 £'000	Restated 31-Mar-13 £'000		Note	31-Mar-14 £'000
-	-	Property, Plant & Equipment		-
-	-	Intangible Assets		-
-	-	Long Term Debtors		-
-	-	Long Term Assets		-
-	-	Assets Held for Sale		-
-	-	Inventories		-
-	-	Short Term Investments		-
3,955	3,874	Short Term Debtors	12 & 13	3,756
-	-	Cash and Cash Equivalents		-
3,955	3,874	Current Assets		3,756
-	-	Bank Overdraft		-
7,581	7,877	Short Term Creditors	14 & 15	7,445
-	-	Short Term Borrowing		-
-	-	Provisions		-
7,581	7,877	Current Liabilities		7,445
-	-	Long Term Borrowing		-
1,461,791	1,725,324	Other Long Term Liabilities	17	1,703,350
1,461,791	1,725,324	Long Term Liabilities		1,703,350
<u>(1,465,417)</u>	<u>(1,729,327)</u>	Net Assets/ (Liabilities)		<u>(1,707,039)</u>
-	-	Usable Reserves		-
(1,465,417)	(1,729,327)	Unusable Reserves	16	(1,707,039)
<u>(1,465,417)</u>	<u>(1,729,327)</u>	Total Reserves		<u>(1,707,039)</u>

STATEMENT OF ACCOUNTING POLICIES FOR THE CHIEF CONSTABLE OF HUMBERSIDE

1. Accounting Policies

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2013/14. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority accounts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounts permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Chief Constable for the purpose of presenting fairly the position of the Chief Constable has been selected. The particular policies adopted by the Chief Constable are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Going Concern

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

1.4 Critical Judgements In Applying Accounting Policies

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise

uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items as at 31 March 2014 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Short Term Employee Benefits (See paragraph 1.6)

In calculating the cost of the above, the uncertainty is that the number of days of accrued annual leave or the rate used to cost the accrual are incorrect. A 10% movement in the number of days would see a £369k increase/decrease in the cost.

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

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

Allocation of Expenditure between the PCC and the Chief Constable– (See note 2)

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

1.5 Cost recognition

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

1.6 Employee Benefits

Short-term employee benefits

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These costs are recognised in the financial statements of the Chief Constable when the Chief Constable is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

Retirement benefit costs

The PCC Group participates in three pension schemes, two 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 Police Pension Scheme involves officers paying contributions in a range of 13.5 to 14.0%. The 2006 Police Pension Scheme was introduced in 2006 and provides different benefits to the 1987 scheme. The 2006 scheme which all new recruits can join has contribution rates in a range of 10.7 to 12.0%. The Chief Constable administers Police Pensions through the Police Pension Fund Accounts. The cost to the PCC Group is via an employers' contribution and a charge for Officers who retire on ill health. Any balance on the Pension Fund Accounts is received from or paid to Central Government.

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

Police Staff

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

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

1.7 Reserves

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

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

1.8 Jointly Controlled Operations – Regional Working

The Chief Constable engages in collaborative working in partnership with the other Yorkshire forces and OPCCs to deliver a number of specific services on a regional basis. The governance for this Regional programme of activity is via the Regional Collaboration Board ("RCB").

Until 1 September 2013 the administration of activities was via a Regional Programme Team including the financial administration of Regional budgets which was led by the OPCC for West Yorkshire (OPCCWY).

The participating forces used their own resources to undertake this venture and the accounting arrangements for Regional working were to account for this as a Joint Arrangement Not an Entity ('JANE') in line with CIPFA guidance:

The PCC Group accounted in its financial statements for the assets it controlled, the liabilities it incurred, the expenses that it incurred and the income received in relation to amounts re-charged to the venture under these arrangements.

Since 1 September 2013 each functional area has been administered using a Lead Force model, with the RCB having governance of these arrangements.

The PCC for Humberside has Lead Force responsibility within the regional programme for property matters and marine services. Properties leased under these arrangements are disclosed in the PCC Group financial statements. Memorandum accounts for marine services summarising all pertinent transactions are included in these financial statements.

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

The following new or amended standards have been issued by the IASB but are not required to be adopted by the Code until 2014/2015:

- IFRS10 Consolidated Financial Statements (May 2011)
- IFRS11 Joint Arrangements (May 2011)
- IFRS12 Disclosures of Interests in Other Entities (May 2011)
- IAS1 Presentation of Financial Statements (as amended in May 2011)
- IAS27 Separate Financial Statements (as amended in May 2011)
- IAS28 Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (as amended in December 2011)

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

1.10 Accounting standards issued that have been adopted early

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

1.11 Exceptional items

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

1.12 Prior period adjustments

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

1.13 Events after the balance sheet date

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

Two types of event can be identified as:

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

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

1.14 Value Added Tax (VAT)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

1. THE RELATIONSHIP BETWEEN THE CHIEF CONSTABLE OF HUMBERSIDE AND THE POLICE AND CRIME COMMISSIONER FOR HUMBERSIDE FOR ACCOUNTING PURPOSES

1.1 Introduction

Following the Police Reform and Social Responsibility Act 2011, the Humberside Police Authority (“HPA”) was replaced on 22 November 2012 with the establishment of two “corporations sole”– the Police and Crime Commissioner for Humberside (“PCC”) and the Chief Constable of Humberside (“Chief Constable”). It is the Government’s intention that the reforms under the Act will be phased over a period of several years. These financial statements show the financial position of the Chief Constable for the year ended 31 March 2014, together with comparative figures.

1.2 Accounting principles

The accounting recognition of the PCC Group’s assets, liabilities and reserves during the first period of transition reflects the powers and responsibilities of the Chief Constable and the PCC as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22 November 2012 the assets, liabilities and reserves of the HPA were transferred directly to the PCC and during 2013/14 they remain under the PCC’s control. The Chief Constable while fulfilling prescribed functions set out in the 2011 Act generally does not hold assets or liabilities in line with the Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013 and it does not receive direct government funding, or revenue from the PCC or from other sources. Payments are made by the PCC from the PCC Police Fund and no cash movements occur between the two bodies. The PCC has the responsibility for managing the financial relationships with third parties. In practice the Chief Constable consumes financial resources against an annual budget for the discharge of her operational policing responsibilities. The annual budget is set by the PCC in consultation with the Chief Constable. Similarly, access is granted to PCC staff and assets and a scheme of delegation operates between the two bodies determining the local arrangements and respective responsibilities.

During this first phase of transition all the assets and the majority of the liabilities and reserves of the PCC Group are recognised on the PCC’s Balance Sheet and accordingly there are few assets within the Balance Sheet for the Chief Constable as at 31 March 2014. The financial consequences of PCC resources consumed at the request of the Chief Constable during 2013-14 in pursuance of the Chief Constable’s operational responsibilities under the Act are shown in the Comprehensive Income and Expenditure Statement. This shows the net cost of policing for the Chief Constable and the financial consequences recognised are offset by an intra-group adjustment to reflect the payment of the PCC resources consumed at the request of the Chief Constable to give a nil position on the Comprehensive Income and Expenditure Statement, apart from the year end adjustments for pensions actuarial adjustments and accumulated absences. In contrast, the PCC “Net Cost of Services” includes the intra-group adjustment (“Funding of Resources at the request of the Chief Constable”) in addition to the cost of administering the PCC itself to show the overall net cost of policing Humberside for 2013-14.

This year the PCC Group has adopted a new accounting treatment to recognise police pension costs and liabilities and the majority of police staff pension costs and liabilities in the Chief Constable's financial statements, in accordance with IAS19 Employee Benefits. The same accounting treatment has been adopted this year in respect of accumulated absences due to employees, but not taken at the Balance Sheet date. Payroll liabilities have been included on the Chief Constable's Balance Sheet using the same principles. The prior year financial statements of the Chief Constable have been restated to reflect these changes of accounting policy and the impact is disclosed in the notes to the financial statements.

The tables below show the movement through an intra-group account within the respective Balance Sheets during 2013-14 and 2012-13. PCC resources consumed at the request of the Chief Constable are reflected in the Chief Constable's and PCC Balance Sheets through an intra-group adjustment. Similarly, an intra-group adjustment is made through the Chief Constable and PCC Balance Sheets to reflect the PCC funding of these resources. The tables show that there are no outstanding intra-group balances on the respective Balance Sheets at the year end dates, other than resulting from year end accounting adjustments in respect of payroll balances.

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

	PCC £'000	Chief Constable £'000	PCC Group £'000
Intra - Group movements 2013- 2014:			
Opening balance as at 1 April 2013	(3,851)	3,851	-
PCC resources consumed at the request of the Chief Constable	212,559	(212,559)	-
PCC intra - group adjustment (resource funding)	(212,559)	212,559	-
	(3,851)	3,851	-
Year end adjustments:			
Accumulated absences movement	314	(314)	-
Pensions actuarial adjustments	4,049	(4,049)	-
PCC intra - group adjustment	(4,363)	4,363	-
Payroll creditors and debtors movement	123	(123)	-
Closing balance as at 31 March 2014	(3,728)	3,728	-
Intra - Group movements 2012- 2013:			
Restated			
Opening balance as at 1 April 2012	(3,935)	3,935	-
PCC resources consumed at the request of the Chief Constable	208,481	(208,481)	-
PCC intra - group adjustment (resource funding)	(208,481)	208,481	-
	(3,935)	3,935	-
Year end adjustments:			
Accumulated absences movement	(377)	377	-
Pensions actuarial adjustments	13,878	(13,878)	-
PCC intra - group adjustment	(13,501)	13,501	-
Payroll creditors and debtors movement	84	(84)	-
Closing balance as at 31 March 2013	(3,851)	3,851	-

2. SUMMARY SPENDING DETAILS

The statement below reflects the financial resources of the PCC consumed at the request of the Chief Constable. In practice, all the respective costs are paid for by the PCC and the intra-group adjustments referred to in Note 1 are shown in the statements below, resulting in a nil balance for the net cost of policing services apart from year end adjustments.

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

2012-13 £'000		2013-14 £'000
Financial resources of PCC consumed at the request of the Chief Constable		
<u>Employees</u>		
138,857	Pay and Other Employment Costs	134,851
29,490	Police Pensions Current Service Cost	35,890
<u>168,347</u>		<u>170,741</u>
<u>Running Expenses</u>		
5,491	Premises	6,164
5,096	Transport	5,136
18,424	Supplies and Services	26,946
1,189	Agency Services	28
50	Special Constables	53
9,723	Capital charges	3,491
161	Non Distributable Cost	-
<u>40,134</u>		<u>41,818</u>
<u>208,481</u>	Total financial resources of PCC consumed at the request of the Chief Constable	<u>212,559</u>
(221,982)	Intra - Group adjustments *	(216,922)
<u>(13,501)</u>	Net Cost of Policing Services	<u>(4,363)</u>

* PCC funding during the year for financial resources of the PCC consumed at the request of the Chief Constable and year end adjustments as shown in note 1.

The financial resources of the PCC consumed at the request of the Chief Constable analysed as specified by the CIPFA Service Reporting Code of Practice (SeRCOP), which is by policing activity, are shown in the Comprehensive Income and Expenditure Statement.

3. NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

<u>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</u>	2012-13 Restated £'000	2013-14 £'000
Employee benefits	(377)	314
Net Charges Made for Retirement Benefits in Accordance with IAS 19	(108,074)	(119,286)
	<u>(108,451)</u>	<u>(118,972)</u>
<u>Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the General Fund Balance for the year.</u>		
Employers Contribution to Pensions	24,631	23,368
Additional Contribution to the Pension Fund to balance the deficit on the Fund Account	26,047	25,734
	<u>50,678</u>	<u>49,102</u>
<u>Net Adjustments between Accounting Basis and Funding Basis under Regulations.</u>	(57,773)	(69,870)
<u>Net Additional Amount Required to be (Credited) /Charged to the General Fund Balance for the Year</u>	<u>(57,773)</u>	<u>(69,870)</u>

4. OPERATING SEGMENTS

The analysis of expenditure by service as shown on the face of the Comprehensive Income and Expenditure Statement is that specified by Service Reporting Code of Practice for Local Authorities (SeRCOP). However, decisions about resource allocation are taken by management on the basis of budget reports analysed across operating divisions and branches. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- a. Charges for use of assets are not included in budget reports
- b. The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year.

The PCC resources consumed at the request of the Chief Constable for the principal operating divisions and branches recorded in the budget reports for the year is as follows:

2012-13		2013-14
£'000		£'000
30,243	South Bank Division (North & North East Lincolnshire)	28,953
20,606	C Division (East Riding of Yorkshire)	20,225
30,907	D Division (Kingston upon Hull)	28,715
17,829	Crime Management branch	13,978
25,773	Operations branch	25,547
24,002	Support Services branch	28,308
149,360		145,726

Budget reports analyse categories of expenditure at a total level for the Humberside Force as a whole and not at an operating division or branch level. Further details of income and expenditure are included in Note 2 to the financial statements.

Reconciliation to Total Financial Resources of the PCC consumed at the request of the Chief Constable per Summary Spending Details (Note 2)

2012-13		2013-14
£'000		£'000
149,360	Net expenditure of principal operating branches and divisions	145,726
22,921	Net expenditure of other operating branches and divisions	25,399
172,281	Net expenditure as reported to management	171,125
	Amounts included in Summary Spending Details not reported to management:	
4,094	Depreciation	4,758
5,631	Impairments	(1,267)
12,204	Retirement benefits (IAS 19)	21,931
500	Other items	(159)
22,429		25,263
	Amounts not included in Summary Spending Details but reported to management:	
15,217	Income	17,800
4,975	Transfers from reserves to revenue	1,562
(3,731)	Transfers from revenue to reserves	(798)
(1,416)	Minimum Revenue Provision	(1,331)
(678)	Interest payable	(824)
(596)	Other	(238)
13,771		16,171
208,481	Total Financial Resources of the PCC consumed at the request of the Chief Constable per Summary Spending Details	212,559

5. PENSIONS COSTS

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

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

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

Restated	Local Government Pension Scheme		Police Pension Schemes					
			1987 Scheme		2006 Scheme		Injury Awards	
	31March	31March	31March	31March	31March	31March	31March	31March
	2014	2013	2014	2013	2014	2013	2014	2013
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Comprehensive Income and Expenditure Statement								
Net Cost of Service								
Current Service Cost (Gross)	9,258	7,195	32,890	27,130	2,500	1,910	500	450
Non Distributed Costs	-	161	-	-	-	-	-	-
	9,258	7,356	32,890	27,130	2,500	1,910	500	450
Net Operating Expenditure								
Interest Cost	8,737	7,393	68,290	66,320	1,300	1,010	2,230	2,180
Interest Income	(6,324)	(5,629)	-	-	-	-	-	-
	2,413	1,764	68,290	66,320	1,300	1,010	2,230	2,180
Net Charge to the Comprehensive Income and Expenditure Statement	11,671	9,120	101,180	93,450	3,800	2,920	2,730	2,630
Statement of Movement in the General Fund Balance								
Reversal of Net Charges made for Retirement Benefits in Accordance with IAS 19	(11,671)	(9,120)	(101,180)	(93,450)	(3,800)	(2,920)	(2,730)	(2,630)
Actual amount charged against the General Fund Balance for Pensions in the Year:								
Employer's Contributions Payable to Scheme	7,512	7,032	14,270	15,236	1,294	1,316	-	-
Retirement Benefits Payable to Pensioners (Gross)	-	-	-	-	-	-	740	720

6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2012-13 Restated £'000		2013-14 £'000
71,274	Pensions interest cost net of interest on pension assets	74,233
<u>71,274</u>		<u>74,233</u>

7. OFFICER'S EMOLUMENTS

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

2012-13		2013-14		
No.s	Remuneration band £	Police Officers No.s	Support Staff No.s	Total No.s
126	50,000 - 54,999	122	2	124
56	55,000 - 59,999	43	1	44
16	60,000 - 64,999	9	-	9
5	65,000 - 69,999	8	3	11
6	70,000 - 74,999	4	1	5
4	75,000 - 79,999	3	-	3
5	80,000 - 84,999	3	1	4
1	85,000 - 89,999	1	-	1
-	90,000 - 94,999	-	-	-
-	95,000 - 99,999	-	-	-
-	100,000 - 104,999	-	-	-
3	105,000 - 109,999	2	1	3
-	110,000 - 114,999	-	-	-
2	115,000 - 119,999	1	1	2
-	120,000 - 124,999	-	-	-
-	125,000 - 129,999	-	-	-
-	130,000 - 134,999	-	-	-
-	135,000 - 139,999	-	-	-
-	140,000 - 144,999	-	-	-
-	145,000 - 149,999	-	-	-
1	150,000 - 154,999	-	-	-
-	180,000 - 184,999	1	-	1
<u>225</u>		<u>197</u>	<u>10</u>	<u>207</u>

The Officers disclosed separately in Note 8 are included in the bands above.

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

2013-14

Exit package cost band £	No. of compulsory redundancies	No. of other agreed departures	Total No. of exit packages by cost band	Total cost of exit packages in each band £'000
0 -20,000	4	8	12	120
20,001 - 40,000	-	8	8	234
40,001 - 60,000	1	3	4	192
60,001 - 80,000	1	1	2	130
80,001 - 100,000	-	1	1	99
100,001 - 120,000	-	1	1	110
	<u>6</u>	<u>22</u>	<u>28</u>	<u>885</u>

2012-13

Exit package cost band £	No. of compulsory redundancies	No. of other agreed departures	Total No. of exit packages by cost band	Total cost of exit packages in each band £'000
0 -20,000	6	8	14	137
20,001 - 40,000	1	2	3	81
40,001 - 60,000	-	-	-	-
60,001 - 80,000	1	-	1	63
	<u>8</u>	<u>10</u>	<u>18</u>	<u>281</u>

8. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

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

Post Holder	2013- 2014					
	Salary (Including Fees & Allow ances) £'000	Other Emoluments £'000	Compensatory Grant £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions £'000
Chief Constable	142	39	-	181	34	215
Deputy Chief Constable	117	-	-	117	28	145
Assistant Chief Constable Operations Support	110	-	-	110	-	110
Assistant Chief Constable Operations	110	-	-	110	26	136
Assistant Chief Officer Human Resources	116	-	-	116	22	138
Assistant Chief Officer Support	107	-	-	107	20	127
	<u>702</u>	<u>39</u>	<u>-</u>	<u>741</u>	<u>130</u>	<u>871</u>

Post Holder		2012- 2013				Total Remuneration including Pension Contributions £'000
		Salary (Including Fees & Allowances) £'000	Compensatory Grant £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	
Chief Constable		142	8	150	-	150
Deputy Chief Constable		116	-	116	28	144
Assistant Chief Constable	Operations Support	109	-	109	-	109
Assistant Chief Constable	Operations	109	-	109	26	135
Assistant Chief Officer	Human Resources	116	-	116	20	136
Assistant Chief Officer	Support	106	-	106	19	125
		698	8	706	93	799

A shared service agreement exists with the OPCC for South Yorkshire (OPCCSY) in respect of the emoluments (and travel and subsistence expenses) of the Assistant Chief Officer (Human Resources), subject to periodic reviews. 50% of all these costs are recoverable from OPCCSY. The emoluments which are recoverable from OPCCSY for 2013-14 amount to £74.8k (2012-13 £75.1k), including Employers National Insurance of £6.8k (2012-13 £6.9k).

No bonuses, expense allowances, compensation for loss of office or other benefits were paid to Senior Officers during 2013/14 or 2012/13.

9. RELATED PARTY TRANSACTIONS

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

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

The Chief Constable is represented on the Association of Chief Police Officers (ACPO) which is an independent professional body of chief police officers and senior staff equivalents.

The relationship between the PCC and the Chief Constable is explained in note 1 to these financial statements. The monetary value of transactions between the Chief Constable and the PCC are also disclosed in these financial statements.

Neither the Chief Constable nor Senior Officers nor parties related to them have undertaken any material transactions with the Office of the Chief Constable of Humberside.

10. EXTERNAL AUDIT FEES

The external audit fee payable to KPMG LLP for 2013-14 for the Chief Constable is £20k (2012-13 £20k).

11. 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 dependant upon an assessment of the benefit to be derived from each specific project or initiative.

Until 31 August 2013, the OPCC for West Yorkshire published memorandum accounts for the Regional Collaboration Programme within its Financial Statements. Humberside PCC's expenditure of £1,375k for the five months ended 31 August 2013 (Year 2012-13 £2,157k) in respect of Regional Working is included in the Comprehensive Income and Expenditure Statement at Page 3.

Accounts for the five months ended 31 August 2013 have been provided for the Regional Collaboration Programme by the OPCC for West Yorkshire. The expenditure and income charged to the accounts is in accordance with the Financial Regulations and Standing Orders and are shown in the following table:

2012-13		2013-14	
£'000		£'000	£'000
	<u>Expenditure</u>		
8,957	Staff Costs	8,799	
502	Property Related Expenses	437	
2,725	Supplies and Services	4,090	
545	Transport Related Expenses	406	
<u>12,729</u>			13,732
	<u>Income</u>		
1,663	Other Income	2,572	
11,197	Contributions	11,253	
<u>12,860</u>			13,825
<u>131</u>	Surplus in Year/ Period		<u>93</u>
	<u>Contributions</u>		
-	Home Office	-	
4,796	West Yorkshire	4,985	
2,740	South Yorkshire	2,869	
1,504	North Yorkshire	2,024	
2,157	Humberside	1,375	
<u>11,197</u>		<u>11,253</u>	

Lead Force collaboration arrangements

From 1 September 2013 a Lead Force model has been adopted for each functional area of regional collaboration, with the RCB having governance over all the arrangements.

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

Memorandum accounts for marine services for the seven months ended 31 March 2014 are as follows:

	2013-14	
	£'000	£'000
<u>Expenditure</u>		
Staff Costs	501	
Property Related Expenses	44	
Supplies and Services	75	
Transport Related Expenses	88	
	<hr/>	708
 <u>Income</u>		
Fees & Charges *	66	
Contributions	713	
	<hr/>	779
Surplus in period		<hr/> <hr/>
		71
 <u>Contributions</u>		
West Yorkshire		193
South Yorkshire		128
North Yorkshire		36
Humberside		356
		<hr/>
		713
		<hr/> <hr/>

* Made up of charges not included in Contributions to:

West Yorkshire		1
North Yorkshire		60
Cleveland		5
		<hr/>
		66
		<hr/> <hr/>

The PCC for Humberside has made contributions during the seven months ended 31 March 2014 to other Lead Forces as follows:

Lead Force	Functional area	Contributions made £'000
OPCC for South Yorkshire	Procurement	186
	Firearms	21
OPCC for West Yorkshire	Regional Collaboration team	129
	Serious and Organised Crime	708
	Scientific Support	2,311
	ICT 5th domain	20

Other Regional Collaboration arrangements

The PCC for Humberside also collaborates in a two force partnership with the OPCC for South Yorkshire (OPCCSY) on the provision of Human Resources and Training Services and Information Technology and Information Services. The net amounts payable to OPCCSY for the year under these arrangements were £1,926k (2012-13 £266k) in respect of Human Resources and Training Services and £4,279k (2012-13 £606k) in respect of Information Technology and Information Services.

12. PREPAYMENTS AND DEBTORS/ACCRUALS

2011-12 Restated £'000	2012-13 Restated £'000		2013-14 £'000
3,935	3,851	Other Police and Local Authorities	3,728
20	23	Other	28
<u>3,955</u>	<u>3,874</u>		<u>3,756</u>

13. SHORT TERM DEBTORS

2011-12 Restated £'000	2012-13 Restated £'000		2013-14 £'000
3,955	3,874	Debtors & Accruals	3,756
<u>3,955</u>	<u>3,874</u>		<u>3,756</u>

14. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

2011-12 Restated £'000	2012-13 Restated £'000		2013-14 £'000
3,269	3,172	Government Departments	3,020
4,312	4,705	Other	4,425
<u>7,581</u>	<u>7,877</u>		<u>7,445</u>

15. SHORT TERM CREDITORS

2011-12 Restated £'000	2012-13 Restated £'000		2013-14 £'000
7,581	7,877	Creditors & Accruals	7,445
<u>7,581</u>	<u>7,877</u>		<u>7,445</u>

16. UNUSABLE RESERVES

2011-12 Restated £'000	2012-13 Restated £'000		2013-14 £'000
(1,461,791)	(1,725,324)	Pensions Reserve	(1,703,350)
(3,626)	(4,003)	Accumulated Absences Adjustment Account	(3,689)
<u>(1,465,417)</u>	<u>(1,729,327)</u>	Total Unusable Reserves	<u>(1,707,039)</u>

Movements in the Chief Constable's unusable reserves are detailed in the Movement in Reserves Statements.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Funding Balance is neutralised by transfers to or from the Account.

17. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits of the Chief Constable at 31 March 2014 and 31 March 2013 are as follows:

	Local Government Pension Scheme		Police Pension Schemes						Totals	
	31 March 2014	31 March 2013	1987 Scheme		2006 Scheme		Injury Awards		31 March 2014	31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(210,764)	(192,870)	(1,577,101)	(1,591,841)	(30,130)	(28,580)	(45,580)	(52,000)	(1,863,575)	(1,865,291)
Estimated Assets in the Scheme	159,430	139,232	-	-	-	-	-	-	159,430	139,232
Net Asset/(Liability)	(51,334)	(53,638)	(1,577,101)	(1,591,841)	(30,130)	(28,580)	(45,580)	(52,000)	(1,704,145)	(1,726,059)
Allocation of Net Asset/(Liability)									31 March 2014	31 March 2013
PCC									£'000	£'000
Chief Constable									(795)	(735)
									(1,703,350)	(1,725,324)
									<u>(1,704,145)</u>	<u>(1,726,059)</u>
										31 March 2012
PCC										£'000
Chief Constable										(452)
										(1,461,791)
										<u>(1,462,243)</u>

The liabilities show the Chiefs long term commitments to pay retirement benefits. The total liability of £1,703m has a substantial impact on the net worth of the Chief as recorded in the balance sheet, resulting in a negative overall balance of £1,707m. It must be noted however that the deficit on the Local Government Pension Scheme will be made good by increased contributions assessed by the scheme actuary every three years. Finance is only required to be raised to cover police pensions when pensions are actually paid.

The last actuarial review was carried out on the Local Government Pension Scheme as at 31 March 2013. The next actuarial review takes place as at 31 March 2016.

18. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

	Unfunded Liabilities: Police Pension Scheme		Funded Liabilities: Local Government Pension Scheme	
	2013-14	£'000 2012-13 Restated	2013-14	£'000 2012-13 Restated
1st April	(1,672,421)	(1,425,160)	(192,870)	(152,542)
Current service cost	(35,890)	(29,490)	(9,404)	(7,295)
Past service costs (including curtailments)	-	-	-	(161)
Interest cost	(71,820)	(69,510)	(8,874)	(7,496)
Contributions by scheme participants	(8,190)	(7,180)	(2,529)	(2,500)
Benefits paid	49,780	50,839	2,875	2,617
Remeasurements:				
Gains and losses from changes in assumptions	49,790	(238,300)	6,057	(25,579)
Experience gains and losses	35,940	46,380	(6,019)	86
31st March	<u>(1,652,811)</u>	<u>(1,672,421)</u>	<u>(210,764)</u>	<u>(192,870)</u>

The expected contributions to the ERYC Fund for 2014/15 are £7.542m (2013/14 was £7.148m). The expected contributions to the Police Pension Fund for 2014/15 are £15.064m (2013/14 was £15.903m).

19. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

	Local Government Pension Scheme	
	2013-14	£'000 2012-13 Restated
1st April	139,232	115,459
Interest income on Plan assets	6,423	5,707
Employer contributions	7,630	7,130
Contributions by scheme participants	2,529	2,500
Benefits paid	(2,875)	(2,617)
Remeasurements:		
Return on assets excluding net interest	6,491	11,053
31st March	<u>159,430</u>	<u>139,232</u>

20. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

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

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

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Schemes						
	2013-14	2012-13	1987 Scheme		2006 Scheme		Injury Awards		
			2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	
	%	%	%	%	%	%	%	%	
Rate of Inflation	2.9	2.8	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Rate of Increases in Salaries	4.2	5.1	4.5	4.75	4.5	4.75	4.5	4.75	4.75
Rate of Increase for Pensions	2.9	2.8	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Rate for Discounting Scheme Liabilities	4.3	4.5	4.4	4.3	4.4	4.3	4.4	4.3	4.3
Take up option to convert annual pension into retirement grant:									
Pre April 2008 service	30	30							
Post April 2008 service	65	65							

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

Percentage increase in scheme liabilities and monetary values:

Change in assumption:	Local Government Pension Scheme		Police Pension Schemes			
	%	£'000	1987 Scheme %	1987 Scheme £'000	2006 Scheme %	2006 Scheme £'000
0.5% increase in salaries increase rate	5.0	11,187	2.1	33,000	9.1	2,800
0.5% increase in pensions increase rate	7.0	15,292	8.8	139,000	8.8	2,600
0.5% decrease in discounting of liabilities rate	13.0	27,045	10.9	172,000	17.9	5,400
1 year increase in member life expectancy rate	3.0	6,323	1.9	30,000	1.4	400

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

The weighted average duration of the scheme liabilities are:

Local Government Pension Scheme	Police Pension Schemes	
	1987 Scheme	2006 Scheme
Years	Years	Years
23.6	21.0	35.0

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

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

	Expected return on Assets at		Assets at	Expected return on Assets at		Assets at
	31 March 2014	31 March 2014		31 March 2013	31 March 2013	
	%	£'000		%	£'000	
Equity investments	6.7	124,355		5.8	104,424	
Bonds	3.8	15,943		3.3	13,923	
Property	4.8	9,566		3.9	11,139	
Cash	3.7	9,566		3.0	9,746	
Total	6.1	159,430		5.2	139,232	

Asset quoted prices:

	%	£'000	%	£'000
In active markets	91.5	145,900	89.6	124,806
Not in active markets	8.5	13,530	10.4	14,426
Total		159,430		139,232

21. ASSUMED MORTALITY RATES

Mortality rates are projected using published tables. Future mortality improvements are in line with the 2012-based UK principle population projections.

Police Pension Fund

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	23.4	25.9	65	25.6	28.0

East Riding of Yorkshire Pension Fund

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	21.9	24.1	65	24.2	26.7

22. ACTUARIAL GAINS AND LOSSES

The actuarial gains identified as movements on the Pensions Reserve in 2013-14 can be analysed into the following remeasurement categories, measured as absolute amounts and as percentages of assets or liabilities at 31 March 2014:

Local Government Pension Scheme

	2009-10		2010-11		2011-12		2012-13 Restated		2013-14	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Return on assets, excluding net interest* (* Differences between expected and actual returns for years prior to 2012-13)	20,084	22.40	3,254	3.03	(5,780)	(5.01)	11,053	7.94	6,491	4.07
Difference between actuarial assumptions about liabilities and actual experience	(58)	(0.06)	3,760	2.79	(956)	(0.63)	86	0.04	(6,019)	(2.86)
Changes in the demographic and financial assumptions used to estimate liabilities	(65,397)	(72.92)	21,115	19.68	(2,816)	(1.85)	(25,579)	(13.26)	6,057	2.87
Total Actuarial Gain/(Loss)	<u>(45,371)</u>	<u>(28.58)</u>	<u>28,129</u>	<u>20.91</u>	<u>(9,552)</u>	<u>(6.26)</u>	<u>(14,440)</u>	<u>(7.49)</u>	<u>6,529</u>	<u>3.10</u>

Police Pension Scheme - 1987

	2009-10		2010-11		2011-12		2012-13		2013-14	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	25,540	1.70	(3,700)	(0.30)	54,280	4.00	46,590	2.93	27,890	1.77
Changes in the demographic and financial assumptions used to estimate liabilities	(443,770)	(31.30)	18,030	1.40	(30,050)	(2.20)	(227,490)	(14.29)	46,300	2.94
Total Actuarial Gain/(Loss)	<u>(418,230)</u>	<u>(29.60)</u>	<u>14,330</u>	<u>1.10</u>	<u>24,230</u>	<u>1.80</u>	<u>(180,900)</u>	<u>(11.36)</u>	<u>74,190</u>	<u>4.70</u>

Police Pension Scheme - 2006

	2009-10		2010-11		2011-12		2012-13		2013-14	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	(370)	(2.70)	(540)	(3.40)	1,210	6.20	(490)	(1.71)	900	2.99
Changes in the demographic and financial assumptions used to estimate liabilities	(6,410)	(46.10)	480	3.00	(1,020)	(5.20)	(5,140)	(17.98)	2,230	7.40
Total Actuarial Gain/(Loss)	<u>(6,780)</u>	<u>(48.80)</u>	<u>(60)</u>	<u>(0.40)</u>	<u>190</u>	<u>1.00</u>	<u>(5,630)</u>	<u>(19.70)</u>	<u>3,130</u>	<u>10.39</u>

Police Pension Injury Awards

	2009-10		2010-11		2011-12		2012-13		2013-14	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	(860)	(2.87)	2,560	6.50	1,110	2.50	280	0.54	7,150	15.69
Changes in the demographic and financial assumptions used to estimate liabilities	(14,210)	(47.41)	2,640	6.70	(4,400)	(9.90)	(5,670)	(10.90)	1,260	2.76
Total Actuarial Gain/(Loss)	<u>(15,070)</u>	<u>(50.28)</u>	<u>5,200</u>	<u>13.20</u>	<u>(3,290)</u>	<u>(7.40)</u>	<u>(5,390)</u>	<u>(10.37)</u>	<u>8,410</u>	<u>18.45</u>
Total Actuarial Gain/(Loss)	<u>(485,451)</u>		<u>47,599</u>		<u>11,578</u>		<u>(206,360)</u>		<u>92,259</u>	

Allocation of Actuarial Gain/(Loss):

	2012-13	2013-14
	£'000	£'000
PCC	(223)	101
Chief Constable	(206,137)	92,158
Total Actuarial Gain/(Loss)	<u>(206,360)</u>	<u>92,259</u>

23. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON CASH MOVEMENTS

2012-13 Restated £'000	2013-14 £'000
Notional Pension Costs (in excess of) / less than	
(57,396) actual pensions paid	(70,184)
(377) Accumulated absences movement	314
(57,773)	(69,870)

24. EVENTS AFTER THE BALANCE SHEET DATE

The Chief Constable has reviewed events occurring between 31 March and 30 June 2014, and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

On 1 April 2014 all Police Officers and the majority of Police Staff had their employment transferred from the PCC to the Chief Constable under the Staff Transfer Scheme of Stage 2 of the Police Reform and Social Responsibility Act 2011.

25. PRIOR PERIOD ADJUSTMENTS

IAS19 Employee Benefits

Following the adoption of amendments to IAS19 Employee Benefits by the accounting Code, the figures reported in prior periods have been restated. Although new classes of components of defined benefit cost are recognised in the financial statements, there is no change to the reported Total Comprehensive Income and Expenditure Surplus/Deficit or to the Balance Sheet figures of the Chief Constable.

Single Entity allocations

Further guidance on accounting for the impact of Police Reform has been issued by the Audit Commission and CIPFA. As a result of this further guidance, it has been deemed no longer appropriate to recognise all the assets, liabilities and reserves of the Group on the Balance Sheet of the PCC or to relegate details of operating costs to the notes to the financial statements of the Chief Constable, rather than including in the Comprehensive Income and Expenditure Statement. Transactions and balances relating to employment have been reallocated between the PCC and the Chief Constable based on the principal of direction and control. All operating costs of the Chief Constable are now included in the Comprehensive Income and Expenditure Statement rather than in the notes to the financial statements. Prior period figures have been restated on a comparable basis.

Impact of prior period adjustments

The following tables show the material differences between the amounts presented in the 2012-13 financial statements of the Chief Constable together with the equivalent restated amounts presented in the 2013-14 financial statements:

Reconciliation of opening reserves (1 April 2012)

	£'000
Total reserves at 31 March 2012 as previously reported	-
Reallocations from the PCC:	
Short term debtors:	
Payroll debtors	20
Inter group debtor adjustment	3,935
Short term creditors:	
Payroll creditors	(3,955)
Accumulated absences liabilities	(3,626)
Other Long Term Liabilities:	
Pensions liabilities	(1,461,791)
Total reserves at 1 April 2012 as restated	<u>(1,465,417)</u>

Reconciliation of reserves at the end of the most recent financial statements (31 March 2013)

	£'000
Total reserves at 31 March 2013 as previously reported	-
Reallocations from the PCC:	
Short term debtors:	
Payroll debtors	23
Inter group debtor adjustment	3,851
Short term creditors:	
Payroll creditors	(3,874)
Accumulated absences liabilities	(4,003)
Other Long Term Liabilities:	
Pensions liabilities	(1,725,324)
Total reserves at 31 March 2013 as restated	<u>(1,729,327)</u>

Reconciliation of income and expenditure of the most recent financial statements (year ended 31 March 2013)

	£'000
Deficit for the year as previously reported	-
Net effect of IAS19 amendments	-
Reallocations from the PCC:	
Pensions actuarial adjustments	263,533
Short term accumulated absences	377
Deficit for the year as restated	<u>263,910</u>

Deficit for the year was previously reported under the Summary Spending note to the financial statements and is now reported in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

	2012-13 Statements £'000	Adjustments made £'000	Restated £'000
Total financial resources of the PCC consumed at the request of the Chief Constable	208,481	-	208,481
Intra - group adjustment	(208,481)	(13,501)	(221,982)
Financing and Investment Income and Expenditure	-	71,274	71,274
Actuarial (Gains)/Losses on Pension Assets/Liabilities	-	206,137	206,137
	<u>-</u>	<u>263,910</u>	<u>263,910</u>
 Total Comprehensive Income and Expenditure (Surplus)/Deficit	 -	 263,910	 263,910

Total Comprehensive Income and Expenditure (Surplus)/Deficit was previously reported under the Summary Spending note to the financial statements and is now reported in the Comprehensive Income and Expenditure Statement.

Opening 1 April 2012 Balance Sheet

	As reported at 31 March 2012 £'000	Adjustments made £'000	Restated £'000
Short term debtors	-	3,955	3,955
Short term creditors	-	(7,581)	(7,581)
Other Long Term Liabilities	-	(1,461,791)	(1,461,791)
Unusable Reserves	-	(1,465,417)	(1,465,417)

Details of the adjustments are shown in the Reconciliation of reserves above.

31 March 2013 Balance Sheet

	As reported at 31 March 2013 £'000	Adjustments made £'000	Restated £'000
Short term debtors	-	3,874	3,874
Short term creditors	-	(7,877)	(7,877)
Other Long Term Liabilities	-	(1,725,324)	(1,725,324)
Unusable Reserves	-	(1,729,327)	(1,729,327)

Details of the adjustments are shown in the Reconciliation of reserves above.

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 2013-14.

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 – two schemes are provided for police officers, the 1987 Scheme where officers' contributions are in a range of 13.5 to 14.0% and the scheme introduced from 1 April 2006, where all new entrants to the force will contribute in a range of 10.7 to 12.0% to the new scheme. Both schemes are unfunded schemes, i.e. no investment assets are built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.
- The Local Government Pension Scheme for police staff, administered by the East Riding of Yorkshire Council – this is a funded scheme, i.e. the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

POLICE PENSION FUND ACCOUNTS

<u>2012-13</u> <u>£'000</u>		<u>2013-14</u> <u>£'000</u>
	CONTRIBUTIONS RECEIVABLE	
	Police & Crime Commissioner ("PCC"):	
(16,589)	- contributions at 24.2% of pensionable pay	(15,585)
(302)	- early retirements - Ill Health	(537)
(8,140)	Officers' contributions	(8,452)
(25,031)		(24,574)
	TRANSFERS IN	
(33)	Transfers in from other Pension Schemes	(180)
	BENEFITS PAYABLE	
37,184	- pensions	39,510
12,646	- commutations and lump sum retirement benefits	10,385
-	- lump sum death benefits	3
		49,898
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
987	- transfers out to other Pension Schemes	437
294	- transfers out to other Police Forces: 1966 & 1974 arrangements	153
		590
26,047	NET AMOUNT PAYABLE FOR THE YEAR	25,734
(26,047)	ADDITIONAL CONTRIBUTION (FROM) THE PCC	(25,734)
-		-

NET ASSETS STATEMENT

<u>2012-13</u> <u>£'000</u>		<u>2013-14</u> <u>£'000</u>
	Current Assets	
905	Police Fund Debtor	244
	Current Liabilities	
(905)	Unpaid Pensions Due	(244)
-		-

NOTES TO THE POLICE PENSION FUND ACCOUNTS

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

The Police Officer Pension Schemes make up the account:

- 1987 Police Pension Scheme, contribution rates 13.5 to 14.0%
- 2006 Police Pension Scheme, contribution rates 10.7 to 12.0%

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 2013-14 was 24.2% of pensionable pay.

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

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

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

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

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

GLOSSARY OF ACCOUNTING TERMS

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

Definitions of accounting terms used are given below:

Term	Definition
Accounting period	The period of time covered by the financial statements, normally a period of twelve months.
Accruals basis	Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and revenue is recognised when it is earned, not when the cash is actually received.
Actuarial gain and loss	For a defined benefit scheme, the changes in the actuarial deficits or surpluses that arise because : <ul style="list-style-type: none"> ▪ events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or ▪ The actuarial assumptions have changed.
Agency cost	Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.
Asset	An item owned or leased by the Chief Constable, which has a value, for example, land and buildings, vehicles, equipment, cash.
Assets held for sale	Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.
Balance Sheet	This represents a summary of all the assets and liabilities of the Chief Constable.
Carry overs	These are underspends at the end of the financial year, which are carried forward into the next financial year to support that year's expenditure plans.
Cash and cash equivalents	Cash includes cash held in bank accounts and cash in hand. Cash equivalents are assets that can be readily converted into cash such as deposits and certain short term investments.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
Contingent asset or liability	An asset or liability that is not recognised in the financial statements due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.
Corporate & Democratic Core costs	These represent the costs of delivering public accountability and representation in policy-making and meeting our legal responsibilities.
Creditors	Amounts owed by the Chief Constable for goods received or services rendered but not yet paid for at the end of the financial year.

Current asset or liability	An asset or liability that the Chief Constable expects to hold or discharge for a period of less than one year from the Balance Sheet date.
Debtors	Sums of money due to the Chief Constable for work done or services supplied but not received at the end of the financial year
Deferred liabilities	Liabilities which by arrangement are payable beyond the next year at some points in the future or paid off by an annual sum over a period of time.
Employee benefits	All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.
Going concern basis	The underlying assumption used in producing the financial statements that the Chief Constable will continue to operate for at least 12 months from the Balance Sheet date.
Income Received in Advance	Income received that should be classed as a benefit in the next financial year.
Intangible assets	Capital expenditure which does not create a tangible asset.
Inventories	Stocks held by the Chief Constable such as uniforms, fuel etc.
Leases	A method of financing expenditure over a period of time. There are two types of lease: <ul style="list-style-type: none"> ▪ Finance lease, where the risks of ownership are transferred to the lessee and where the assets are recorded in the Chief Constable's Balance Sheet at a current valuation. ▪ Operating lease, where the risks of ownership stay with the leasing company and the annual rental charges are made via the Comprehensive Income and Expenditure Statement.
Liability	An amount owing to a third party such as a loan or unpaid invoice from a supplier.
Local Authority Accounting Panel (LAAP) bulletin	Latest update from CIPFA detailing amendments and guidance to changes in Local Authority Accounting Practice.
Medium Term Financial Strategy (MTFS)	The MTFS covers a 5 year period and describes the financial direction of the Force and the Chief Constable capturing known and estimated funding, financial pressures and development needs as well as seeking to identify financial risks. It is an indication of the likely direction of financial planning over the next year.
Net assets	Total assets less total liabilities.
Non current asset or liability	An asset or liability that the Chief Constable expects to hold or discharge for a period of more than one year from the Balance Sheet date.

Non Distributed Cost	This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis.
Prepayment	Where an amount of expenditure is paid in the current financial year, but the goods or services are a benefit in the next/following year.
Provision	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.
Reserves	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Earmarked reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
Revenue expenditure	Spending on day to day items, including salaries, premises costs and supplies and services.
SeRCOP	The Service Reporting Code of Practice for Local Authorities (SeRCOP) was previously known as the Best Value Accounting Code of Practice (BVACOP). SeRCOP establishes proper practices with regard to consistent financial reporting for services. All local authorities are expected to comply with its requirements.
The Code	The Code of Practice published by CIPFA, relating to Local Authority Accounting in the United Kingdom and is issued each year.

Acronyms

ACPO	Association of Chief Police Officers
APACE	Association of Police and Crime Chief Executives
CCRF	Commissioners Crime Reduction Fund
CIPFA	Chartered Institute of Public Finance and Accountancy
CJS	Criminal Justice System
CPS	Crown Prosecution Service
CSFG	Community Safety Fund Grant
CSP	Community Safety Partnership
CSR	Comprehensive Spending Review
DCLG	Department of Communities and Local Government
GAD	Government Actuaries Department
GOYH	Government Office for Yorkshire and the Humber
HMIC	Her Majesty's Inspector of Constabulary
HPA / HP	Humberside Police Authority / Humberside Police
IAS	International Accounting Standards
IPCC	Independent Police Complaints Commission
JANE	Joint Arrangement Not an Entity
JIAC	Joint Independent Audit Committee
LAAP	Local Authority Accounting Panel
LCJB	Local Criminal Justice Board
LGYH	Local Government Yorkshire and the Humber
MTFS	Medium Term Financial Strategy
NPT	Neighbourhood Policing Teams
OPCC	Office of Police and Crime Commissioner
OPCCNY	OPCC for North Yorkshire / North Yorkshire Police
OPCCSY	OPCC for South Yorkshire / South Yorkshire Police
OPCCWY	OPCC for West Yorkshire / West Yorkshire Police
OPPB	Operational Policing Programme Board
PaCCTS	Police and Crime Commissioners Treasurers' Society
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PDR	Performance Development Review
PNB	Police Negotiating Board
PRSRA	Police Reform and Social Responsibility Act
PSC	Police Staff Council
RCB	Regional Collaboration Board
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOLACE	Society of Local Authority Chief Executives
UITF	Urgent Issues Task Force of Accounting Standards Board