



Protecting Communities, Targeting Criminals

THE CHIEF CONSTABLE OF HUMBERSIDE

FINANCIAL STATEMENTS

2015-2016

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NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

INTRODUCTION TO THE HUMBERSIDE POLICE FORCE AREA

The Humberside Police Force area is located in the North of England on the East Coast, equidistant from London, Edinburgh and Rotterdam. As a central location it has one of the largest ports complexes in the UK and the 4th largest in Northern Europe. The area has direct rail links to major cities such as London, Manchester, Sheffield, York and Leeds and the motorway routes of M62, M18 and M180 give good road connections to the rest of the UK.

It covers the local authority areas of North East Lincolnshire, North Lincolnshire and the East Riding of Yorkshire along with the urban area of Kingston upon Hull. The total area of approximately 1,259 square miles centres on the Humber Estuary and has a population of over 900,000 residents.

The population is predominately White British with 93.5% of the communities coming from the UK. Overall the white community accounts for 96.5% of residents with BME accounting for 3.5%. 24.5% are 20 years old or under, 63.5% are between 21 and 70 years old and 12% are over 70.

It is estimated that one million people a year travel to and from continental Europe by ferry via Hull and a further quarter of a million people travel on domestic and international flights from Humberside Airport.

The area maintains its strong maritime heritage and the port infrastructure accounts for more than 15% of the UK overseas trade.

Nearly 90% of the Humber area is rural. Its main settlement and commercial capital is Kingston upon Hull, the 10th largest UK city. Major settlements include the port and local town of Grimsby, the renaissance resorts of Cleethorpes and Bridlington, and the industrial 'garden town' of Scunthorpe. The predominantly rural areas of the East Riding, North Lincolnshire and North East Lincolnshire look to the Market towns of Beverley, Brigg, Epworth and Barton. To the west, Goole, the UK's most inland port, is rapidly developing as a northern logistics hub.

In 2015/16 the Force moved to a "One Force" Command based model after operating previously on the basis of three territorial policing divisions covering Kingston upon Hull, the East Riding of Yorkshire and North Lincolnshire.

Community Safety Partnerships operate in each local authority area and Humberside Police and the Police and Crime Commissioner (PCC) have continued to be involved in the extensive partnership arrangements in relation to the wider Criminal Justice System.

CHIEF OFFICER'S STATEMENT

This is the Statements of Accounts for the Chief Constable of Humberside for 2015/16.

The 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 (the PCC) they present a comprehensive set of statements about the income, expenditure, assets and liabilities associated with policing the communities across the force area.

An Annual Governance Statement for Humberside Police for 2015/16 has been published separately and is available on the Force website.

PERFORMANCE

The latest national iQuanta data (12 months to April 2016) show Humberside to be ranked 38th (out of 42 police forces nationally) in terms of recorded crime per 1,000 population (in the latest Office for National Statistics (ONS) published data to December 2015 the Force was also 38th). iQuanta, the Home Office Police Performance Reporting tool, shows that Humberside's crime rate is 1.0% above the Most Similar Group average.

Following changes to the Home Office Counting Rules for Recorded Crime in April 2015, Humberside saw a 4.4% increase in overall recorded crime in 2015/16, half the national increase of 8.8%, with 39 forces seeing an increase.

Violent Crime is included in the Force Control Strategy and the Operational Delivery Plan. Following the changes to the Home Office Counting Rules, in 2015/16 Humberside saw a 12.7% increase in Violence with Injury (nationally up 15.3%) and a 28.5% increase in Violence without Injury (nationally up 39.0%).

The Operational Delivery Plan includes the importance of dealing effectively with reports of Sexual Offences using the Sexual Offences Toolkit, providing victims with the appropriate level of service and support and ensuring a high standard of victim care. Serious Sexual Offences is included in the Force Control Strategy. Last year (to March 2016) there was an overall 20.6% increase in the number of sexual offences reported nationally. Humberside reported an 8.8% increase over this period. It is recognised by ONS that the increases are thought to reflect improvements in recording practices along with a greater willingness of victims to come forward to report such crimes.

National data (to March 2015) show that Humberside records the 3rd lowest rate of recorded Anti Social Behaviour (ASB) incidents per 1,000 population of all 42 forces. The Crime Survey for England and Wales 2014/15 found that only 25% of respondents had experienced/witnessed ASB, the 16th lowest of all forces. Historic data show ASB is strongly seasonal with peaks in July.

Call Handling

In 2015/16 94.9% of 999 calls were answered within 10 seconds whilst 71.7% of 101 calls were answered within 30 seconds.

In May 2016, 94.3% of 999 calls were answered within 10 seconds, while 72.2% of 101 calls were answered within 30 seconds.

Sickness Absence

In 2014/15, Humberside was placed 28th/43 forces for police officer sickness absence with 4.56% of hours lost and 24th for police staff absence with 4.03% hours lost.

In 2015/16, Humberside was placed 36th/43 forces for police officer sickness absence with 5.58% of hours lost and 36th for police staff absence with 5.13% of hours lost.

A sickness absence action plan is in place which is monitored by the Corporate Governance Group.

User Satisfaction (Victims of Crime)

The User Satisfaction Survey makes contact with a sample of around 1,600 victims of violent crime, domestic burglary and vehicle crime over the year to establish their views in relation to the service they received from the police.

In 2014/15, Humberside was placed 31st/43 forces for overall user satisfaction. In 2015/16, Humberside's national placing fell to 41st/43 forces, with satisfaction falling 5 percentage points to 77.4% compared with 82.4% for the year to March 2015. 25 forces saw a fall in overall user satisfaction in comparison to the previous year.

User Satisfaction (ASB)

A survey is also conducted of people who have reported ASB, to help provide a broader understanding of the service which is being delivered by the Force.

The overall satisfaction of people who have reported ASB fell to 77.6% at the end of March 2016 from 82.4% in the year to March 2015.

User Satisfaction (Hate Incidents)

Since April 2015, forces have been required by the Home Office to survey victims of hate incidents, covering all five diversity strands. Results from the first year of the survey (to March 2016) show Humberside to have an overall satisfaction rate of 72.1% against a national average of 80.1%, placing Humberside 39th/43 Forces.

FINANCIAL PERFORMANCE

ECONOMIC CLIMATE

The PCC recommended an increase in the precept for 2015/16 of 1.99%. The Police and Crime Panel (PCP) supported this proposal and, after considering the Panel's comments, it was implemented with the PCC declaring a precept of £180.08 for a Band D property. The precept proposal for 2016/17 was for a further 1.99% increase to £183.67 for a Band D property and this was supported unanimously by the PCP.

The PCC and the Force continued to develop a Medium Term Resource Strategy (MTRS) providing details of the resources available to support the delivery of the PCC's Police and Crime Plan. This enables precept decisions to be set in the context of medium term financial and staffing projections. The link between forecasts in changes in the numbers of police officers, PCSOs and police staff and available finance has continued to be refined. The MTRS includes a 5 year financial forecast based on stated assumptions and on the best information available. The MTRS was submitted to the PCP to support the Commissioner's precept 2015/16 increase and an updated MTRS, following an improved Police Grant Settlement and CSR 2015 announcement, was considered alongside the precept proposal for 2016/17.

The Police and Crime Plan 2013-17 was reviewed but the three public facing 'outcomes' did not change:

- To reduce crime
- To protect the public and improve safety
- To improve the quality of victims' services.

THE CURRENT FINANCIAL POSITION

Action has been taken to modernise systems and processes, to implement plans for savings and to build up and preserve the level of reserves and balances in anticipation of impending reductions in grant funding. This has meant that the PCC and the Force have had options on how to move forward in a planned and managed way.

Savings targets have been delivered and a cautious approach to spending has been adopted.

As a result of these measures, spending has been constrained and here, and indeed across most of the service, the calls on reserves have been lower than expected.

Following the period of protracted and severe austerity measures during which substantial savings have been found, opportunities for further budget reductions have become increasingly limited with more fundamental changes being required to live within the resources available.

These austerity measures were set to continue and deepen following announcements in the summer of 2015 after the General Election when the Chancellor announced that unprotected budgets, including Policing, would need to find savings of between 25% and 40%. At the same time the Home Office continued to work on proposals for a new funding formula for the distribution of police resources. This was expected to be applied in conjunction with the outcome of the CSR2015 in the 2016/17 Police Grant Settlement.

In the event the funding formula review was abandoned in November 2015. This was closely followed by the CSR2015 which surprisingly saw Policing protected. The outcome of the CSR was therefore much better than PCCs had been planning

for. This meant that there was a need to substantially reassess the position whilst recognising that significant uncertainties still remain in relation to funding beyond 2016/17.

The CSR announcements were reflected in the Police Grant Settlement for 2016/17. This was however only for that one year. Although additional information was provided for future years, this has been insufficient to identify amounts available for individual PCCs.

The position is exacerbated by concerns over the amount of funding that could be diverted to major projects requiring investment such as the Emergency Services Mobile Communication Programme (ESMCP), the replacement for the Emergency Services Network, and for Transformation Fund initiatives. Further concerns also remain over the future treatment of legacy grants and changes to the funding formula which now look unlikely to be capable of being implemented before 2018/19.

In a substantial change of position after years of pressure to keep Council Tax/precepts down, Ministers have indicated that provided precepts are increased by the maximum amount the Service can look at a cash standstill budget position. PCCs and Forces will however still have to absorb inflation and new cost pressures, as well having to face additional demands from Child Sexual Exploitation (CSE), cybercrime and the impact of global events on UK communities.

Since the announcements late last year, there are growing concerns as to whether the Chancellor's economic forecasts were over optimistic and might be revised downwards in future budget announcements. This is now complicated by the announcement and uncertain implications of the EU referendum.

There are also fears over the fact that many other local services providers who are key community safety and criminal justice partners, such as local councils, Probation and Youth Justice, face bigger cuts. The effects are already being seen in some of these areas.

It must be noted that the PCC's financial position locally has been improved by the 2.77% increase in the Council Taxbase in 2016/17. This has given rise to forecasts of greater increases in the taxbase than originally planned for future years. The result is a significant increase in the PCC's permanent income base.

In 2016/17, the PCC created a Technology and Capability Fund in order to give the Force access to resources to keep pace with new technological advances and to ensure those involved are properly trained.

FINANCIAL MANAGEMENT

REVENUE OUTTURN

The budget for the combined spend of the Force and for the Office of the Police and Crime Commissioner for 2015/16 was set at £172.842m. This budget included a target to deliver £11.995m of planned cost savings during the year.

In the last monitoring report in February 2016, an outturn spend for the year of £167.448m was projected, £5.394m less than the original budget. This took account of the achievement of the planned savings and an underspend that had accrued throughout the year as a result of significant numbers of vacancies being carried during the period of organisational restructure.

Following the closure of the accounts, the outturn expenditure for the year is £169.057m, a gross underspend of £3.786m or 2.19%. The tables below set out at a high level the Force budget and how it has been funded in 2015/16, 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 from Approved Budget | Variance from Approved Budget |
|---|------------------------|----------------------|-------------------------------|-------------------------------|
| | £ | £ | £ | % |
| Summary spending: | | | | |
| Command Hub | 15,500,000 | 17,521,038 | (2,021,038) | (13.04%) |
| Communities Command | 58,639,280 | 55,285,322 | 3,353,958 | 5.72% |
| Criminal Justice | 7,663,390 | 6,973,597 | 689,793 | 9.00% |
| Enabling Services | 30,797,800 | 31,505,485 | (707,685) | (2.30%) |
| Force Command | 1,389,410 | 1,327,730 | 61,680 | 4.44% |
| Non-Command Functions | 3,576,060 | 4,084,750 | (508,690) | (14.22%) |
| Police & Crime Commissioner | 4,501,780 | 4,687,068 | (185,288) | (4.12%) |
| Previous Divisional Structure (to 15/04/2015) | 4,144,980 | 4,372,323 | (227,343) | (5.48%) |
| Protecting Vulnerable People | 10,529,270 | 9,524,139 | 1,005,131 | 9.55% |
| Regional Collaboration | 7,074,600 | 6,124,880 | 949,720 | 13.42% |
| Specialist Command | 16,745,750 | 16,013,642 | 732,108 | 4.37% |
| Specialist Uniformed Operations | 12,280,010 | 11,636,739 | 643,271 | 5.24% |
| TOTAL REVENUE | 172,842,330 | 169,056,713 | 3,785,617 | 2.19% |
| Sources of finance: | | | | |
| Police Revenue Grant | (67,631,170) | (67,631,165) | (5) | 0.00% |
| Revenue Support Grant | (46,836,460) | (46,836,457) | (3) | 0.00% |
| Council Tax and Legacy Grants | (10,040,950) | (10,040,945) | (5) | 0.00% |
| Funding from Council Tax Payers | (45,725,750) | (45,725,748) | (2) | 0.00% |
| Reserves Funding to Support Base Budget | (2,608,000) | (2,608,000) | 0 | 0.00% |
| TOTAL REVENUE FUNDING | (172,842,330) | (172,842,315) | (15) | 0.00% |
| Net over or (underspend) | | (3,785,602) | 3,785,602 | 2.19% |

| FUNCTION | BUDGET | OUTTURN | VARIANCE | % VARIANCE |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|
| COMMAND HUB | | | | |
| DEVOLVED | 1,929,860 | 2,190,146 | (260,286) | (13.49%) |
| PAY | 13,570,140 | 15,330,892 | (1,760,752) | (12.98%) |
| | 15,500,000 | 17,521,038 | (2,021,038) | (13.04%) |
| COMMUNITIES COMMAND | | | | |
| DEVOLVED | 1,611,840 | 2,280,009 | (668,169) | (41.45%) |
| EXTERNAL FUNDING | | (72,470) | 72,470 | 100.00% |
| PAY | 57,026,030 | 53,094,593 | 3,931,437 | 6.89% |
| PROTECTED | 1,410 | (16,810) | 18,220 | 1,292.20% |
| | 58,639,280 | 55,285,322 | 3,353,958 | 5.72% |
| CRIMINAL JUSTICE | | | | |
| DEVOLVED | 103,360 | 90,492 | 12,868 | 12.45% |
| EXTERNAL FUNDING | | (177,425) | 177,425 | 100.00% |
| PAY | 6,088,930 | 5,885,739 | 203,191 | 3.34% |
| PROTECTED | 1,471,100 | 1,174,791 | 296,309 | 20.14% |
| | 7,663,390 | 6,973,597 | 689,793 | 9.00% |
| ENABLING SERVICES | | | | |
| CATERING | 93,570 | 125,361 | (31,791) | (33.98%) |
| COMMAND SUPPORT | 120,910 | 141,609 | (20,699) | (17.12%) |
| CORPORATE DEVELOPMENT | 1,618,810 | 1,849,249 | (230,439) | (14.24%) |
| ENABLING SERVICES | (14,540) | 8,018 | (22,558) | (155.14%) |
| ESTATES SERVICES | 6,731,230 | 6,510,762 | 220,468 | 3.28% |
| FINANCE & BUSINESS CENTRES | 2,869,750 | 2,707,908 | 161,842 | 5.64% |
| FLEET MANAGEMENT & MAINTENANCE | 2,491,310 | 2,544,510 | (53,200) | (2.14%) |
| HP MEDIA & MARKETING | 471,760 | 418,371 | 53,389 | 11.32% |
| HR SERVICES | 5,179,640 | 5,467,348 | (287,708) | (5.55%) |
| INFORMATION SERVICES | 8,848,310 | 9,350,775 | (502,465) | (5.68%) |
| LEGAL SERVICES | 1,147,330 | 1,115,140 | 32,190 | 2.81% |
| MEDIA & MARKETING | | 40,178 | (40,178) | (100.00%) |
| PROFESSIONAL STANDARDS | 1,250,660 | 1,238,976 | 11,684 | 0.93% |
| PROPERTY MANAGEMENT | (10,940) | (12,720) | 1,780 | 16.27% |
| | 30,797,800 | 31,505,485 | (707,685) | (2.30%) |
| FORCE COMMAND | | | | |
| COLLABORATION | (10) | (25,057) | 25,047 | 250,470.00% |
| DEVOLVED | 51,890 | 65,125 | (13,235) | (25.51%) |
| PAY | 1,337,530 | 1,287,662 | 49,868 | 3.73% |
| | 1,389,410 | 1,327,730 | 61,680 | 4.44% |
| NON-COMMAND FUNCTIONS | | | | |
| CENTRAL FINANCE | 3,480,770 | 4,069,859 | (589,089) | (16.92%) |
| NATIONAL POLICING | 95,290 | (4,662) | 99,952 | 104.89% |
| SECONDMENTS | | (6,589) | 6,589 | 100.00% |
| SPECIAL CONSTABLES | | 18,711 | (18,711) | (100.00%) |
| STRATEGIC PARTNERSHIP PROGRAMME | | 7,431 | (7,431) | (100.00%) |

| | | | | |
|--|--------------------|--------------------|------------------|-----------------|
| | 3,576,060 | 4,084,750 | (508,690) | (14.22%) |
| POLICE & CRIME COMMISSIONER | | | | |
| DEVOLVED | 1,268,630 | 3,192,134 | (1,923,504) | (151.62%) |
| PAY | 933,150 | 671,371 | 261,779 | 28.05% |
| PROTECTED | 2,300,000 | 823,563 | 1,476,437 | 64.19% |
| | 4,501,780 | 4,687,068 | (185,288) | (4.12%) |
| PREVIOUS DIVISIONAL STRUCTURE | | | | |
| PREVIOUS DIVISIONAL STRUCTURE | 4,144,980 | 4,372,323 | (227,343) | (5.48%) |
| | 4,144,980 | 4,372,323 | (227,343) | (5.48%) |
| PROTECTING VULNERABLE PEOPLE | | | | |
| DEVOLVED | 455,420 | 577,532 | (122,112) | (26.81%) |
| EXTERNAL FUNDING | | (24,911) | 24,911 | 100.00% |
| PAY | 9,283,060 | 8,930,204 | 352,856 | 3.80% |
| PROTECTED | 790,790 | 41,314 | 749,476 | 94.78% |
| | 10,529,270 | 9,524,139 | 1,005,131 | 9.55% |
| REGIONAL COLLABORATION | | | | |
| COLLABORATION | 6,213,070 | 5,333,413 | 879,657 | 14.16% |
| FLEET MANAGEMENT & MAINTENANCE | 861,530 | 791,467 | 70,063 | 8.13% |
| | 7,074,600 | 6,124,880 | 949,720 | 13.42% |
| SPECIALIST COMMAND | | | | |
| COLLABORATION | 167,140 | 24,904 | 142,236 | 85.10% |
| DEVOLVED | 665,500 | 531,859 | 133,641 | 20.08% |
| EXTERNAL FUNDING | 29,590 | 165,860 | (136,270) | (460.53%) |
| PAY | 14,969,130 | 14,462,752 | 506,378 | 3.38% |
| PROTECTED | 914,390 | 828,267 | 86,123 | 9.42% |
| | 16,745,750 | 16,013,642 | 732,108 | 4.37% |
| SPECIALIST OPERATIONS (UNIFORMED) | | | | |
| COLLABORATION | 48,960 | 188,066 | (139,106) | (284.12%) |
| DEVOLVED | 562,190 | 275,594 | 286,596 | 50.98% |
| EXTERNAL FUNDING | | (15,155) | 15,155 | 100.00% |
| PAY | 10,226,820 | 9,425,933 | 800,887 | 7.83% |
| PROTECTED | 1,442,040 | 1,762,301 | (320,261) | (22.21%) |
| | 12,280,010 | 11,636,739 | 643,271 | 5.24% |
| | | | | |
| TOTAL | 172,842,330 | 169,056,713 | 3,785,617 | 2.19% |

Budget Analysis

As shown above, the revenue outturn was £3.786m underspent against the budget of £172.842m. The main variances against this budget were made up as follows:

Police Officer Pay – £2.8m underspend

This budget underspent as a result of higher than projected levels of turnover being experienced, so that planned recruitment was not sufficient to maintain strength at the level of the establishment.

Police Overtime – £1.3m overspend

This overspend arose as a consequence of overtime being used to fill unanticipated gaps in operational policing that resulted from a combination of flexible working arrangements and shift pattern complexities in the new organisational structure. This was a significant issue earlier in the year but reduced significantly once the new operating model had a chance to bed in and following amendments to the shift patterns.

PCSO and Staff Pay – £2.5m underspend

This underspend is a result of savings having been made earlier in the year than was anticipated when the budget was set as a result of higher than expected levels of turnover. This does not mean that additional savings were made and there is no impact from this underspend on future years.

Other Employee Expenses – £0.8m overspend

There were two main causes of this overspend - £0.4m as a result of more ill health retirements being approved during the year than was budgeted for and redundancy payments made as part of the targeted EVR programme.

Transport – £0.5m overspend

This budget was overspent as a result of £0.2m of excess mileage payments made as a result of staff relocations in the organisational restructure and £0.3m of additional helicopter maintenance costs. This last pressure will not be a factor in future years after Humberside Police joins the National Police Air Service (NPAS).

Capital Financing and Debt Charges – £1.1m underspent

This budget is underspent because Humberside Police incurred less costs for capital expenditure at the end of 2014/15 than had been expected when the budget was set for 2015/16.

OUTLOOK

Humberside Police met its challenging savings target of £11.995m in 2015/16 but still faces significant financial challenges over the medium term. The current Medium Term Resourcing Strategy (MTRS) identifies a savings requirement of a

further £12.878m over the next five years, £4.344m of which is to be delivered in 2016/17.

While this is a challenging position it is more favourable than might have been expected before the Chancellor's autumn statement in November 2015. Furthermore, the Strategic Partnership Programme with South Yorkshire Police has already delivered significant savings through the development of a Joint Specialist Operations (Uniformed) function and will undertake Priority Based Budgeting (PBB) reviews of other potential collaborative functions to identify operational improvements and future savings options.

The key challenge facing the Force in the short term, as highlighted by the consistent underspends on pay budgets, is resourcing the organisation as budgeted. For this purpose, the PCC has invested in the recruitment and training functions – in conjunction with our partners in South Yorkshire Police – to support the organisation in meeting the resourcing challenge.

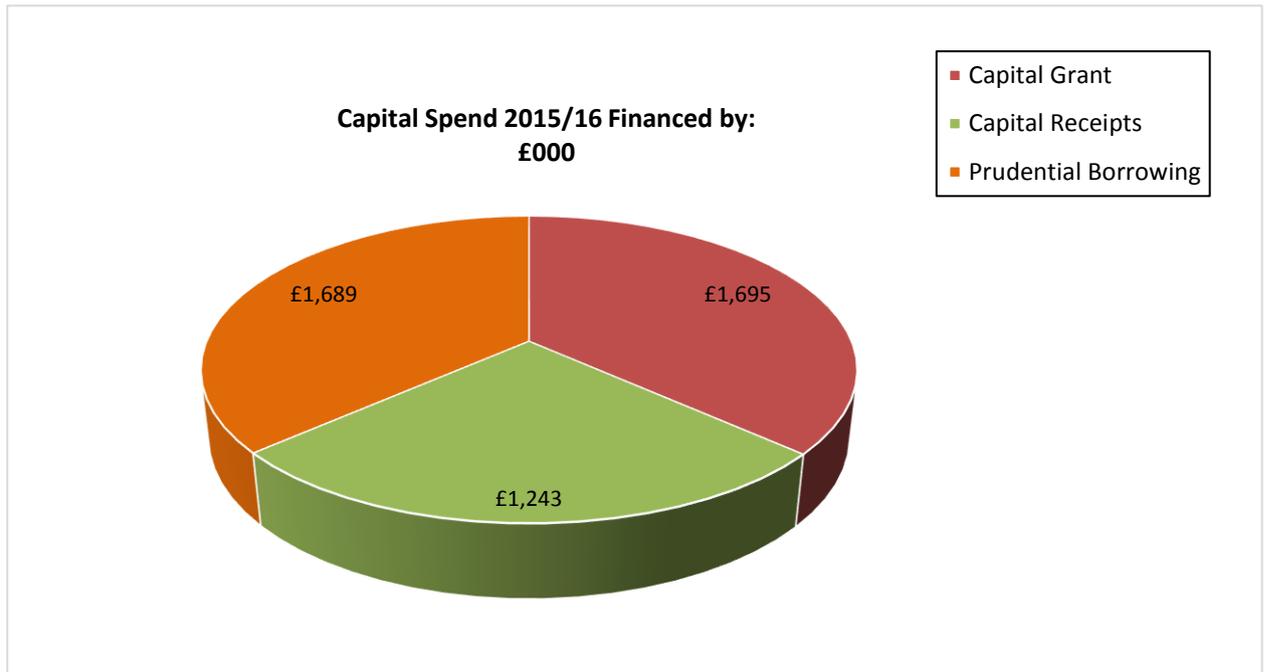
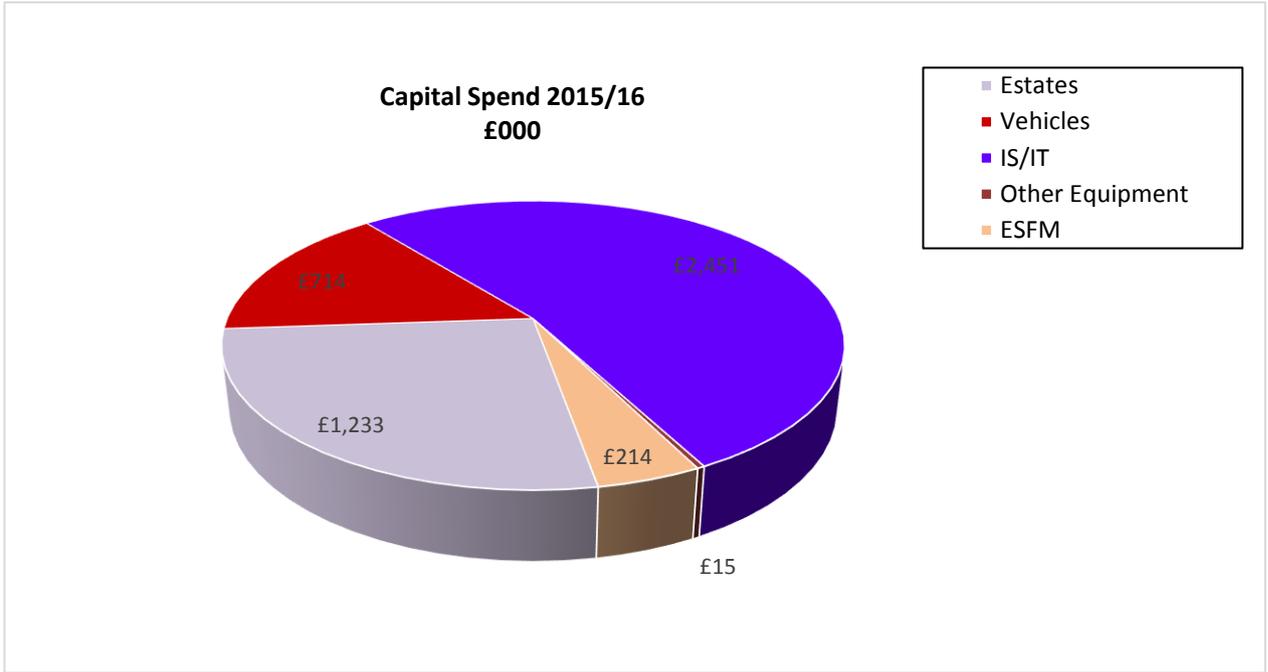
Policing remains a dynamic environment and the MTRS provides the PCC with the flexibility to respond to changes through investment in priority areas such as Protecting Vulnerable People and Cyber Crime, as well as the creation of a £5m earmarked Technology Reserve to support the Force in responding to technological advancements in crime and crime fighting. This also presents opportunities to invest in efficiencies in order to support the savings plan whilst improving the service to the public.

In summary, the Force continues to face challenging savings targets but has the infrastructure and opportunities, particularly through the SPP, to meet these challenges and ensure that the organisation is properly resourced to deliver the Police and Crime Plan.

CAPITAL OUTTURN

The capital outturn for the year was £4.627m against a budget of £10.990m, an underspend of £6.363m compared with the projected underspend of £3.786m on the reported provisional outturn.

The two pie charts below show details of the capital spending in 2015/16 and how this expenditure was financed:



5 YEAR CAPITAL PROGRAMME

The Capital Programme approved in the 2016/17 to 2020/21 MTRS is as follows:

| Capital | 2016/17 £'000 | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Capital Expenditure | | | | | |
| Estate Strategy | 3,932 | 1,371 | 1,820 | 500 | 0 |
| IT Equipment | 6,157 | 4,054 | 1,888 | 1,456 | 1,012 |
| Vehicle/ Equipment | 3,330 | 831 | 818 | 689 | 1,147 |
| Asset Replacement Plan | 400 | 401 | 381 | 498 | 0 |
| TOTAL | 13,819 | 6,657 | 4,907 | 3,143 | 2,159 |
| Financing | | | | | |
| Grant | 1,050 | 1,050 | 1,050 | 1,050 | 1,050 |
| Specific Capital Grant | 28 | 28 | 54 | 60 | 0 |
| Revenue | 0 | 5 | 95 | 155 | 0 |
| Loan | 12,741 | 5,574 | 3,708 | 1,878 | 1,109 |
| Capital Receipts | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 13,819 | 6,657 | 4,907 | 3,143 | 2,159 |

CAPITAL FUNDING

The PCC has and will continue to hold all of the assets and makes decisions on capital expenditure, capital funding and borrowing.

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Chief Constable at 31 March 2016. Reserves are categorised as unusable reserves. The Chief Constable does not hold any useable reserves as these are all held by the PCC.

SERVICE DELIVERY

FORCE – ONE FORCE MODEL

The Force has faced a challenging year, with a number of major changes to how it operates being implemented, pressure from external inspections and continuing financial reductions. This picture is similar to many public sector bodies across the country, and despite these challenges there have been some significant progress made in Humberside Police in 2015/16.

Refinements to the force operating model over the course of the year saw specific changes introduced that included placing the community policing and response policing functions under a single management structure, a revised approach to flexible working to ensure the needs of the organisation were still being met, and significant increases in some areas of demand such as protecting vulnerable people. Her Majesty's Inspectorate of Constabulary (HMIC) inspected the force on a number of occasions throughout the year as part of its PEEL inspection programme, inspecting the force in a number of areas that contribute to the judgement of the forces performance in efficiency, effectiveness and legitimacy. The force received a range of grades across a spectrum of inadequate, requires improvement, and good. Since then the force has addressed various inspection recommendations and areas for improvement, specifically including a focussed approach to better understanding demand and shift system changes.

The initial changes to the shift patterns of police officers and staff to better reflect public demand required alteration, and these were amended by early in 2016 to retain the flexibility for the Force but improve the wellbeing of staff and perceptions of the public. Similarly the move to a single public contact centre for dealing with 999 emergency and 101 non-emergency calls required significant refinements identified as part of the post implementation review. The issues identified have now largely been addressed; the force has invested in staff, process engineering and technology and as a result is now in a position to provide consistent and sustained delivery of service to the public. The rate for abandoned calls for the force is now consistently below the national average figure of 5.2% and the time taken to answer the telephone has shown significant improvement over the last 12 months.

Changes have been put in place to support our contact management staff in this high pressure environment and there is a renewed focus on answering calls for service effectively. This is having an effect with sustainable improvements week on week. The Force recognises that there is still work to do in this area, and are working with external experts to develop further improvements and to help new staff consolidate their new skills.

The ethos of the original operating model remains – to deal with a call from the public effectively as quickly and early as possible – and is a key part of our aim to put victims of crime first. The subsequent refinements to the model means that there is a much better match between resources and demand, and the structural changes have made a better alignment of teams to local areas and clearer expectations for those teams. Existing initiatives such as our innovative Night Challenge, Rock Challenge and Lifestyle work with young people continue to deliver real change in our communities. The Force has been re-inspected by HMIC in May 2016.

Against all of this change the Force has also continued to deliver against the agreed savings plan. Future initiatives such as more joint working, and the use of tools such as Priority Based Budgeting (PBB) will further enable Humberside Police to prevent crime, target offenders, protect the public and seek justice for victims.

COLLABORATION

Yorkshire and the Humber

The Force continues to actively participate in larger regional collaboration as well, and the four Yorkshire and the Humber forces have started to have early discussions with the three North East forces about areas where all could benefit from working together. Existing collaborations such as the serious and organised crime, underwater search and regional forensics capabilities continue to be held up as best practice nationally.

Humberside/South Yorkshire

In May 2015 the Police and Crime Commissioners and Chief Constables for Humberside and South Yorkshire agreed to form a Strategic Partnership. There is a clear vision to build a shared structure, culture and way of working. This Strategic Partnership will be developed over the next two to three years founded on the current programme to create shared IT platforms and adding to existing successful collaboration arrangements between the two Forces on IS/IT and HR services.

The four corporations sole have made the following commitments in their shared Vision for the partnership:

We will place public safety and the needs of victims at the centre of our Activities;

Ensure that all opportunities to improve resilience, reduce cost and improve service to the public are evaluated. Where evidence demonstrates a clear public benefit, we will act quickly to improve services across our organisations;

We will continue to deliver core policing services such as the protection of life and property, maintain order, and prevent and detect crime in order to make a difference to our communities; and

We will meet the challenge of the Comprehensive Spending Review and in so doing insulate forces against major shocks and short term funding driven changes. This will ensure sustainability of service delivery and as much certainty about the future as possible for those committed public servants, police officers and police staff, who are and will remain at the heart of our organisations.

In order to achieve these things the two forces in particular will wherever possible develop common policies, procedures and governance to deliver both operational and business functions and do things once. The forces will work to common standards, using the best people and skills from either organisation to lead and deliver policing services, share the assets that make each force excellent, that is, people, knowledge, systems, buildings and equipment. Costs will be reduced and the level and quality of services to the public will be maintained or improved.

New criminal justice and contact management platforms have been jointly procured. Both forces are starting to implement a joint criminal justice system and much improved mobile access to systems to allow officers to remain out in the community for longer. A joint finance and HR system has gone live and will be developed further over the next year to encompass duties and logistics planning functions. Behind the scenes the introduction of a single infrastructure that connects the systems and users across both forces is nearly complete.

A Joint Special Operations Unit (which provides roads policing, police dogs and other specialist functions to both forces) has been created. The scope of shared back office services has also widened to include legal, estates and financial services. Further plans are in place to create shared provision of performance management, business change, information security and cyber-crime services with product on all of these being currently in the challenge phase through the Joint Business Design Authority chaired by the Deputy Chief Constables, and due to be presented for decisions on options for change and savings to the July and August 2016 meetings of the Joint Collaboration Board.

PENSION LIABILITIES

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

Police staff are members of the East Riding of Yorkshire Council's Pension Fund and information is provided in respect of their pension liabilities by Hymans Robertson, the East Riding's Fund actuaries. These liabilities will be paid as they fall due. The Pension Fund will be revalued every three years when future contribution rates will be set to recover any deficit position.

The impact on the Chief Constable of pension liabilities continues to generate the level of negative net worth shown in the balance sheet at £1,721m; an improvement of £250m. The net liabilities excluding these pension liabilities would be £4m.

ENVIRONMENTAL

Regular reports are considered in respect of the Force's sustainability and commitments including energy, transport, waste and recycling, pollution and water and senior officers are engaged in this process.

The Force have continued to participate in a Business in the Community (BITC) initiative and the silver status in the Index Results 2016 has been maintained. Each year over 100 organisations take part in a survey looking at all aspects of environmental management and performance as part of this process Humberside is ahead of the other four forces that take part.

PEOPLE

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

The numbers of police officers and police staff at the end of the financial year were as follows:

| | Nos. |
|---|-------|
| Police Officers (FTE) | 1,539 |
| Police Community Support Officers (PCSOs) | 234 |
| Police Staff (FTE) | 1,140 |

In addition the Force has 406 Special Constables and is supported by 198 volunteers.

EXPLANATION OF ACCOUNTING STATEMENTS

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

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

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

The Corporate Governance Framework includes:

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

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

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

THE FINANCIAL STATEMENTS

The financial statements for the Chief Constable comprise of:

- Movement in Reserves Statement

This statement show the movement in the year in the different reserves held by the Chief Constable. 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.

- Comprehensive Income and Expenditure Statement

This statement reports the net cost of providing services in the year and how that cost has been financed.

- Balance Sheet

This shows the value of the assets and liabilities recognised by the Chief Constable as at 31 March 2016. The net liabilities of the Chief Constable are matched by reserves. The Balance Sheet includes long term liabilities associated with defined benefit pension schemes for employees.

- Cashflow Statement

The Cash Flow Statement shows the inflows and outflows of cash to the Chief Constable. As the Chief Constable does not manage any cash transactions, the Statement accordingly 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.

- Police Pension Fund Accounts

These set out the position of the Police Pension Fund Accounts at 31 March 2016.

The notes to the financial statements provide more detail about the accounting policies and transactions.

FURTHER INFORMATION

You can also find more information about the finances of the Force on its website www.humberside.police.uk

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 2016 on pages 1 to 36. 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 2015/16.

This report is made solely to the Chief Constable, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable, those matters we are required to state to her 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 2015/16, and for being satisfied that the financial statements 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 Narrative Report 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 2016 and of the Chief Constable's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice 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 Narrative Report 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 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

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 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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 review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether the Chief Constable had proper arrangements to ensure she took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2016.

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 Chief Constable of Humberside 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 issued by the C&AG in November 2015, we are satisfied that, in all significant respects, The Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2016.

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 Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Graham Prentice FCCA MBA

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

29 September 2016

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: 29 September 2016

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 2016.

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 2016 and its income and expenditure for the year.

Date: 29 September 2016

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 2015 | - | - | (1,967,365) | (3,604) | (1,970,969) |
| Surplus or (Deficit) on Provision of Services (accounting basis) | (47,209) | (47,209) | - | - | (47,209) |
| Other Comprehensive Expenditure and Income | - | - | 297,632 | - | 297,632 |
| Total Comprehensive Income & Expenditure | (47,209) | (47,209) | 297,632 | - | 250,423 |
| Adjustments between Accounting Basis & Funding Basis under Regulations (Note3) | 47,209 | 47,209 | (46,912) | (297) | - |
| Net Increase / Decrease before Transfers to Earmarked Reserves | - | - | 250,720 | (297) | 250,423 |
| Transfers to / from Earmarked Reserves | - | - | - | - | - |
| Increase / Decrease in Year | - | - | 250,720 | (297) | 250,423 |
| Balance at 31 March 2016 | - | - | (1,716,645) | (3,901) | (1,720,546) |

| | General Fund Balance £'000 | Total Usable Reserves £'000 | Pensions Reserve £'000 | Accumulated Absences Adjustment Account £'000 | Total Reserves £'000 |
|---|----------------------------------|--------------------------------------|------------------------------|---|----------------------------|
| Balance at 31 March 2014 | - | - | (1,703,350) | (3,689) | (1,707,039) |
| Surplus or (Deficit) on Provision of Services (accounting basis) | (58,678) | (58,678) | - | - | (58,678) |
| Other Comprehensive Expenditure and Income | - | - | (205,252) | - | (205,252) |
| Total Comprehensive Income & Expenditure | (58,678) | (58,678) | (205,252) | - | (263,930) |
| Adjustments between Accounting Basis & Funding Basis under Regulations (Note 3) | 58,678 | 58,678 | (58,763) | 85 | - |
| Net Increase / Decrease before Transfers to Earmarked Reserves | - | - | (264,015) | 85 | (263,930) |
| Transfers to / from Earmarked Reserves | - | - | - | - | - |
| Increase / Decrease in Year | - | - | (264,015) | 85 | (263,930) |
| Balance at 31 March 2015 | - | - | (1,967,365) | (3,604) | (1,970,969) |

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.

| 2014-15 £'000 | | | Year ended 31 March 2016 | | |
|------------------|--|----------------|--------------------------|-----------------|------------------|
| | | Note | £'000 Expenditure | £'000 Income | £'000 Net |
| 76,517 | Local Policing | | 83,107 | - | 83,107 |
| 20,539 | Dealing with the Public | | 20,917 | - | 20,917 |
| 14,998 | Criminal Justice Arrangements | | 13,525 | - | 13,525 |
| 12,095 | Road Policing | | 12,182 | - | 12,182 |
| 12,300 | Operations Support | | 13,103 | - | 13,103 |
| 11,596 | Intelligence | | 9,663 | - | 9,663 |
| 45,940 | Investigation | | 39,342 | - | 39,342 |
| 8,356 | Investigative Support | | 7,834 | - | 7,834 |
| 5,916 | National Policing | | 6,354 | - | 6,354 |
| 208,257 | Financial Resources Consumed | | 206,027 | - | 206,027 |
| 117 | The Corporate and Democratic Core | | 182 | - | 182 |
| 73 | Non Distributed Cost | | 278 | (512) | (234) |
| 208,447 | Total financial resources of the PCC consumed at the request of the Chief Constable | 1, 2, 4 | 206,487 | (512) | 205,975 |
| (224,316) | Intra - Group Adjustment | 2 | (223,877) | 512 | (223,365) |
| (15,869) | Net Cost of Policing Services | 2 | (17,390) | - | (17,390) |
| - | Other Operating Expenditure | | - | - | - |
| 74,547 | Financing and Investment Income and Expenditure | 6 | 70,543 | (5,944) | 64,599 |
| 58,678 | (Surplus) or Deficit on Provision of Services | | | | 47,209 |
| 205,252 | Remeasurements of the net defined benefit liability | 23 | | | (297,632) |
| 205,252 | Other Comprehensive Income and Expenditure (Surplus)/Deficit | | | | (297,632) |
| 263,930 | Total Comprehensive Income and Expenditure (Surplus)/Deficit | | | | (250,423) |

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'.

| 31-Mar-15 £'000 | Note | 31-Mar-16 £'000 |
|---------------------------|----------------------------------|---------------------------|
| - | Property, Plant & Equipment | - |
| - | Intangible Assets | - |
| - | Long Term Debtors | - |
| - | Long Term Assets | - |
| - | Assets Held for Sale | - |
| - | Inventories | - |
| - | Short Term Investments | - |
| 3,624 | Short Term Debtors | 3,751 |
| - | Cash and Cash Equivalents | - |
| 3,624 | Current Assets | 3,751 |
| - | Bank Overdraft | - |
| 7,228 | Short Term Creditors | 7,652 |
| - | Short Term Borrowing | - |
| - | Provisions | - |
| 7,228 | Current Liabilities | 7,652 |
| - | Long Term Borrowing | - |
| 1,967,365 | Other Long Term Liabilities | 1,716,645 |
| 1,967,365 | Long Term Liabilities | 1,716,645 |
| <u>(1,970,969)</u> | Net Assets/ (Liabilities) | <u>(1,720,546)</u> |
| - | Usable Reserves | - |
| (1,970,969) | Unusable Reserves | (1,720,546) |
| <u>(1,970,969)</u> | Total Reserves | <u>(1,720,546)</u> |

CASH FLOW STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

| 31-Mar-15 £'000 | | Note | 31-Mar-16 £'000 |
|--------------------|---|------|--------------------|
| 58,678 | Net (Surplus) or Deficit on the Provision of Services | | 47,209 |
| (58,678) | Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements | 24 | (47,209) |
| - | Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | | - |
| - | Net Cash Flows from Operating Activities | | - |
| - | Investing Activities | | - |
| - | Financing Activities | | - |
| - | Net (Increase) or Decrease in Cash and Cash Equivalents | | - |
| - | Cash and Cash Equivalents at the Beginning of the Reporting Period | | - |
| - | Cash and Cash Equivalents at the End of the Reporting Period | | - |

STATEMENT OF ACCOUNTING POLICIES FOR THE CHIEF CONSTABLE OF HUMBERSIDE

1. **Accounting Policies**

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority accounts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounts permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Chief Constable for the purpose of presenting fairly the position of the Chief Constable has been selected. The particular policies adopted by the Chief Constable are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

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

1.1 **Accounting convention**

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

1.2 **Acquisitions and discontinued operations**

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

1.3 **Going Concern**

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

1.4 **Critical Judgements In Applying Accounting 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 2016 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 £392k increase/decrease in the cost.

Pensions Liability and Reserve – (See paragraph 1.6 and note 18)

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 for Police Officers and one for Police staff. All of the schemes provide members with defined benefits related to pay and service.

Police Officers

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

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

Police Staff

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

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

1.7 Reserves

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

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

1.8 Jointly Controlled Operations

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

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

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

The following new or amended standards have been issued by the IASB. They will not be incorporated into the Code until 2016/2017:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010-2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Changes to the Pension Fund Account and the Net Assets Statement.

None of the above amendments are expected to have any material impact on future financial statements of the Chief Constable. However, in 2016/17 the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will need to reflect the new formats and reporting requirements.

1.10 Accounting standards issued that have been adopted early

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

1.11 Exceptional items

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

1.12 Prior period adjustments

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

1.13 Events after the balance sheet date

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

Two types of event can be identified as:

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

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

1.14 Value Added Tax (VAT)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The tables below show the movement through the intra-group accounts within the respective Balance Sheets during 2015-16 and 2014-15 and show that there are no outstanding intra-group balances at the year end dates, other than resulting from year end accounting adjustments in respect of payroll balances.

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

| | PCC £'000 | Chief Constable £'000 | PCC Group £'000 |
|--|--------------|-----------------------------|--------------------|
| Intra - Group movements 2015- 2016: | | | |
| Opening balance as at 1 April 2015 | (3,593) | 3,593 | - |
| PCC resources consumed at the request of the Chief Constable | 205,975 | (205,975) | - |
| PCC intra - group adjustment (resource funding) | (205,975) | 205,975 | - |
| | (3,593) | 3,593 | - |
| Year end adjustments: | | | |
| Accumulated absences movement | (297) | 297 | - |
| Pensions actuarial adjustments | 17,687 | (17,687) | - |
| PCC intra - group adjustment | (17,390) | 17,390 | - |
| Payroll creditors and debtors movement | (131) | 131 | - |
| Closing balance as at 31 March 2016 | (3,724) | 3,724 | - |
| Intra - Group movements 2014- 2015: | | | |
| Opening balance as at 1 April 2014 | (3,728) | 3,728 | - |
| PCC resources consumed at the request of the Chief Constable | 208,447 | (208,447) | - |
| PCC intra - group adjustment (resource funding) | (208,447) | 208,447 | - |
| | (3,728) | 3,728 | - |
| Year end adjustments: | | | |
| Accumulated absences movement | 85 | (85) | - |
| Pensions actuarial adjustments | 15,784 | (15,784) | - |
| PCC intra - group adjustment | (15,869) | 15,869 | - |
| Payroll creditors and debtors movement | 135 | (135) | - |
| Closing balance as at 31 March 2015 | (3,593) | 3,593 | - |

The financial consequences of PCC resources consumed at the request of the Chief Constable in pursuance of the Chief Constable's operational responsibilities are shown in the Comprehensive Income and Expenditure Statement. This shows the net cost of policing for the Chief Constable and the financial consequences recognised are offset by an intra-group adjustment to reflect the payment of the PCC resources consumed at the request of

the Chief Constable to give a nil position on the Comprehensive Income and Expenditure Statement, apart from the year end adjustments for pensions actuarial adjustments and accumulated absences. In contrast, the PCC "Net Cost of Services" includes the intra-group adjustment ("Funding of Resources at the request of the Chief Constable") in addition to the cost of administering the PCC itself to show the overall net cost of policing Humberside.

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.

| 2014-15 | | 2015-16 |
|------------------|--|------------------|
| £'000 | | £'000 |
| | Financial resources of PCC consumed at the request of the Chief Constable | |
| | <u>Employees</u> | |
| 138,467 | Pay and Other Employment Costs | 135,320 |
| 30,320 | Police Pensions Current Service Cost | 29,950 |
| 168,787 | | 165,270 |
| | <u>Running Expenses</u> | |
| 6,521 | Premises | 6,688 |
| 4,376 | Transport | 4,784 |
| 23,021 | Supplies and Services | 23,585 |
| - | Agency Services | 40 |
| 47 | Special Constables | 54 |
| 5,622 | Capital charges | 5,788 |
| 73 | Non Distributable Cost | (234) |
| 39,660 | | 40,705 |
| 208,447 | Total financial resources of PCC consumed at the request of the Chief Constable | 205,975 |
| (224,316) | Intra - Group adjustments * | (223,365) |
| (15,869) | Net Cost of Policing Services | (17,390) |

* 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> | 2014-15 £'000 | 2015-16 £'000 |
|--|---------------------|---------------------|
| Employee benefits | 85 | (297) |
| Net Charges Made for Retirement Benefits in Accordance with IAS 19 | <u>(113,379)</u> | <u>(103,460)</u> |
| | <u>(113,294)</u> | <u>(103,757)</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 | 24,485 | 17,142 |
| Additional Contribution to the Pension Fund to balance the deficit on the Fund Account | <u>30,131</u> | <u>39,406</u> |
| | <u>54,616</u> | <u>56,548</u> |
| <u>Net Adjustments between Accounting Basis and Funding Basis under Regulations.</u> | (58,678) | (47,209) |
| <u>Net Additional Amount Required to be (Credited) /Charged to the General Fund Balance for the Year</u> | <u>(58,678)</u> | <u>(47,209)</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 functions. 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 functions recorded in the budget reports for the year is as follows:

| 2014-15 | | 2015-16 |
|-----------------|-----------------------------------|----------------|
| £'000 | | £'000 |
| Restated | | |
| 69,827 | Communities Command | 55,285 |
| 32,853 | Enabling Services | 31,505 |
| 14,488 | Command Hub | 17,521 |
| 16,178 | Specialist Command | 16,014 |
| 13,161 | Specialist Operations (Uniformed) | 11,637 |
| 7,763 | Protecting Vulnerable People | 9,524 |
| 6,673 | Criminal Justice | 6,974 |
| 7,374 | Regional Collaboration | 6,125 |
| <u>168,317</u> | | <u>154,585</u> |

The 2014-15 figures above have been restated to be comparable with the Command structure operated during 2015-16.

Budget reports analyse categories of expenditure at a total level for the Humberside Force as a whole and not at an operating function 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)

| 2014-15 | | 2015-16 |
|---|--|----------------|
| £'000 | | £'000 |
| Restated | | |
| 168,317 | Net expenditure of principal operating functions | 154,585 |
| 5,865 | Net expenditure of other operating functions | 9,785 |
| 174,182 | Net expenditure as reported to management | 164,370 |
| Amounts included in Summary Spending Details not reported to management: | | |
| 4,578 | Depreciation | 4,459 |
| 1,045 | Impairments | 1,309 |
| 14,649 | Retirement benefits (IAS 19) | 23,289 |
| 896 | Redundancy provision | (7) |
| - | Share of Joint Operations | (377) |
| 179 | Other items | 420 |
| 21,347 | | 29,093 |
| Amounts not included in Summary Spending Details but reported to management: | | |
| 17,243 | Income | 16,252 |
| 3,053 | Transfers from reserves to revenue | - |
| (4,245) | Transfers from revenue to reserves | 42 |
| (2,251) | Minimum Revenue Provision | (2,605) |
| (1,083) | Interest payable | (1,123) |
| 201 | Other | (54) |
| 12,918 | | 12,512 |
| 208,447 | Total Financial Resources of the PCC consumed at the request of the Chief Constable per Summary Spending Details | 205,975 |

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 four pension schemes as described in the Statement of Accounting Policies. Further details of the Police Pension Schemes can be found in the Police Pension Fund Accounts. Details of actuarial valuations of all four pension schemes can be found in these financial statements.

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

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

| | Local Government Pension Scheme | | Police Pension Schemes | |
|---|--|---------------|-------------------------------|----------------|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Comprehensive Income and Expenditure Statement | | | | |
| Net Cost of Service | | | | |
| Current Service Cost (Gross) | 9,267 | 8,956 | 29,950 | 30,320 |
| Non Distributed Costs | (374) | 73 | 140 | - |
| | <u>8,893</u> | <u>9,029</u> | <u>30,090</u> | <u>30,320</u> |
| Net Operating Expenditure | | | | |
| Interest Cost | 8,554 | 8,995 | 61,990 | 72,380 |
| Interest Income | (5,944) | (6,828) | - | - |
| | <u>2,610</u> | <u>2,167</u> | <u>61,990</u> | <u>72,380</u> |
| Net Charge to the Comprehensive Income and Expenditure Statement | <u>11,503</u> | <u>11,196</u> | <u>92,080</u> | <u>102,700</u> |
| Statement of Movement in the General Fund Balance | | | | |
| Reversal of Net Charges made for Retirement Benefits in Accordance with IAS 19 | (11,503) | (11,196) | (92,080) | (102,700) |
| Actual amount charged against the General Fund Balance for Pensions in the Year: | | | | |
| Employer's Contributions Payable to Scheme | <u>7,183</u> | <u>8,198</u> | <u>12,530</u> | <u>14,895</u> |
| Retirement Benefits Payable to Pensioners (Gross) | <u>-</u> | <u>-</u> | <u>850</u> | <u>680</u> |

6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| 2014-15 £'000 | 2015-16 £'000 |
|--|----------------------|
| <u>74,547</u> Pensions interest cost net of interest on pension assets | <u>64,599</u> |
| <u><u>74,547</u></u> | <u><u>64,599</u></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:

| 2014-15 | | 2015-16 | | |
|------------|------------------------|----------------------------|--------------------------|---------------|
| No.s | Remuneration band £ | Police Officers No.s | Support Staff No.s | Total No.s |
| 122 | 50,000 - 54,999 | 116 | - | 116 |
| 60 | 55,000 - 59,999 | 84 | - | 84 |
| 13 | 60,000 - 64,999 | 9 | - | 9 |
| 9 | 65,000 - 69,999 | 10 | 2 | 12 |
| 4 | 70,000 - 74,999 | 6 | 2 | 8 |
| 3 | 75,000 - 79,999 | 2 | - | 2 |
| 6 | 80,000 - 84,999 | 5 | - | 5 |
| 1 | 85,000 - 89,999 | 3 | 1 | 4 |
| 1 | 90,000 - 94,999 | 1 | - | 1 |
| - | 95,000 - 99,999 | - | - | - |
| - | 100,000 - 104,999 | - | - | - |
| - | 105,000 - 109,999 | - | - | - |
| 1 | 110,000 - 114,999 | - | - | - |
| 2 | 115,000 - 119,999 | 1 | - | 1 |
| 1 | 120,000 - 124,999 | - | 1 | 1 |
| - | 125,000 - 129,999 | - | 1 | 1 |
| - | 130,000 - 134,999 | - | - | - |
| - | 135,000 - 139,999 | - | - | - |
| - | 140,000 - 144,999 | - | - | - |
| - | 145,000 - 149,999 | - | - | - |
| - | 150,000 - 154,999 | 1 | - | 1 |
| 1 | 155,000 - 159,999 | - | - | - |
| 224 | | 238 | 7 | 245 |

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:

| 2015-16 | | | | |
|-----------------------------|-------------------------------------|-------------------------------------|--|---|
| 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 | 5 | 7 | 12 | 112 |
| 20,001 - 40,000 | 1 | 5 | 6 | 166 |
| 40,001 - 60,000 | 1 | 1 | 2 | 90 |
| | 7 | 13 | 20 | 368 |

2014-15

| 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 | 7 | 120 | 127 | 1,202 |
| 20,001 - 40,000 | 1 | 23 | 24 | 639 |
| | <u>8</u> | <u>143</u> | <u>151</u> | <u>1,841</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 | 2015- 2016 | | | | | | | |
|--|--------------------------------------|------------------|------------------|--------------------|--|-----------------------|--|------------|
| | Salary (Including Fees & Allowances) | Benefits in Kind | Other Emoluments | Compensatory Grant | Total Remuneration excluding Pension Contributions | Pension Contributions | Total Remuneration including Pension Contributions | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| <u>Chief Constable</u> | <u>Note</u> | | | | | | | |
| Chief Constable | | 146 | 4 | - | 2 | 152 | 34 | 186 |
| Deputy Chief Constable | 1 | 36 | - | - | - | 36 | 9 | 45 |
| Deputy Chief Constable | 2 | 98 | 6 | 13 | - | 117 | 24 | 141 |
| Assistant Chief Constable Operations | 3 | 34 | 1 | - | - | 35 | - | 35 |
| Assistant Chief Constable Operations | 4 | 84 | 6 | - | - | 90 | 19 | 109 |
| Assistant Chief Constable Communities | 5 | 92 | 2 | - | - | 94 | 21 | 115 |
| Temporary Assistant Chief Constable Operations | 6 | 14 | - | - | - | 14 | 2 | 16 |
| Assistant Chief Officer Human Resources | | 119 | 8 | - | - | 127 | 26 | 153 |
| Assistant Chief Officer Support | | 109 | 13 | - | - | 122 | 23 | 145 |
| | | <u>732</u> | <u>40</u> | <u>13</u> | <u>2</u> | <u>787</u> | <u>158</u> | <u>945</u> |

Note:

- 1 Deputy Chief Constable to 21 July 2015
- 2 Deputy Chief Constable from 1 June 2015
- 3 Assistant Chief Constable Operations to 19 July 2015
- 4 Assistant Chief Constable Operations from 1 June 2015
- 5 Assistant Chief Constable Communities from 5 May 2015
- 6 Temporary Assistant Chief Constable Operations to 10 May 2015

| Post Holder | 2014- 2015 | | | | | | |
|--|---|---------------------|---------------------|-----------------------|--|--------------------------|--|
| | Salary (Including Fees & Allowances) | Benefits in kind | Other Emoluments | Compensatory Grant | Total Remuneration excluding Pension Contributions | Pension Contributions | Total Remuneration including Pension Contributions |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Chief Constable</u> | | | | | | | |
| Chief Constable | 144 | 3 | 10 | 1 | 158 | 34 | 192 |
| Deputy Chief Constable | 118 | 2 | - | - | 120 | 28 | 148 |
| Assistant Chief Constable Operations Support | 111 | 5 | - | - | 116 | - | 116 |
| Assistant Chief Constable Operations | 82 | 1 | - | - | 83 | 19 | 102 |
| Temporary Assistant Chief Constable Operations | 46 | 3 | - | - | 49 | 10 | 59 |
| Assistant Chief Officer Human Resources | 117 | 6 | - | - | 123 | 26 | 149 |
| Assistant Chief Officer Support | 107 | 4 | - | - | 111 | 23 | 134 |
| | 725 | 24 | 10 | 1 | 760 | 140 | 900 |

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 2015-16 amount to £80.6k (2014-15 £78.4k), including Employer's National Insurance of £7.1k (2014-15 £7.0k).

No bonuses or compensation for loss of office were paid to Senior Officers during 2015/16 or 2014/15.

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 National Police Chiefs Council (NPCC) which is an independent professional body of chief police officers and senior staff equivalents.

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

Two Senior Officers of Humberside Police are also Directors of Emergency Services Fleet Management (Humberside) Ltd – Chief Superintendent Lauren Poultney and Assistant Chief Officer Support Philip Goatley. Emergency Services Fleet Management (Humberside) Ltd is a joint operation that provides vehicle maintenance services to Humberside Police and Humberside Fire Authority. The company commenced trading on 1 April 2015 and supplied services to Humberside Police with a value of £1,899,925 during 2015-16. Details of Humberside Police's share of income, expenditure, assets and liabilities of this joint operation are disclosed in note 11 to the financial statements.

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

10. EXTERNAL AUDIT FEES

The external audit fee payable to KPMG LLP for 2015-16 for the Chief Constable is £15k (2014-15 £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 dependent upon an assessment of the benefit to be derived from each specific project or initiative.

Lead Force collaboration arrangements

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

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

Memorandum accounts for marine services for the year ended 31 March 2016 are as follows:

| 2014-15 £'000 | | 2015-16 | |
|------------------|----------------------------|---------|------------|
| | | £'000 | £'000 |
| | <u>Expenditure</u> | | |
| 543 | Staff Costs | 574 | |
| 43 | Property Related Expenses | 43 | |
| 136 | Supplies and Services | 31 | |
| 48 | Transport Related Expenses | 75 | |
| <u>770</u> | | | 723 |
| | <u>Income</u> | | |
| 15 | Fees & Charges * | 16 | |
| 751 | Contributions | 707 | |
| 4 | Other income | - | |
| <u>770</u> | | | <u>723</u> |
| <u>-</u> | Surplus in year | | <u>-</u> |

| <u>Contributions</u> | | | |
|----------------------|---------------------------------|------------|--|
| 56 | 2013-14 Surplus brought forward | - | |
| 183 | West Yorkshire | 194 | |
| 121 | South Yorkshire | 119 | |
| 36 | North Yorkshire | 82 | |
| 355 | Humberside | 312 | |
| <u>751</u> | | <u>707</u> | |

* Made up of charges not included in Contributions to:

| | | |
|-----------|-----------------------------|-----------|
| - | State of Jersey Police | 14 |
| 9 | Metropolitan Police Service | - |
| 4 | West Yorkshire | - |
| 2 | South Yorkshire | - |
| - | Other | 2 |
| <u>15</u> | | <u>16</u> |

The PCC for Humberside has made contributions during the year ended 31 March 2016 to other Lead Forces as follows:

| Lead Force | Functional area | Contributions made | |
|--------------------------|-----------------------------|--------------------|------------------|
| | | 2014-15 £'000 | 2015-16 £'000 |
| OPCC for South Yorkshire | Procurement and stores | 289 | 398 |
| | Firearms | 24 | 25 |
| OPCC for West Yorkshire | Serious and Organised Crime | 925 | 580 |
| | Scientific Support | 4,619 | 4,162 |
| | Confidential Unit | - | 108 |
| | Prison Liaison | - | 105 |

Other Regional Collaboration arrangements

The PCC for Humberside collaborates in a two force partnership with the OPCC for South Yorkshire (OPCCSY) on the provision of Human Resources and Training Services and Information Technology and Information Services. The summary position for each of these joint operations is outlined below:

Human Resources and Training

| 2014-15 £'000 | | 2015-16 | |
|------------------|----------------------------|---------|---------------|
| | | £'000 | £'000 |
| | <u>Expenditure</u> | | |
| 9,549 | Staff Costs | 9,602 | |
| 3 | Property Related Expenses | 2 | |
| 369 | Supplies and Services | 471 | |
| 391 | Transport Related Expenses | 365 | |
| 9 | Third Party Costs | - | |
| <u>10,321</u> | | | <u>10,440</u> |
| | <u>Income</u> | | |
| 10,202 | Contributions | 10,340 | |
| 119 | Other Income | 100 | |
| <u>10,321</u> | | | <u>10,440</u> |
| <u>-</u> | Deficit/(Surplus) in year | | <u>-</u> |
| | <u>Contributions</u> | | |
| 4,228 | Humberside Police | | 4,253 |
| 5,974 | South Yorkshire | | 6,087 |
| <u>10,202</u> | | | <u>10,340</u> |

Information and Communication Technology

| 2014-15 £'000 | | 2015-16 | |
|------------------|----------------------------|---------|--------------|
| | | £'000 | £'000 |
| | <u>Expenditure</u> | | |
| 4,312 | Staff Costs | 4,447 | |
| - | Premises Related Expenses | 5 | |
| 972 | Supplies and Services | 2,411 | |
| 149 | Transport Related Expenses | 174 | |
| 2 | Third Party Costs | - | |
| <u>5,435</u> | | | 7,037 |
| | <u>Income</u> | | |
| 5,301 | Contributions | 6,703 | |
| 134 | Grant income | 333 | |
| - | Other income | 1 | |
| <u>5,435</u> | | | <u>7,037</u> |
| <u>-</u> | Deficit/(Surplus) in year | | <u>-</u> |
| | <u>Contributions</u> | | |
| 2,203 | Humberside Police | | 2,973 |
| <u>3,098</u> | South Yorkshire | | <u>3,730</u> |
| <u>5,301</u> | | | <u>6,703</u> |

Humberside Police and Humberside Fire Authority collaborate on a joint operation in respect of their emergency vehicle maintenance requirements, which are delivered by Emergency Services Fleet Management (Humberside) Ltd, a company limited by guarantee which was established for that purpose. The company commenced trading on 1 April 2015. Humberside Police retain joint control of this company with Humberside Fire Authority. The amounts included in the PCC Group financial statements for 2015-16 in respect of this joint operation are as follows:

| | 50% share £'000 |
|---|----------------------------|
| Comprehensive Income and Expenditure Statement | |
| Income | (13) |
| Pay and employment costs | 690 |
| Premises | 100 |
| Transport | 671 |
| Supplies and Services | 68 |
| Capital charges | 20 |
| Net Cost | <u>1,536</u> |
| Balance Sheet | |
| Property, Plant & Equipment | 194 |
| Inventories | 57 |
| Short Term Debtors | 14 |
| Cash and Cash Equivalents | 223 |
| Short Term Creditors | (111) |
| Net Assets | <u>377</u> |

12. PREPAYMENTS AND DEBTORS/ACCRUALS

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------------|------------------------------------|--------------------------|
| 3,593 | Other Police and Local Authorities | 3,724 |
| 31 | Other | 27 |
| <u>3,624</u> | | <u>3,751</u> |

13. SHORT TERM DEBTORS

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------------|--------------------|--------------------------|
| 3,624 | Debtors & Accruals | 3,751 |
| <u>3,624</u> | | <u>3,751</u> |

14. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------------|------------------------|--------------------------|
| 2,861 | Government Departments | 3,020 |
| 4,367 | Other | 4,632 |
| <u>7,228</u> | | <u>7,652</u> |

15. SHORT TERM CREDITORS

| 2014-15 £'000 | | 2015-16 £'000 |
|------------------|----------------------|------------------|
| 7,228 | Creditors & Accruals | 7,652 |
| <u>7,228</u> | | <u>7,652</u> |

16. UNUSABLE RESERVES

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------|---|--------------------|
| (1,967,365) | Pensions Reserve | (1,716,645) |
| <u>(3,604)</u> | Accumulated Absences Adjustment Account | <u>(3,901)</u> |
| <u>(1,970,969)</u> | Total Unusable Reserves | <u>(1,720,546)</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. CONTINGENT LIABILITIES

The Chief Constable of Humberside, along with other Chief Constables and the Home Office, currently has claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Regulations 2015. The Tribunal is unlikely to consider the substance of claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015-16 financial statements.

Emergency Services Fleet Management (Humberside) Ltd - Pension liability

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

18. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits of the Chief Constable at 31 March 2016 and 31 March 2015 are as follows:

| | Local Government Pension Scheme | | Police Pension Schemes | | Totals | |
|-------------------------------------|---------------------------------|------------------------|------------------------|------------------------|--------------------------------|--------------------------------|
| | 31 March 2016 £'000 | 31 March 2015 £'000 | 31 March 2016 £'000 | 31 March 2015 £'000 | 31 March 2016 £'000 | 31 March 2015 £'000 |
| Estimated Liabilities in the Scheme | (240,411) | (265,685) | (1,667,758) | (1,888,813) | (1,908,169) | (2,154,498) |
| Estimated Assets in the Scheme | 190,161 | 185,072 | - | - | 190,161 | 185,072 |
| Net Asset/(Liability) | (50,250) | (80,613) | (1,667,758) | (1,888,813) | (1,718,008) | (1,969,426) |
| | | | | | 31 March 2016 £'000 | 31 March 2015 £'000 |
| Allocation of Net Asset/(Liability) | | | | | | |
| PCC | | | | | (1,363) | (2,061) |
| Chief Constable | | | | | (1,716,645) | (1,967,365) |
| | | | | | <u>(1,718,008)</u> | <u>(1,969,426)</u> |

The liabilities show the Chief Constable's long term commitments to pay retirement benefits. The total liability of £1,717m has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1,721m. 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.

19. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

| | Unfunded Liabilities: Police Pension Schemes | | Funded Liabilities: Local Government Pension Scheme | |
|--|--|--------------------|---|------------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| | £'000 | £'000 | £'000 | £'000 |
| 1st April | (1,888,813) | (1,652,811) | (265,685) | (210,764) |
| Current service cost | (29,950) | (30,320) | (9,525) | (9,191) |
| Past service costs (including curtailments) | (140) | - | (145) | (75) |
| Effect of settlements | - | - | 3,374 | - |
| Interest cost | (61,990) | (72,380) | (8,792) | (9,231) |
| Contributions by scheme participants | (7,880) | (7,730) | (2,118) | (2,471) |
| Benefits paid | 57,245 | 54,148 | 3,699 | 3,549 |
| Remeasurements: | | | | |
| Gains and losses from changes in assumptions | 189,180 | (213,500) | 36,721 | (38,803) |
| Experience gains and losses | 74,590 | 33,780 | 2,060 | 1,301 |
| 31st March | <u>(1,667,758)</u> | <u>(1,888,813)</u> | <u>(240,411)</u> | <u>(265,685)</u> |

The expected contributions to the ERYC Fund for 2016/17 are £7.067m (2015/16 was £7.092m). The expected contributions to the Police Pension Fund for 2016/17 are £12.148m (2015/16 was £12.606m).

20. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

| | Local Government Pension Scheme | |
|---|---------------------------------|----------------|
| | 2015-16 | 2014-15 |
| | £'000 | £'000 |
| 1st April | 185,072 | 159,430 |
| Interest income on Plan assets | 6,110 | 7,007 |
| Employer contributions | 7,383 | 8,413 |
| Contributions by scheme participants | 2,118 | 2,471 |
| Benefits paid | (3,699) | (3,549) |
| Effect of settlements | (2,848) | - |
| Remeasurements: | | |
| Return on assets excluding net interest | (3,975) | 11,300 |
| 31st March | <u>190,161</u> | <u>185,072</u> |

21. 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 | |
|---|---------------------------------|---------|------------------------|---------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| | % | % | % | % |
| Rate of Inflation | 2.20 | 2.50 | 2.20 | 2.20 |
| Rate of Increases in Salaries | | | | |
| Long term | 3.70 | 3.90 | 4.20 | 4.20 |
| Short term | N/A | N/A | 1.00 | N/A |
| Rate of Increase for Pensions | 2.20 | 2.50 | 2.20 | 2.20 |
| Rate for Discounting Scheme Liabilities | 3.60 | 3.30 | 3.55 | 3.30 |
| 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:

| 2015-16 | Local Government Pension Scheme | | Police Pension Schemes | |
|--|---------------------------------|--------|------------------------|---------|
| | % | £'000 | % | £'000 |
| Change in assumption: | | | | |
| 0.5% increase in salaries increase rate | 5.0 | 12,060 | 1.0 | 15,800 |
| 0.5% increase in pensions increase rate | 8.0 | 19,538 | 8.6 | 141,500 |
| 0.5% decrease in discounting of liabilities rate | 13.0 | 32,210 | 10.8 | 176,800 |
| 1 year increase in member life expectancy rate | 3.0 | 7,212 | 2.4 | 39,000 |

| 2014-15 | Local Government Pension Scheme | | Police Pension Schemes | |
|--|---------------------------------|--------|------------------------|---------|
| | % | £'000 | % | £'000 |
| Change in assumption: | | | | |
| 0.5% increase in salaries increase rate | 6.0 | 15,034 | 1.7 | 31,700 |
| 0.5% increase in pensions increase rate | 7.0 | 19,410 | 9.3 | 172,300 |
| 0.5% decrease in discounting of liabilities rate | 13.0 | 35,447 | 11.6 | 215,700 |
| 1 year increase in member life expectancy rate | 3.0 | 7,971 | 2.5 | 46,700 |

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

The weighted average duration of the scheme liabilities are:

| | Local Government Pension Scheme | Police Pension Schemes | | |
|---------|---------------------------------|------------------------|-------------------|-------------------|
| | Years | 1987 Scheme Years | 2006 Scheme Years | 2015 Scheme Years |
| 2015-16 | 23.6 | 21.0 | 34.0 | 36.0 |
| 2014-15 | 23.6 | 22.0 | 33.0 | N/A |

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

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

| Asset quoted prices: | 2015-16 | | 2014-15 | |
|---------------------------|---------|---------|---------|---------|
| | % | £'000 | % | £'000 |
| Equity securities | 43.7 | 83,129 | 39.6 | 73,203 |
| Debt securities | 10.0 | 18,950 | 10.0 | 18,589 |
| Private equity | 5.0 | 9,590 | 5.4 | 9,933 |
| Real estate | 11.8 | 22,425 | 8.5 | 15,775 |
| Investment funds | 26.7 | 50,731 | 33.3 | 61,594 |
| Cash and cash equivalents | 2.8 | 5,336 | 3.2 | 5,978 |
| Total | | 190,161 | | 185,072 |
| In active markets | 80.8 | 153,726 | 84.6 | 156,595 |
| Not in active markets | 19.2 | 36,435 | 15.4 | 28,477 |
| Total | | 190,161 | | 185,072 |

22. ASSUMED MORTALITY RATES

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

Police Pension Fund

2015-16

| 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 | 23.1 | 25.1 | 65 | 25.1 | 27.2 |

2014-15

| 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 | 23.3 | 25.7 | 65 | 25.4 | 27.9 |

East Riding of Yorkshire Pension Fund

2015-16

| 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 |

2014-15

| 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 |

23. REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY

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

Local Government Pension Scheme

| | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|---|----------------|---------------|-----------------|---------------|--------------|-------------|-----------------|---------------|---------------|--------------|
| | £'000 | % | £'000 | % | £'000 | % | £'000 | % | £'000 | % |
| Return on assets, excluding net interest* (* Differences between expected and actual returns for years prior to 2012-13) | (5,780) | (5.01) | 11,053 | 7.94 | 6,491 | 4.07 | 11,300 | 6.11 | (3,975) | (2.09) |
| Difference between actuarial assumptions about liabilities and actual experience | (956) | (0.63) | 86 | 0.04 | (6,019) | (2.86) | 1,301 | 0.49 | 2,060 | 0.86 |
| Changes in the demographic and financial assumptions used to estimate liabilities | (2,816) | (1.85) | (25,579) | (13.26) | 6,057 | 2.87 | (38,803) | (14.60) | 36,721 | 15.27 |
| Total IAS19 remeasurements | (9,552) | (6.26) | (14,440) | (7.49) | 6,529 | 3.10 | (26,202) | (9.86) | 34,806 | 14.04 |

Police Pension Schemes

| | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|---|---------------|-------------|------------------|----------------|---------------|-------------|------------------|----------------|----------------|--------------|
| | £'000 | % | £'000 | % | £'000 | % | £'000 | % | £'000 | % |
| Difference between actuarial assumptions about liabilities and actual experience | 55,490 | 4.02 | 46,100 | 2.84 | 28,790 | 1.79 | 30,420 | 1.63 | 71,990 | 4.38 |
| Changes in the demographic and financial assumptions used to estimate liabilities | (31,070) | (2.25) | (232,630) | (14.36) | 48,530 | 3.02 | (230,230) | (12.37) | 186,280 | 11.32 |
| Total IAS19 remeasurements | 24,420 | 1.77 | (186,530) | (11.52) | 77,320 | 4.81 | (199,810) | (10.74) | 258,270 | 15.70 |

Police Pension Injury Awards

| | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|---|----------------|---------------|------------------|----------------|---------------|--------------|------------------|--------------|----------------|--------------|
| | £'000 | % | £'000 | % | £'000 | % | £'000 | % | £'000 | % |
| Difference between actuarial assumptions about liabilities and actual experience | 1,110 | 2.50 | 280 | 0.54 | 7,150 | 15.69 | 3,360 | 12.32 | 2,600 | 11.19 |
| Changes in the demographic and financial assumptions used to estimate liabilities | (4,400) | (9.90) | (5,670) | (10.90) | 1,260 | 2.76 | 16,730 | 61.35 | 2,900 | 12.48 |
| Total IAS19 remeasurements | (3,290) | (7.40) | (5,390) | (10.37) | 8,410 | 18.45 | 20,090 | 73.67 | 5,500 | 23.67 |
| Total IAS19 remeasurements | 11,578 | | (206,360) | | 92,259 | | (205,922) | | 298,576 | |

Allocation of IAS19 remeasurements:

| | 2014-15 | 2015-16 |
|-----------------------------------|------------------|----------------|
| | £'000 | £'000 |
| PCC | (670) | 944 |
| Chief Constable | (205,252) | 297,632 |
| Total IAS19 remeasurements | (205,922) | 298,576 |

24. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON CASH MOVEMENTS

| 2014-15 | | 2015-16 |
|-----------------|--|-----------------|
| £'000 | | £'000 |
| (58,763) | Notional Pension Costs (in excess of) / less than actual pensions paid | (46,912) |
| 85 | Accumulated absences movement | (297) |
| <u>(58,678)</u> | | <u>(47,209)</u> |

25. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue on 29 September 2016. The Chief Constable has reviewed events occurring between 31 March and 29 September 2016, and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

POLICE PENSION FUND ACCOUNTS

The Code of Practice on Local Authority Accounting sets out the accounting treatment for the Police Pension Fund Accounts in the financial year 2015-16.

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

TRANSACTIONS RELATING TO RETIREMENT BENEFITS

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

The PCC Group participates in the following pension schemes:

- The Police Pension Schemes for police officers – three schemes are provided for police officers, the 1987 Scheme with officers' contributions for 2015-16 in a range of 14.25 to 15.05% (2014-15 14.25 to 15.05%), the 2006 scheme has officers' contributions in a range 11.00 to 12.75% (2014-15 11.00 to 12.75%) and the 2015 scheme introduced from 1 April 2015, which has officers' contributions in a range of 12.44 to 13.78%. All schemes are unfunded schemes, i.e. no investment assets are built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.
- The Local Government Pension Scheme for police staff, administered by the East Riding of Yorkshire Council – this is a funded scheme, i.e. the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

POLICE PENSION FUND ACCOUNTS

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------------------|--|--------------------------------|
| | CONTRIBUTIONS RECEIVABLE | |
| | Police & Crime Commissioner ("PCC"): | |
| (14,894) | - contributions at 21.3% (2014-15 24.2%) of pensionable pay | (12,530) |
| (1,048) | - early retirements - Ill Health | (564) |
| (8,562) | Officers' contributions | (8,131) |
| (24,504) | | (21,225) |
| | TRANSFERS IN | |
| (113) | Transfers in from other Pension Schemes | (381) |
| | BENEFITS PAYABLE | |
| 41,864 | - pensions | 43,976 |
| 11,575 | - commutations and lump sum retirement benefits | 17,840 |
| 160 | - lump sum death benefits | 183 |
| | | 61,999 |
| | PAYMENTS TO AND ON ACCOUNT OF LEAVERS | |
| - | - refunds of contributions | 1 |
| 953 | - transfers out to other Pension Schemes | 643 |
| 196 | - transfers out to other Police Forces: 1974 arrangements | 75 |
| | | 719 |
| 30,131 | NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC | 41,112 |
| (30,131) | ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (FUNDED BY THE HOME OFFICE) | (39,406) |
| - | ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (NOT FUNDED BY THE HOME OFFICE) | (1,706) |
| - | NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR | - |

NET ASSETS STATEMENT

| 2014-15 £'000 | | 2015-16 £'000 |
|--------------------------------|----------------------------|--------------------------------|
| | Current Assets | |
| 258 | Police Fund Debtor | 156 |
| | Current Liabilities | |
| (258) | Unpaid Pensions Due | (156) |
| - | | - |

NOTES TO THE POLICE PENSION FUND ACCOUNTS

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

The Police Officer Pension Schemes make up the account:

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

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

The fund is charged with all pensions expenditure in accordance with Home Office guidance, with income being employee contributions, employer contributions, which for 2015-16 was 21.3% of pensionable pay (2014-15 24.2%).

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.

Subsequent to the case of Milne v GAD, additional lump sum commutation payments have been made to certain pensioners who retired between 2001 and 2006 in accordance with Home Office guidelines. These exceptional payments in 2015-16 amounted to £5,480k and are included in commutations and lump sum retirement benefits in the Police Pension Fund accounts.

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.

In 2015-16 there has been an adjustment of 2.9% to the cash flow to the Police Pension Fund due to the reduction in the employer contribution rate from 24.2 to 21.3% being reflected in a reduction in HM Treasury pensions top up funding of £1,706k.

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

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

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

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

As previously stated the Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. All payments and receipts are made to and from the PCCs Police Fund. As such, the Chief Constable and

the PCC are the only related parties to the Fund and all the transactions shown in the Police Pension Fund Accounts have been processed through the PCC.

GLOSSARY OF ACCOUNTING TERMS

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

Definitions of accounting terms used are given below:

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

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| 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 Resource Strategy (MTRS) | The MTRS covers a 5 year period and describes the financial direction of the Force and the Chief Constable capturing known and estimated funding, financial pressures and development needs as well as seeking to identify financial risks. It is an indication of the likely direction of financial planning over the next year. |
| Net assets | Total assets less total liabilities. |
| Non current asset or liability | An asset or liability that the Chief Constable expects to hold or discharge for a period of more than one year from the Balance Sheet date. |
| Non Distributed Cost | This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis. |
| Prepayment | Where an amount of expenditure is paid in the current financial year, but the goods or services are a benefit in the next/following year. |
| Provision | An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain. |

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

Acronyms and Abbreviations

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| ACPO | Association of Chief Police Officers |
| APACE | Association of Police and Crime Chief Executives |
| ASB | Anti Social Behaviour |
| CCRF | Commissioners Crime Reduction Fund |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| CJS | Criminal Justice System |
| CPS | Crown Prosecution Service |
| CSE | Child Sexual Exploitation |
| CSFG | Community Safety Fund Grant |
| CSP | Community Safety Partnership |
| CSR | Comprehensive Spending Review |
| DCLG | Department of Communities and Local Government |
| GAD | Government Actuaries Department |
| GOYH | Government Office for Yorkshire and the Humber |
| HMIC | Her Majesty's Inspector of Constabulary |
| HPA / HP | Humberside Police Authority / Humberside Police |
| IAS | International Accounting Standards |
| IPCC | Independent Police Complaints Commission |
| JIAC | Joint Independent Audit Committee |
| LAAP | Local Authority Accounting Panel |
| LCJB | Local Criminal Justice Board |
| LGYH | Local Government Yorkshire and the Humber |
| MTRS | Medium Term Resource Strategy |
| NPCC | National Police Chiefs Council |
| NPT | Neighbourhood Policing Teams |
| ONS | Office for National Statistics |
| OPCC | Office of Police and Crime Commissioner |
| OPCCNY | OPCC for North Yorkshire / North Yorkshire Police |
| OPCCSY | OPCC for South Yorkshire / South Yorkshire Police |
| OPCCWY | OPCC for West Yorkshire / West Yorkshire Police |
| OPP | 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 |