



Protecting Communities, Targeting Criminals

# **THE CHIEF CONSTABLE OF HUMBERSIDE**

## **FINANCIAL STATEMENTS**

**2016-2017**

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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. 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 917,000 residents. 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 popularity of the City has been significantly enhanced by the fact that it became the UK City of Culture 2017 in January.

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.

The Force changed its operating model to one that is Command based, a significant change from the previous arrangements when there were three territorial policing divisions covering Hull, the East Riding of Yorkshire and Northern Lincolnshire.

## **CHIEF OFFICER'S STATEMENT**

This is the Statements of Accounts for the Chief Constable of Humberside for 2016/17.

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 2016/17 has been published separately and is available on the Force website.

## **PERFORMANCE**

Policing, along with all public bodies, has faced years of funding cuts, so change has been necessary. Although policing has received some protection, the financial outlook remains difficult and there is considerable uncertainty beyond 2017/18.

There is a broad performance challenge around securing and maintaining public confidence, whilst working to deliver services to the public that meet their needs with the resources available.

It is important to recognise that the story beneath the headlines is the key to sustainable improvement, leading to a brighter future for the Force and an enhanced service for the people of the Humber area. The public should not base their views of the Force purely on gradings. Judgements based on arbitrarily determined standards should not be the only yardstick against which the Force's progression or effectiveness is judged; neither should positions in league tables.

The judgements from Her Majesty's Inspectorate of Constabulary (HMIC) in their annual PEEL assessments: efficiency, effectiveness and legitimacy – have highlighted a theme around more fundamental issues locally being at the core of the problems. The PCC's view is that these stem from poor strategic planning and implementation that remain capable of deflecting the Force from its goal of focused and steady improvement. This is a priority for the new Chief Constable in 2017/18.

The PEEL assessments for 2016 are as follow:

- Efficiency: Requires Improvement (change from Inadequate in 2015)
- Effectiveness: Requires Improvement (no change from 2015)
- Legitimacy: Good (no change from 2015)

Her Majesty's Inspector Michael Cunningham QPM stated that *"Humberside Police has made some improvements since my assessment last year. However, I am disappointed that the force has not made further progress, and it needs to move quickly and effectively to provide a consistently good service to the public"*.

In 2016/17, records show that there were 77,462 crimes reported across the area. This is a continued rise (12% higher than 2015/16) that is being seen across the country. Some of this is down to changes in recording practices (particularly recorded violence offences and public order offences), but there is still an underlying upward trend adding an additional burden on the police and, more importantly, creating more victims of crime. The problems experienced in some parts of the Humber area suggest that this trend is being felt in our communities, which is a real cause for concern. However, crime levels locally remain low in contrast to those recorded ten years ago, and it is believed that some of the rise over the past year reflects an improved confidence by the public to report certain crimes, particularly those involving vulnerability.

The Force has also continued to work closely with partners to encourage reporting of rape and sexual offences and domestic abuse, and to increase the confidence of victims. Consequently, recording of these crimes increased by 21.5%, 20.2% and 45.5% respectively during 2016/17.

Certain increases also reflect how proactive and successful the Force and partners have been in targeting offending. Preventive work and targeted operations are having an impact. For example, between January-March 2017, Operation Impact focused on engaging the public as much as possible, making every contact count, understanding communities more effectively, changing the way the Force and partners deliver services in those communities, and ultimately delivering a better

service and making a difference. The Force also continued to adapt to meet the challenges of new and emerging threats, such as cyber enabled crime and modern day slavery. These new challenges will impact on reports of crime in future years.

The provision of services to victims and the vulnerable that meet their needs is vital. Therefore, it is positive to note that overall victim satisfaction for Humberside Police has increased. This improvement gave rise to the Force moving from 41<sup>st</sup> position in March 2016 to 23<sup>rd</sup> in December 2016, with the upward trajectory continuing with an overall satisfaction rating of 81.4% in March 2017.

#### Victim satisfaction with the overall service provided by Humberside Police (rolling 12 month)

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
North East Lincolnshire	75.5%	77.3%	77.9%	77.4%	78.2%	78.6%	77.6%	79.8%	80.0%	79.8%	81.9%	82.7%
North Lincolnshire	72.6%	74.6%	74.9%	74.8%	74.8%	76.5%	77.5%	79.6%	79.3%	79.1%	81.5%	82.3%
East Riding of Yorkshire	75.1%	74.9%	76.2%	76.8%	77.9%	79.6%	79.6%	82.4%	81.7%	81.4%	80.5%	79.9%
Kingston upon Hull	80.5%	79.8%	80.2%	79.6%	80.4%	81.0%	81.2%	83.4%	81.6%	81.9%	81.0%	80.8%
<b>Force</b>	<b>76.9%</b>	<b>77.3%</b>	<b>78.0%</b>	<b>77.7%</b>	<b>78.5%</b>	<b>79.4%</b>	<b>79.4%</b>	<b>81.0%</b>	<b>80.9%</b>	<b>80.9%</b>	<b>81.3%</b>	<b>81.4%</b>

During 2016/17, the Force also began asking victims of domestic abuse about the service provided, and 83.1% of victims were satisfied with the overall level of service.

Of particular note this year were call handling problems. The operation of the Command Hub, introduced during the reorganisation of Humberside Police continued to have a negative impact in a number of areas. However, the overall abandonment rate fell in 2016/17 to 6.1% (0.6% for 999 emergency calls and 8.4% for crime 101 calls/7.8% for incident 101 calls) compared to 11.0% in 2015/16 (2.0%/20.6%/11.7% respectively). HMIC stated in their PEEL assessment that *“since last year’s assessment, Humberside Police has improved its understanding of the demand for its services and the way in which it manages calls from the public.”*

In relation to neighbourhood policing, HMIC reported on the positive aspects of the re-introduced neighbourhood policing capability, which is a major priority for the PCC and Force with additional funding and emphasis. Reducing crime is complex but the Force can make the biggest impact on crime when it works closely with partners and gets to the root of problems, not deal just with the symptoms. That is what is now beginning to happen locally, with extra police officers and PCSOs working in high-demand areas, hand-in-hand with local authorities and other partners. The early signs are very promising and the extra capability adds value to many other aspects of policing whilst also meeting the needs of communities for visible and interactive local policing.

## FINANCIAL PERFORMANCE

### ECONOMIC CLIMATE

The PCC recommended an increase in the precept for 2016/17 of 1.99%. The Police and Crime Panel (PCP) supported this proposal unanimously. The PCC formally declared the precept of £183.67 for a Band D property. The precept proposal for 2017/18 was for a further increase to £187.33 for a Band D property, another 1.99%, and this was also supported by the PCP.

For the precept proposals for 2016/17 and 2017/18, both PCCs and the Force continued to utilise 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 was used to ensure that precept decisions were set in the context of medium term financial projections.

The budget for 2016/17 reflected the decision to provide relative protection to police funding which was announced in November 2015. This had been unexpected as there was a widespread view immediately beforehand that the service would be looking at further cuts of between 25% and 40%, based on Government statements.

It had been anticipated therefore that austerity measures were set to continue and deepen. At the same time the Home Office had continued to promote proposals for a new funding formula for the distribution of police resources. This was expected to be applied in 2016/17 in conjunction with the outcome of CSR2015 but the proposals were abandoned late in the year.

The protection afforded to policing was based on assumptions that if all PCCs implemented the highest possible increases in precept then "policing" as a whole would receive a flat cash settlement compared with 2015/16. Whilst this was the case, all PCCs still received a reduction in Government support in 2016/17. Similar arrangements applied in relation to 2017/18.

As a result of these issues, the planned levels of resources for 2016/17 and 2017/18 and later years, although still representing a reduction in real terms, have been much better than PCCs had been expecting. This meant that there was a need to substantially reassess the position whilst recognising that significant uncertainties still remain in relation to funding in future years. Although additional information was provided in late 2015 for future years, this was and continues to be insufficient to identify amounts available for individual PCCs.

The position has been exacerbated by concerns over the amount of funding being 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 along with worries over the future treatment of legacy grants and changes to the funding formula. The timing and implications of a new formula remains a matter of conjecture.

PCCs and Forces still have to absorb inflation as well having to face additional demands from CSE, cybercrime etc. The impact of national and international events have added to the uncertainty with the decision in the referendum held on 23 June 2016 for the UK to exit the European Union (BREXIT) and the result of a hung parliament in the General Election held on 8 June 2017.

There are also continuing fears over the fact that many other local service providers, including key community safety and criminal justice partners, such as local councils, Probation and Youth Justice, faced bigger cuts and the effects are already becoming noticeable in some of these areas.

The PCC's financial position locally has however been improved by increases in the Council Taxbase in 2016/17. This has given rise to forecasts of greater increases than originally planned for in 2016/17, 2017/18 and future years. This results in significant additions to the PCC's permanent income base although the improvements could be taken into account in future Grant Settlements.

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.

The updated MTRS continues to set out details of the resources available to the PCC and to the Chief Constable to deliver the new Plan. It recognised a change from the previous plan, particularly in relation to the need to further develop joined up cross-agency working with an embedded outcome based approach.

The Police and Crime Plan sets out the PCC's vision, mission and values which provide the broad direction behind it. These statements are followed by three aims (outcomes) formulated in consultation with the public and partners. The aims are long term aspirations which will remain for the whole period of the Plan.

The three aims of the Plan are:-

- To develop increasingly self-sustaining and safe communities in the Humber area;
- To build confidence in the agencies involved in creating safer communities and
- To provide services to victims and the most vulnerable that meets their needs.

The Chief Constable has produced a delivery plan setting out how the Force intends to improve its delivery against the priority areas reflected in the aims and the changes that will be introduced which will lead to better results. The MTRS identifies the resources made available to support these activities.

The updated MTRS continues to incorporate a 5-year financial forecast, including estimates of both revenue and capital expenditure. The latest version incorporates a revised process for budgeting for staffing costs. This is designed to place greater emphasis on adhering to targets for the number of police officers, PCSOs and police staff. These targets will be monitored closely as the year progresses. Assumptions for future years are indicative at this stage as the Provisional Police Grant Settlement announced in December 2016, and Final Settlement confirmed in February 2017, cover only information for 2017/18. Assumptions for later years are based on the best information at this time using intelligence from the Autumn Statement announced on 23 November 2016 and the Settlement.

## FINANCIAL MANAGEMENT

### REVENUE OUTTURN

The precept of £183.67 for a band D property for 2016/17 approved by the Police and Crime Commissioner in February 2016 was based on a revenue budget of £173.416m for the financial year.

This budget was allocated as follows:-

<b>Budget Allocation</b>	<b>Budget 2016/17 £'000</b>
Force	168,763
OPCC	4,653
<b>Net Revenue Budget</b>	<b>173,416</b>
Financed by:-	
Central Government	123,835
Council Tax Precept	47,014
Collection Fund Surplus	1,450
Use of Reserves	1,117
<b>Total Funding</b>	<b>173,416</b>

A Capital Programme of £13.870m was approved at the same time.

The final outturn for the year was £169.665m against the agreed budget of £173.420m a difference of £3.755m. This compares with a forecast outturn at period 11 of £169.657m, an underspend of £3.763m as reported to the Corporate Governance Group.

Summary details are set out below:-

Command/ Branch	Revised Approved Budget	Final Outturn	Total Annual Variance	Total Annual Variance
	£'000	£'000	£'000	%
JSO(U) Collaboration	12,479	12,343	136	1.1
Communities Command	55,955	56,376	(421)	(0.8)
Enabling Services	32,848	32,730	118	0.4
Force Command	7,004	1,517	5,487	78.3
Command Hub	17,361	17,366	(5)	(0.02)
Criminal Justice	8,023	7,940	83	1.0
Non-Command functions	2,919	5,524	(2,605)	(89.2)
Protecting Vulnerable People	11,341	11,449	(108)	(1.0)
Regional Collaboration	7,075	6,328	747	10.6
Specialist Command	13,712	13,862	(150)	(1.1)
Specialist Operations	50	30	20	40.0
Police and Crime Commissioner	4,653	4,200	453	9.7
<b>TOTAL</b>	173,420	169,665	3,755	2.2

The main reasons for the variance are vacancies in police officers and staff that has resulted in underspends within the pay budget, and slippage in the capital programme resulting in reduced debt charges. These have been partially offset by a shortfall in the delivery of the savings programme leading to a net underspend of £3.755m.

The management accounts final outturn of £169,665k is higher than the Net Cost of Services of £167,753k chargeable to the General Fund as reported in the PCC Group statutory financial statements Expenditure and Funding Analysis. The difference of £1,912k principally relates to debt charges and reserve movements included in the management accounts which are required to be eliminated from the PCC Group Net Cost of Services under the CIPFA Code.

## CAPITAL OUTTURN

The capital outturn for the year was £4.909m against a budget of £13.870m, an underspend of £8.961m compared with the projected underspend of £7.435m on the reported forecast outturn at period 11.

Capital Expenditure	Approved Budget	Final Outturn	Total Annual Variance	Total Annual Variance
	£'000	£'000	£'000	%
Estate Strategy	3,931	1,227	2,704	69
IT Equipment	6,157	2,017	4,140	67
Vehicle/ Equipment	3,382	1,564	1,818	54
Asset Replacement Plan	400	101	299	75
<b>TOTAL</b>	<b>13,870</b>	<b>4,909</b>	<b>8,961</b>	<b>65</b>
Funded by:				
Borrowing	12,968	2,091		
Capital Receipts	-	1,435		
Revenue	-	52		
Capital Grant	902	1,331		
<b>TOTAL</b>	<b>13,870</b>	<b>4,909</b>		

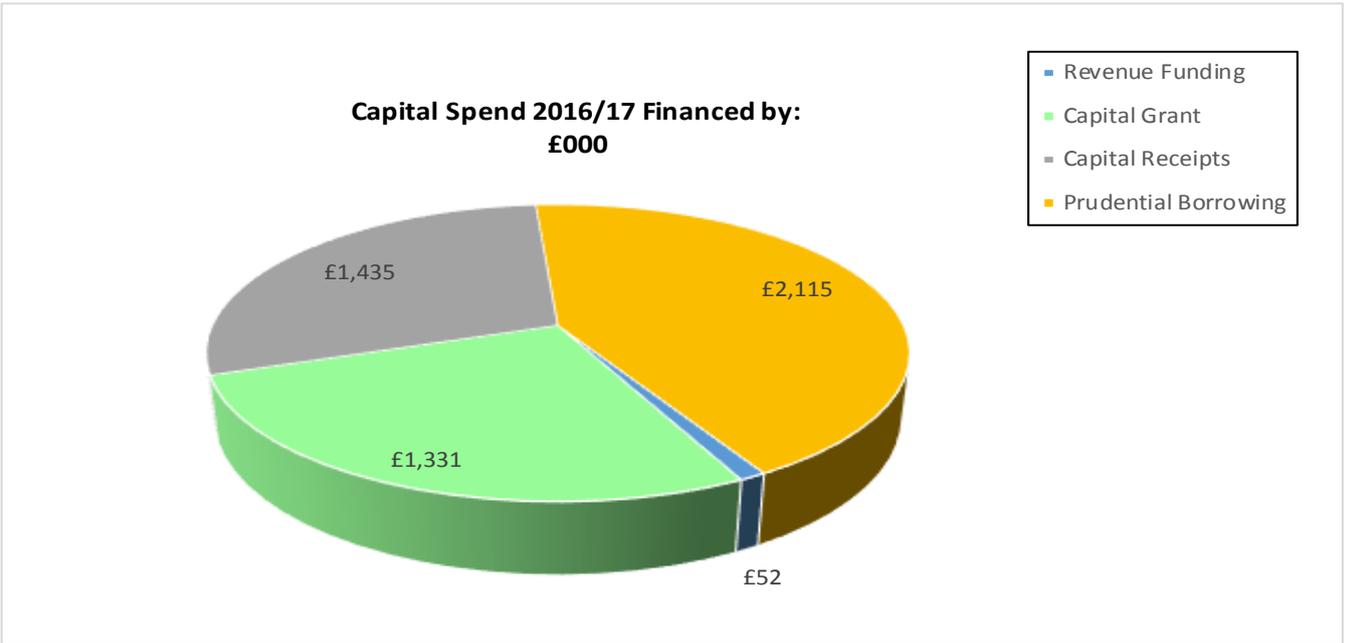
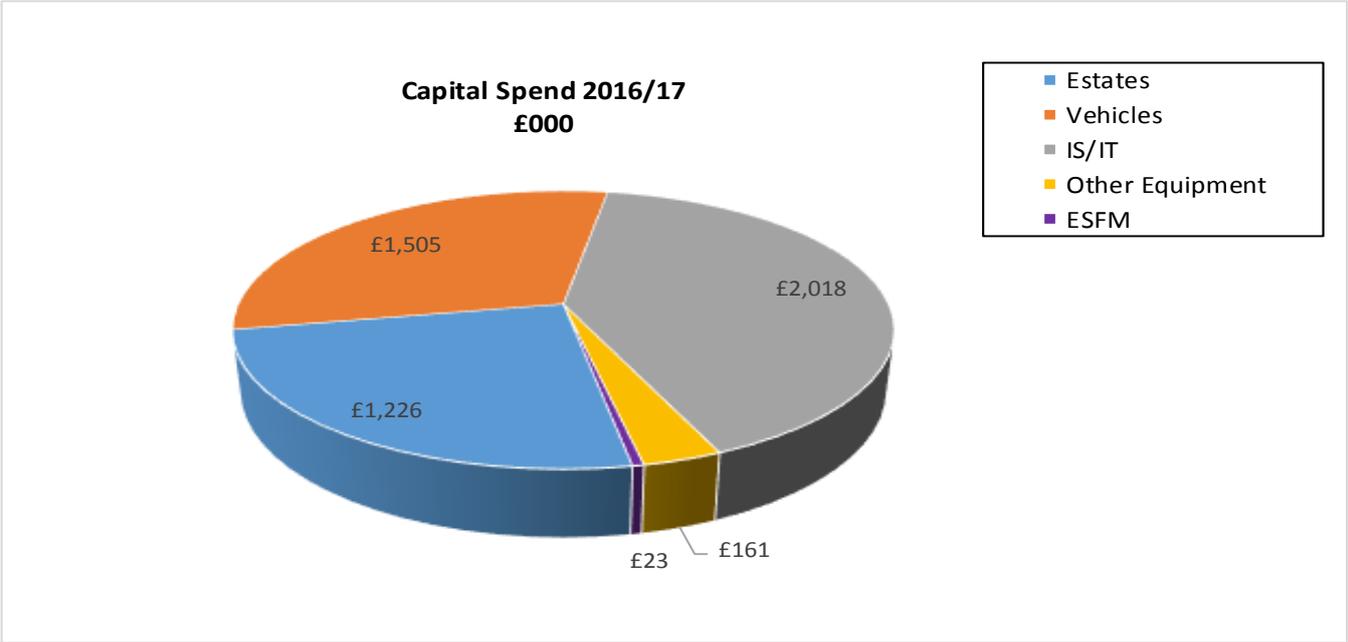
The reasons for the main variations are:

Estates – delay in works at Force Headquarters, Hessle Police Station and Force Training Centre and saving on asbestos removal at Queens Garden Police Station.

IT – Slippage in the roll out of contact management and CONNECT criminal Justice programmes.

Vehicles and Equipment – saving on vehicle fuelling infrastructure work.

The two pie charts below show details of the capital spending, including the share of ESFM capital spending, and how this expenditure was financed.



## 5 YEAR CAPITAL PROGRAMME

The Capital Programme approved in the 2017/18 to 2021/22 MTRS is as follows: -

Capital Expenditure	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Estate Strategy	11,455	9,720	900	250	250
IT Equipment	2,730	3,177	3,060	932	1,059
Vehicle/ Equipment	1,858	818	553	650	337
TOTAL	16,043	13,715	4,513	1,832	1,646
Funded by:					
Borrowing	15,345	13,018	3,816	1,135	949
Capital Receipts	-	-	-	-	-
Revenue	-	-	-	-	-
Capital Grant	698	697	697	697	697
TOTAL	16,043	13,715	4,513	1,832	1,646

## 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 2017. Reserves are categorised as unusable reserves. The Chief Constable does not hold any useable reserves as these are all held by the PCC.

## COLLABORATION

### Yorkshire and the Humber and North Eastern Region

The Force continues to actively participate in the regional collaboration involving the four Yorkshire and the Humber forces on the established basis covering work on serious and organised crime, underwater search, public order and forensics. There has also been wider collaboration with the three North East forces on areas around capabilities where working together is beneficial.

### Humberside/South Yorkshire

As described last year, the Force entered a new phase with the creation of a strategic partnership building on the longstanding work with South Yorkshire Police on shared back office functions such as Information Technology and Human Resources. This was extended to cover legal services. 2016/17 saw the creation of a Joint Special Operations Uniformed unit (JSOU) which provides roads policing, police dogs and other specialist functions to both forces.

The two forces have also continued to develop a single approach to IT platforms; replacing outdated systems that were specific to each force and single function, with joint multi-functional platforms particularly in relation to CONNECT (crime recording) and Contact Management systems. A joint ERP system is already in operation and has been extended and now includes payroll in Humberside.

Due to changes in PCCs and senior staff during 2016/17, the presumption that work should be done jointly with South Yorkshire was revisited and whilst existing functions would carry on it was agreed that new initiatives would only be progressed if there was a demonstrable benefit to each individual PCC and Force.

### Humberside Fire and Rescue Service/Humberside Fire Authority

The collaboration with Humberside Fire and Rescue Service (HFRS) in terms of Emergency Services Fleet Management (Humberside) Ltd has continued and the service is now delivering impressive performance in relation to fleet management and the maintenance of police and fire vehicles. This is leading to increasingly close working relationships with HFRS in relation to driver training and with the Force's Estates Team looking to provide that service for them in the near future. This will assist in identifying and pursuing options for maximising the use of properties and facilities and in asset rationalisation.

In respect of wider governance issues, the PCC is a member of the Humberside Fire Authority currently with observer status.

## **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 £2,102m; a deterioration of £382m. The net liabilities excluding these pension liabilities would be £3m.

## **ENVIRONMENTAL**

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

Working together, both Forces have developed a number of strategic commitments. During 2016 the PCCs and Chief Constables signed up to a joint Sustainability Statement and agreed shared aims and common approaches, allowing ideas, knowledge and resources to be shared.

The Sustainability Strategy 2016-2020 recognises the corporate responsibility and the need to embed sustainability within all levels of the organisations by embracing the following principles of sustainability:-

- Minimising the impact on the environment and continually improving
- Meeting environmental and legal targets as a minimum
- Maximising our positive impact on society
- Setting relevant, measurable sustainability objectives and targets and reporting regularly
- Encouraging our employees to integrate sustainability considerations in to all we do
- Educating, training and motivating employees to work in a sustainable and responsible manner
- Taking part in the Business in the Community Yorkshire and the Humber Environmental Index and striving to improve performance year on year
- Seeking out good practice in other organisations and sharing success

Commitments have been made in respect of:-

- Energy
- Transport
- Waste and recycling
- Materials and products

- Pollution and prevention
- Water
- IT
- People
- Communities

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

## 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 officers and employees in terms of full time equivalents is as follows:-

### Workforce Analysis

(Source: Workforce Plan 2017-18 to 2021-22 version 1.5)

	FTEs
Police Officers	1,551
Police Community Support Officers	228
Police Staff	1,080

The Force is also supported by 300 Special Constables and 133 volunteers.

	25 and under	26 to 40	41 to 55	Over 55
Staff	6%	29%	40%	25%
PCSOs	3%	45%	46%	6%
Police Officers	1%	40%	58%	1%
Specials	42%	44%	13%	1%
Volunteers	32%	19%	18%	31%
Force	8%	36%	45%	11%

Urban Total	Total Population	% Female	% Black and Minority Ethnic	Visible Minority Ethnic (VME)
Humberside Total	917,647	51%	6.5%	3.5%

Humberside Police		% Female	% Black and Minority Ethnic	Visible Minority Ethnic (VME)
Police Officers		32.1%	2.0%	1.1%

<b>Force Family</b>	<b>Staff</b>	<b>Officers</b>	<b>Specials</b>
46% Female	62% Female	32% Female	35% Female
2% BME*	1.4%BME	2.0% BME	2.0% BME
3.3%w/Disability**	4.5% w/Disability	2.4% W/Disability	0.7% w/Disability

*\*BME includes all ethnicity categories except White British and not stated*

*\*\* Non-Disabled also includes not stated*

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Risk is managed in the Force and the OPCC and consideration of the current status of risk informs the development of agendas for the Corporate Governance Group which is made up of the PCC and the Chief Constable and their statutory officers. The risks currently being managed include the following:-

- The transition of all forces from the UK Airwave TETRA to LTE4G Emergency Services Network(ESMCP) and potential delays which could have operational and financial implications
- The implementation of the new CONNECT crime system being brought into use to replace existing systems and the transfer of data to the Police National Database (PND)
- The uncertainty over the level of funding available beyond 2017/18 where reductions could inhibit plans to increase the number of police officers and the ability to meet the changing face of demand in policing

## **EXPLANATION OF ACCOUNTING STATEMENTS**

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

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

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

The Corporate Governance Framework includes:

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

The basic position remains that the 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 2016/17 Code included format changes to the Comprehensive Income and Expenditure Statement, a streamlined Movement in Reserves Statement and the introduction of a new Expenditure and Funding Analysis. This new analysis reports performance on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund. Both the new Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement include a segmental analysis which reports performance based on how the Force is structured and how it operates, monitors and manages financial performance. There is no longer a requirement to report the cost of services in the Comprehensive Income and Expenditure Statement under the format specified by SeRCOP.

As a result of the above Code changes the presentation of financial information in 2016/17 is different to how it was reported in 2015/16. Comparative figures have been restated where appropriate.

## THE FINANCIAL STATEMENTS

The financial statements for the Chief Constable comprise of:

- Statement of Responsibilities for the Statement of Accounts

*This sets out details of the responsibilities of the Chief Constable and those of the Chief Finance Officer in relation to the Statement of Accounts.*

- Expenditure and Funding Analysis

*This shows how expenditure is used and funded from resources by the Chief Constable and how expenditure is allocated for decision making purposes between the operating functions.*

- Comprehensive Income and Expenditure Statement

*This statement reports the accounting cost of providing services in accordance with generally acceptable accounting practices, rather than the amount to be funded by taxation.*

- Movement in Reserves 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.*

- Balance Sheet

*This shows the value of the assets and liabilities recognised by the Chief Constable as at 31 March 2017. 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 2017.*

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](http://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 2017 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 2016/17.

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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that 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 2017 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 2016/17.

## **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' (CIPFA/SOLACE 2016 Edition); 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 its 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 its 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 its 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 its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **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 the C&AG in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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 its use of resources.

## **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

## **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

28 September 2017

## 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:** 28 September 2017

**Lee Freeman**  
Chief Constable of Humberside

### Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Chief Constable at the accounting date, and its income and expenditure for the year ended 31 March 2017.

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 2017 and its income and expenditure for the year.**

**Date:** 28 September 2017

**Phil Goatley**  
Chief Finance Officer

## EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE OF HUMBERSIDE

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

**Year ended 31 March 2017**

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

Year ended 31 March 2016

	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between Funding and Accounting Basis (Note 1) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Communities Command	57,942	8,516	66,458
Enabling Services	33,221	2,027	35,248
Command Hub	17,968	3,362	21,330
Specialist Command	21,487	5,553	27,040
Joint Special Operations Uniformed	11,877	582	12,459
Protecting Vulnerable People	14,420	6,446	20,866
Criminal Justice	7,963	567	8,530
Regional Collaboration	7,039	136	7,175
Force Command	1,331	33	1,364
Non- Command Functions	4,568	456	5,024
Intra -group funding	(217,222)	(5,662)	(222,884)
<b>Net cost of services</b>	<b>(39,406)</b>	<b>22,016</b>	<b>(17,390)</b>
Other income and expenditure	39,406	25,193	64,599
<b>(Surplus) or deficit</b>	<b>-</b>	<b>47,209</b>	<b>47,209</b>
General Fund Balance at 31 March 2015	-		
Add Surplus on General Fund Balance in Year	-		
<b>General Fund Balance at 31 March 2016</b>	<b>-</b>		

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

2015-16 Restated £'000			Year ended 31 March 2017		
		Note	£'000 Expenditure	£'000 Income	£'000 Net
66,458	Communities Command		62,546	-	62,546
35,248	Enabling Services		35,847	-	35,847
21,330	Command Hub		19,352	-	19,352
27,040	Specialist Command		18,183	-	18,183
12,459	Joint Special Operations Uniformed		13,919	-	13,919
20,866	Protecting Vulnerable People		12,410	-	12,410
8,530	Criminal Justice		13,523	-	13,523
7,175	Regional Collaboration		7,327	-	7,327
1,364	Force Command		1,618	-	1,618
5,024	Non- Command Functions		4,784	-	4,784
<b>205,494</b>	<b>Financial Resources Consumed</b>		<b>189,509</b>	<b>-</b>	<b>189,509</b>
(222,884)	Intra - Group Adjustment	3	(218,995)	-	(218,995)
<b>(17,390)</b>	<b>Net Cost of Policing Services</b>	<b>3</b>	<b>(29,486)</b>	<b>-</b>	<b>(29,486)</b>
-	Other Operating Expenditure		-	-	-
64,599	Financing and Investment Income and Expenditure	5	67,203	(6,750)	60,453
<b>47,209</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>30,967</b>
(297,632)	Remeasurements of the net defined benefit liability	22			350,944
<b>(297,632)</b>	<b>Other Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>350,944</b>
<b>(250,423)</b>	<b>Total Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>381,911</b>

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

As required by the 2016/17 CIPFA Code, Cost of Services are now reported by operating function in line with how the Chief Constable is managed rather than as specified under SeRCOP. Cost of Services figures for 2015/16 have been restated on a comparable basis. The total Cost of Services line is unaffected by this restatement.

## MOVEMENT IN RESERVES STATEMENT FOR THE CHIEF CONSTABLE OF HUMBERSIDE

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

	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2016</b>	-	-	(1,720,546)	<b>(1,720,546)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(30,967)	(30,967)	(350,944)	<b>(381,911)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations <b>(Note 1)</b>	30,967	30,967	(30,967)	-
<b>Increase / Decrease in Year</b>	-	-	<b>(381,911)</b>	<b>(381,911)</b>
<b>Balance at 31 March 2017</b>	-	-	<b>(2,102,457)</b>	<b>(2,102,457)</b>

	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2015</b>	-	-	(1,970,969)	<b>(1,970,969)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(47,209)	(47,209)	297,632	<b>250,423</b>
Adjustments between Accounting Basis & Funding Basis under Regulations <b>(Note 1)</b>	47,209	47,209	(47,209)	-
<b>Increase / Decrease in Year</b>	-	-	<b>250,423</b>	<b>250,423</b>
<b>Balance at 31 March 2016</b>	-	-	<b>(1,720,546)</b>	<b>(1,720,546)</b>

## BALANCE SHEET OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

31-Mar-16 £'000		Note	31-Mar-17 £'000
-	Property, Plant & Equipment		-
-	Intangible Assets		-
-	Long Term Debtors		-
-	<b>Long Term Assets</b>		-
-	Assets Held for Sale		-
-	Inventories		-
-	Short Term Investments		-
3,751	Short Term Debtors	11 & 12	4,007
-	Cash and Cash Equivalents		-
<b>3,751</b>	<b>Current Assets</b>		<b>4,007</b>
-	Bank Overdraft		-
7,652	Short Term Creditors	13 & 14	7,406
-	Short Term Borrowing		-
-	Provisions		-
<b>7,652</b>	<b>Current Liabilities</b>		<b>7,406</b>
-	Long Term Borrowing		-
1,716,645	Other Long Term Liabilities	17	2,099,058
<b>1,716,645</b>	<b>Long Term Liabilities</b>		<b>2,099,058</b>
<b>(1,720,546)</b>	<b>Net Assets/ (Liabilities)</b>		<b>(2,102,457)</b>
-	Usable Reserves		-
<b>(1,720,546)</b>	Unusable Reserves	15	<b>(2,102,457)</b>
<b>(1,720,546)</b>	<b>Total Reserves</b>		<b>(2,102,457)</b>

## 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.

<b>31-Mar-16</b>		<b>Note</b>	<b>31-Mar-17</b>
<b>£'000</b>			<b>£'000</b>
47,209	Net (Surplus) or Deficit on the Provision of Services		30,967
(47,209)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	<b>23</b>	(30,967)
-	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 2016/17. 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 2017 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

##### Short Term Employee Benefits (See paragraph 1.6)

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

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

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

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

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

#### **1.5 Cost recognition**

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

#### **1.6 Employee Benefits**

##### **Short-term employee benefits**

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

##### **Termination benefits**

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

### **Retirement benefit costs**

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

#### **Police Officers**

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

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

#### **Police Staff**

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

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

## **1.7 Reserves**

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

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

## **1.8 Jointly Controlled Operations**

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

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

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

The following amendments to standards will not be incorporated into the Code until 2017/2018:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of pension fund investment concentration.

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

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

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

**1.11 Exceptional items**

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

**1.12 Prior period adjustments**

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

**1.13 Events after the balance sheet date**

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

Two types of event can be identified as:

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

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

**1.14 Value Added Tax (VAT)**

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

Year ended 31 March 2017

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

**Year ended 31 March 2016**

<b>Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes (Note i) £'000</b>	<b>Net Change for the Pensions Adjustments (Note ii) £'000</b>	<b>Other Differences (Note iii) £'000</b>	<b>Total Adjustments £'000</b>
Communities Command	2,376	6,015	125	<b>8,516</b>
Enabling Services	492	1,516	19	<b>2,027</b>
Command Hub	819	2,516	27	<b>3,362</b>
Specialist Command	723	4,793	37	<b>5,553</b>
Joint Special Operations Uniformed	382	175	25	<b>582</b>
Protecting Vulnerable People	389	6,030	27	<b>6,446</b>
Criminal Justice	450	100	17	<b>567</b>
Regional Collaboration	97	34	5	<b>136</b>
Force Command	12	21	-	<b>33</b>
Non- Command Functions	-	456	-	<b>456</b>
Intra -group funding	(5,740)	63	15	<b>(5,662)</b>
Net Cost of Services	-	21,719	297	<b>22,016</b>
<b>Other income and expenditure from the Funding Analysis</b>	-	25,193	-	<b>25,193</b>
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	-	46,912	297	<b>47,209</b>

**Note i – Adjustments for Capital Purposes**

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

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

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

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

**Note iii – Other Differences**

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

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

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

The tables below show the movement through the intra-group accounts within the respective Balance Sheets during 2016-17 and 2015-16 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
<b>Intra - Group movements 2016- 2017:</b>			
Opening balance as at 1 April 2016	(3,724)	3,724	-
PCC resources consumed at the request of the Chief Constable	189,510	(189,510)	-
PCC intra - group adjustment (resource funding)	(189,510)	189,510	-
	(3,724)	3,724	-
Year end adjustments:			
Accumulated absences movement	502	(502)	-
Pensions actuarial adjustments	28,984	(28,984)	-
PCC intra - group adjustment	(29,486)	29,486	-
Payroll creditors and debtors movement	(272)	272	-
Closing balance as at 31 March 2017	(3,996)	3,996	-
<b>Intra - Group movements 2015- 2016:</b>			
Opening balance as at 1 April 2015	(3,593)	3,593	-
PCC resources consumed at the request of the Chief Constable	205,494	(205,494)	-
PCC intra - group adjustment (resource funding)	(205,494)	205,494	-
	(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	-

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

### 3. SUMMARY SPENDING DETAILS

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

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

<b>2015-16</b>		<b>2016-17</b>
<b>£'000</b>		<b>£'000</b>
	<b>Financial resources of PCC consumed at the request of the Chief Constable</b>	
	<u>Employees</u>	
135,320	Pay and Other Employment Costs	127,033
29,950	Police Pensions Current Service Cost	22,620
165,270		149,653
	<u>Running Expenses</u>	
6,688	Premises	6,795
4,784	Transport	4,327
23,104	Supplies and Services	24,207
40	Agency Services	380
54	Special Constables	35
5,788	Capital charges	4,035
(234)	Non Distributable Cost	77
40,224		39,856
<b>205,494</b>	<b>Total financial resources of PCC consumed at the request of the Chief Constable</b>	<b>189,509</b>
<b>(222,884)</b>	Intra - Group adjustments *	<b>(218,995)</b>
<b>(17,390)</b>	<b>Net Cost of Policing Services</b>	<b>(29,486)</b>

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

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

## 4. PENSIONS COSTS

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

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

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

	Local Government Pension Scheme		Police Pension Schemes	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
Net Cost of Service				
Current Service Cost (Gross)	7,217	9,267	22,620	29,950
Non Distributed Costs	77	(374)	-	140
	<u>7,294</u>	<u>8,893</u>	<u>22,620</u>	<u>30,090</u>
Net Operating Expenditure				
Interest Cost	8,523	8,554	58,680	61,990
Interest Income	(6,750)	(5,944)	-	-
	<u>1,773</u>	<u>2,610</u>	<u>58,680</u>	<u>61,990</u>
Net Charge to the Comprehensive Income and Expenditure Statement	<u>9,067</u>	<u>11,503</u>	<u>81,300</u>	<u>92,080</u>
<b>Statement of Movement in the General Fund Balance</b>				
Reversal of Net Charges made for Retirement Benefits in Accordance with IAS 19	<u>(9,067)</u>	<u>(11,503)</u>	<u>(81,300)</u>	<u>(92,080)</u>
<b>Actual amount charged against the General Fund Balance for Pensions in the Year:</b>				
Employer's Contributions Payable to Scheme	<u>6,675</u>	<u>7,183</u>	<u>12,295</u>	<u>12,530</u>
Retirement Benefits Payable to Pensioners (Gross)	<u>-</u>	<u>-</u>	<u>755</u>	<u>850</u>

## 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015-16 £'000		2016-17 £'000
64,599	Pensions interest cost net of interest on pension assets	60,453
<u>64,599</u>		<u>60,453</u>

## 6. OFFICERS' EMOLUMENTS

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

2015-16 No.s	Remuneration band £	2016-17		Total No.s
		Police Officers No.s	Support Staff No.s	
116	50,000 - 54,999	125	1	126
84	55,000 - 59,999	86	-	86
9	60,000 - 64,999	20	2	22
12	65,000 - 69,999	7	1	8
8	70,000 - 74,999	7	1	8
2	75,000 - 79,999	8	-	8
5	80,000 - 84,999	3	-	3
4	85,000 - 89,999	6	1	7
1	90,000 - 94,999	-	-	-
-	95,000 - 99,999	2	-	2
-	100,000 - 104,999	-	-	-
-	105,000 - 109,999	-	-	-
-	110,000 - 114,999	-	-	-
1	115,000 - 119,999	1	-	1
1	120,000 - 124,999	-	-	-
1	125,000 - 129,999	-	1	1
-	130,000 - 134,999	1	-	1
-	135,000 - 139,999	-	1	1
-	140,000 - 144,999	-	-	-
-	145,000 - 149,999	-	-	-
1	150,000 - 154,999	-	-	-
-	155,000 - 159,999	-	-	-
-	160,000 - 164,999	1	-	1
<u>245</u>		<u>267</u>	<u>8</u>	<u>275</u>

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

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

**2016-17**

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

**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
	<u>7</u>	<u>13</u>	<u>20</u>	<u>368</u>

## 7. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

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

Post Holder	Note	2016- 2017						
		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>	1	147	13	-	2	162	35	197
Deputy Chief Constable		119	10	3	-	132	29	161
Assistant Chief Constable Operations	2	25	-	-	-	25	4	29
Assistant Chief Constable Operations	3	88	11	-	-	99	21	120
Assistant Chief Constable Communities		108	9	-	-	117	25	142
Assistant Chief Officer Human Resources	4	120	2	14	-	136	26	162
Assistant Chief Officer Support		110	4	15	-	129	24	153
		<u>717</u>	<u>49</u>	<u>32</u>	<u>2</u>	<u>800</u>	<u>164</u>	<u>964</u>

**Note:**

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

Post Holder	Note	2015- 2016						Total	Total
		Salary (Including Fees & Allowances) £'000	Benefits in Kind £'000	Other Emoluments £'000	Compensatory Grant £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions £'000	
Chief Constable		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	
		<b>732</b>	<b>40</b>	<b>13</b>	<b>2</b>	<b>787</b>	<b>158</b>	<b>945</b>	

**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

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 2016-17 amount to £90.4k (2015-16 £80.6k), including Employer's National Insurance of £8.6k (2015-16 £7.1 k).

No bonuses or compensation for loss of office were paid to Senior Officers during 2016/17 or 2015/16.

## 8. RELATED PARTY TRANSACTIONS

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

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

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

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

Two Senior Officers of Humberside Police are also Directors of Emergency Services Fleet Management (Humberside) Ltd – Chief Superintendent Lauren Poultney and Assistant Chief Officer Support Philip Goatley. Emergency Services Fleet Management (Humberside) Ltd is a joint operation that provides vehicle maintenance services to Humberside Police and Humberside Fire Authority. The company supplied services to Humberside Police with a value of £1,976,731 during 2016-17 (£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 10 to the financial statements.

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

## **9. EXTERNAL AUDIT FEES**

The external audit fee payable to KPMG LLP for 2016-17 for the Chief Constable is £15k (2015-16 £15k).

## **10. REGIONAL COLLABORATION**

### **Regional Collaboration Board (RCB)**

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

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

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

### **Lead Force collaboration arrangements**

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

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

Memorandum accounts for marine services for the year ended 31 March 2017 are as follows:

2015-16 £'000		2016-17	
		£'000	£'000
	<u>Expenditure</u>		
574	Staff Costs	600	
43	Property Related Expenses	43	
31	Supplies and Services	18	
75	Transport Related Expenses	58	
-	Capital charges	15	
<u>723</u>			734
	<u>Income</u>		
16	Fees & Charges *	-	
707	Contributions	722	
-	Other income	5	
<u>723</u>			<u>727</u>
<u>-</u>	Deficit in year		<u>7</u>
	<u>Contributions</u>		
194	West Yorkshire		213
119	South Yorkshire		130
82	North Yorkshire		36
<u>312</u>	Humberside		<u>343</u>
<u>707</u>			<u>722</u>
	* Made up of charges not included in Contributions to:		
14	State of Jersey Police		-
2	Other		-
<u>16</u>			<u>-</u>

The PCC for Humberside has made contributions during the year ended 31 March 2017 to other Lead Forces as follows:

Lead Force	Functional area	Contributions made	
		2015-16 £'000	2016-17 £'000
OPCC for South Yorkshire	Procurement and stores	398	374
	Firearms	25	25
OPCC for West Yorkshire	Serious and Organised Crime	580	764
	Scientific Support	4162	4,300
	Confidential Unit	108	281
	Prison Liaison	105	261

## Other Regional Collaboration arrangements

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

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

2015-16

	<b>Human Resources &amp; Training £'000</b>	<b>Information Services £'000</b>
<u>Expenditure</u>		
Staff Costs	9,602	4,447
Property Related Expenses	2	5
Supplies and Services	471	2,411
Transport Related Expenses	365	174
	<u>10,440</u>	<u>7,037</u>
<u>Income</u>		
Contributions (see below)	10,340	6,703
Grant income	-	333
Other Income	100	1
	<u>10,440</u>	<u>7,037</u>
Deficit/(Surplus) in year	<u>-</u>	<u>-</u>
<u>Contributions</u>		
Humberside Police	4,253	2,973
South Yorkshire	6,087	3,730
	<u>10,340</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. Humberside Police retain joint control of this company with Humberside Fire Authority. The amounts included in the PCC Group financial statements in respect of this joint operation are as follows:

<b>2015-16</b>		<b>2016-17</b>
<b>50% share</b>		<b>50% share</b>
<b>£'000</b>		<b>£'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
(13)	Income	(10)
690	Pay and employment costs	682
100	Premises	100
671	Transport	598
68	Supplies and Services	70
20	Capital charges	27
<b>1,536</b>	<b>Net Cost</b>	<b>1,467</b>
<b>Balance Sheet</b>		
194	Property, Plant & Equipment	183
57	Inventories	53
14	Short Term Debtors	52
223	Cash and Cash Equivalents	162
(111)	Short Term Creditors	(95)
<b>377</b>	<b>Net Assets</b>	<b>355</b>

## 11. PREPAYMENTS AND DEBTORS/ACCRUALS

<b>2015-16</b>		<b>2016-17</b>
<b>£'000</b>		<b>£'000</b>
3,724	Other Police and Local Authorities	3,996
27	Other	11
<b>3,751</b>		<b>4,007</b>

## 12. SHORT TERM DEBTORS

<b>2015-16</b>		<b>2016-17</b>
<b>£'000</b>		<b>£'000</b>
3,751	Debtors & Accruals	4,007
<b>3,751</b>		<b>4,007</b>

## 13. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

<b>2015-16</b>		<b>2016-17</b>
<b>£'000</b>		<b>£'000</b>
3,020	Government Departments	3,271
4,632	Other	4,135
<b>7,652</b>		<b>7,406</b>

## 14. SHORT TERM CREDITORS

2015-16 £'000		2016-17 £'000
7,652	Creditors & Accruals	7,406
<u>7,652</u>		<u>7,406</u>

## 15. UNUSABLE RESERVES

2015-16 £'000		2016-17 £'000
(1,716,645)	Pensions Reserve	(2,099,058)
<u>(3,901)</u>	Accumulated Absences Adjustment Account	<u>(3,399)</u>
<u>(1,720,546)</u>	<b>Total Unusable Reserves</b>	<u>(2,102,457)</u>

### Pensions Reserve

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

2015-16 £'000		2016-17 £'000
(1,967,365)	Opening Balance	(1,716,645)
297,632	Actuarial Gains or (losses) on the pensions assets and liabilities	(350,944)
	Reversal of items relating to retirement benefits debited /credited to the Surplus	
(103,583)	or Deficit on the Provision of Services in the CIES	(90,367)
56,671	Employers pensions contributions and direct payments to pensioners	58,898
<u>(1,716,645)</u>	Closing Balance	<u>(2,099,058)</u>

## Accumulated Absences Adjustment Account

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

<b>2015-16</b> <b>£'000</b>		<b>2016-17</b> <b>£'000</b>
<u>(3,604)</u>	Opening Balance	<u>(3,901)</u>
	Settlement or cancellation of accrual made at the end of the	
3,604	preceding year	3,901
<u>(3,901)</u>	Amounts accrued at the end of the current year	<u>(3,399)</u>
	Amount by which officer remuneration charged to the CIES on an	
	accruals basis is different from remuneration chargeable in the year	
<u>(297)</u>	in accordance with statutory requirements	<u>502</u>
<u><b>(3,901)</b></u>	Closing Balance	<u><b>(3,399)</b></u>

## 16. 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. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016-17 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.

## 17. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits of the Chief Constable at 31 March 2017 and 31 March 2016 are as follows:

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000
Estimated Liabilities in the Scheme	(281,045)	(240,411)	(2,033,932)	(1,667,758)	(2,314,977)	(1,908,169)
Estimated Assets in the Scheme	214,220	190,161	-	-	214,220	190,161
Net Asset/(Liability)	<u>(66,825)</u>	<u>(50,250)</u>	<u>(2,033,932)</u>	<u>(1,667,758)</u>	<u>(2,100,757)</u>	<u>(1,718,008)</u>
Allocation of Net Asset/(Liability)						
PCC					(1,699)	(1,363)
Chief Constable					<u>(2,099,058)</u>	<u>(1,716,645)</u>
					<u>(2,100,757)</u>	<u>(1,718,008)</u>

The liabilities show the Chief Constable's long term commitments to pay retirement benefits. The total liability of £2,099m has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £2,102m. It must be noted however that the deficit on the Local Government Pension Scheme will be made good by increased contributions assessed by the scheme actuary every three years. Finance is only required to be raised to cover police pensions when pensions are actually paid.

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

## 18. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

	Unfunded Liabilities: Police Pension Schemes		Funded Liabilities: Local Government Pension Scheme	
	2016-17	2015-16	2016-17	2015-16
	£'000	£'000	£'000	£'000
1st April	(1,667,758)	(1,888,813)	(240,411)	(265,685)
Current service cost	(22,620)	(29,950)	(7,405)	(9,525)
Past service costs (including curtailments)	-	(140)	(77)	(145)
Effect of settlements	-	-	-	3,374
Interest cost	(58,680)	(61,990)	(8,745)	(8,792)
Contributions by scheme participants	(8,140)	(7,880)	(2,033)	(2,118)
Benefits paid	60,446	57,245	4,118	3,699
Remeasurements:				
Gains and losses from changes in assumptions	(344,000)	189,180	(48,515)	36,721
Experience gains and losses	6,820	74,590	22,023	2,060
31st March	<u>(2,033,932)</u>	<u>(1,667,758)</u>	<u>(281,045)</u>	<u>(240,411)</u>

The expected contributions to the ERYC Fund for 2017/18 are £5.805m (2016/17 was £7.067m). The expected contributions to the Police Pension Fund for 2017/18 are £12.694m (2015/16 was £12.148m).

## 19. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

	Local Government Pension Scheme	
	2016-17	2015-16
	£'000	£'000
1st April	190,161	185,072
Interest income on Plan assets	6,926	6,110
Employer contributions	6,849	7,383
Contributions by scheme participants	2,033	2,118
Benefits paid	(4,118)	(3,699)
Effect of settlements	-	(2,848)
Remeasurements:		
Return on assets excluding net interest	12,369	(3,975)
31st March	<u>214,220</u>	<u>190,161</u>

## 20. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

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

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

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2016-17 %	2015-16 %	2016-17 %	2015-16 %
Rate of Inflation	2.40	2.20	2.35	2.20
Rate of Increases in Salaries				
Long term	2.60	3.70	4.35	4.20
Short term	N/A	N/A	1.00	1.00
Rate of Increase for Pensions	2.40	2.20	2.35	2.20
Rate for Discounting Scheme Liabilities	2.60	3.60	2.65	3.55
Take up option to convert annual pension into retirement grant:				
Pre April 2008 service	60	30		
Post April 2008 service	80	65		

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

Percentage increase in scheme liabilities and monetary values:

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

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

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

The weighted average duration of the scheme liabilities are:

	Local Government Pension Scheme	Police Pension Schemes
	Years	Years
2016-17	21.6	21.0
2015-16	23.6	21.0

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

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

	2016-17		2015-16	
Asset quoted prices:	%	£'000	%	£'000
Equity securities	36.8	78,842	43.7	83,129
Debt securities	10.5	22,562	10.0	18,950
Private equity	4.7	10,013	5.0	9,590
Real estate	11.7	25,061	11.8	22,425
Investment funds	33.4	71,483	26.7	50,731
Cash and cash equivalents	2.9	6,259	2.8	5,336
Total		214,220		190,161
In active markets	79.0	169,335	80.8	153,726
Not in active markets	21.0	44,885	19.2	36,435
Total		214,220		190,161

## 21. ASSUMED MORTALITY RATES

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

### Police Pension Fund

2016-17

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

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

### East Riding of Yorkshire Pension Fund

2016-17

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

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

## 22. REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY

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

### Local Government Pension Scheme

	2012-13		2013-14		2014-15		2015-16		2016-17	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Return on assets, excluding net interest	11,053	7.94	6,491	4.07	11,300	6.11	(3,975)	(2.09)	12,369	5.77
Difference between actuarial assumptions about liabilities and actual experience	86	0.04	(6,019)	(2.86)	1,301	0.49	2,060	0.86	22,023	7.84
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(25,579)</u>	(13.26)	<u>6,057</u>	2.87	<u>(38,803)</u>	(14.60)	<u>36,721</u>	15.27	<u>(48,515)</u>	(17.26)
Total IAS19 remeasurements	<u><u>(14,440)</u></u>	(7.49)	<u><u>6,529</u></u>	3.10	<u><u>(26,202)</u></u>	(9.86)	<u><u>34,806</u></u>	14.48	<u><u>(14,123)</u></u>	(3.65)

### Police Pension Schemes

	2012-13		2013-14		2014-15		2015-16		2016-17	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	46,380	2.86	35,940	2.24	33,780	1.81	74,590	4.54	6,820	0.34
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(238,300)</u>	(14.71)	<u>49,790</u>	3.10	<u>(213,500)</u>	(11.47)	<u>189,180</u>	11.49	<u>(344,000)</u>	(16.91)
Total IAS19 remeasurements	<u><u>(191,920)</u></u>	(11.85)	<u><u>85,730</u></u>	5.34	<u><u>(179,720)</u></u>	(9.66)	<u><u>263,770</u></u>	16.03	<u><u>(337,180)</u></u>	(16.57)

	2012-13	2013-14	2014-15	2015-16	2016-17
	£'000	£'000	£'000	£'000	£'000
<b>Total IAS19 remeasurements</b>	<u><u>(206,360)</u></u>	<u><u>92,259</u></u>	<u><u>(205,922)</u></u>	<u><u>298,576</u></u>	<u><u>(351,303)</u></u>

#### Allocation of IAS19 remeasurements:

	2015-16	2016-17
	£'000	£'000
PCC	944	(359)
Chief Constable	<u>297,632</u>	<u>(350,944)</u>
<b>Total IAS19 remeasurements</b>	<u><u>298,576</u></u>	<u><u>(351,303)</u></u>

## 23. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON CASH MOVEMENTS

2015-16 £'000	2016-17 £'000
(46,912) Notional Pension Costs (in excess of) / less than actual pensions paid	(31,469)
<u>(297) Accumulated absences movement</u>	<u>502</u>
<u><u>(47,209)</u></u>	<u><u>(30,967)</u></u>

## 24. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue on 28 September 2017. The Chief Constable has reviewed events occurring between 31 March and 28 September 2017, 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 2016-17.

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 2016-17 in a range of 14.25 to 15.05% (2015-16 14.25 to 15.05%), the 2006 scheme has officers' contributions in a range 11.00 to 12.75% (2015-16 11.00 to 12.75%) and the 2015 scheme which has officers' contributions in a range of 12.44 to 13.78% (2015-16 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

2015-16 £'000		2016-17 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
	Police & Crime Commissioner ("PCC"):	
(12,530)	- contributions at 21.3% (2015-16 21.3%) of pensionable pay	(12,297)
(564)	- early retirements - Ill Health	(388)
(8,131)	Officers' contributions	(7,941)
(21,225)		(20,626)
	<b>TRANSFERS IN</b>	
(381)	Transfers in from other Pension Schemes	(303)
	<b>BENEFITS PAYABLE</b>	
43,976	- pensions	45,566
17,840	- commutations and lump sum retirement benefits	14,164
183	- lump sum death benefits	100
		59,830
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
1	- refunds of contributions	4
643	- transfers out to other Pension Schemes	-
75	- transfers out to other Police Forces: 1974 arrangements	102
		106
41,112	<b>NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC</b>	39,007
(39,406)	<b>ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (FUNDED BY THE HOME OFFICE)</b>	(37,333)
(1,706)	<b>ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (NOT FUNDED BY THE HOME OFFICE)</b>	(1,674)
-	<b>NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR</b>	-

## NET ASSETS STATEMENT

2015-16 £'000		2016-17 £'000
	<b>Current Assets</b>	
156	Police Fund Debtor	168
	<b>Current Liabilities</b>	
(156)	Unpaid Pensions Due	(168)
-		-

## 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 2016-17 was 21.3% of pensionable pay (2015-16 21.3%).

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

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 payments amounted to £17k in 2016-17 (2015-16 £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.

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 £1,674k (2015-16 £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:

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

<b>Employee benefits</b>	All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.
<b>Going concern basis</b>	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.
<b>Income Received in Advance</b>	Income received that should be classed as a benefit in the next financial year.
<b>Intangible assets</b>	Capital expenditure which does not create a tangible asset.
<b>Inventories</b>	Stocks held by the Chief Constable such as fuel.
<b>Leases</b>	A method of financing expenditure over a period of time. There are two types of lease: <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
<b>Liability</b>	An amount owing to a third party such as a loan or unpaid invoice from a supplier.
<b>Local Authority Accounting Panel (LAAP) bulletin</b>	Latest update from CIPFA detailing amendments and guidance to changes in Local Authority Accounting Practice.
<b>Medium Term Resource Strategy (MTRS)</b>	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.
<b>Net assets</b>	Total assets less total liabilities.
<b>Non current asset or liability</b>	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.
<b>Non Distributed Cost</b>	This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis.
<b>Prepayment</b>	Where an amount of expenditure is paid in the current financial year, but the goods or services are a benefit in the next/following year.
<b>Provision</b>	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.

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

## Acronyms and Abbreviations

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