



Serving our communities to  
make them safer and stronger

# **THE CHIEF CONSTABLE OF HUMBERSIDE**

## **FINANCIAL STATEMENTS**

**2018-2019**

**(Subject to Audit)**

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

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

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

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

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

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

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

### **TREASURER'S STATEMENT**

This is the Statements of Accounts for the Chief Constable of Humberside Police for Humberside for 2018/19.

The accounts provide a record of the financial position and performance for the year and incorporate transactions relating to the Force.

All of the financial transactions incurred by the Chief Constable for policing have been recognised and recorded within these financial statements, which set out the overall financial position of the Chief Constable for the year ending 31 March 2019.

Separate statutory financial statements have been prepared for the PCC and PCC Group.

Annual Governance Statements for the PCC and for Humberside Police for 2018/19 have been published separately and are available on the PCC and Force websites.

### **PERFORMANCE – FORCE**

In the run up to the Police Grant settlement for 2018/19, there appeared to be a general acceptance of the pressures that the service was under due to increased demand and the

nature and complexity of that demand. Policing has continued to face significant challenges in seeking to secure and maintain public confidence whilst working to deliver services that meet the needs of the public with the available resources. The PCC has consistently maintained that sustainable improvement is key to a brighter future for the Force and an enhanced service for the people of Humberside. In 2017/18 the PCC and the Chief Constable agreed to increase the pace at which they wanted to see additional police officers recruited and this process continued in 2018/19.

Due to the Government’s austerity programme, which required reductions in public service spending, including the police service, and Humberside Police has had to make significant cashable savings each year since 2010. It is anticipated that further savings of £13m will have to be made over the next five years to protect frontline resources to effectively police our communities. This includes the investigation of increasingly complex crimes such as child sexual exploitation and human trafficking to ensure that the most vulnerable people in our local communities are protected.

After such a long period of austerity, identifying and achieving cost savings is becoming increasingly more challenging. PCC and public support through increases in precept and the use of reserves will need to be used to help maintain police officer numbers that have recently grown so significantly.

However, since demand on the police continues to adapt and evolve, it is clear that to keep up with these changes transforming and reforming our police service must continue. The Force has and will continuously look for ways to improve the delivery of its operational and support services to ensure efficiency and effectiveness and to optimise alignment of resources to demands.

In spite of the significant financial and operational challenges, improvements in the efficiency and effectiveness of the Force have been achieved. They have not only been formally recognised by HMICFRS at the start of the year in the cessation of the Force’s formal engagement with the Inspectorate, but most importantly in the recent outcome of 2018 PEEL inspection. In this inspection, Humberside Police received an overall grading of ‘Good’ and “Good” across all key areas.

In the previous 3 years, the Force were graded as Inadequate in 2 out of the 3 areas and assessed as inadequate / requires improvement in 5 out of the 9 areas 12 months later.

YEAR*	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
	EFFECTIVENESS					EFFICIENCY		LEGITIMACY		
2015	-	-	RI	-	-	I	I	-	-	-
2016	G	RI	I	G	-	RI	RI	G	G	RI
2017	G	RI	RI	G	-	RI	G	G	G	G
2018	G	G	G	G	-	G	G	G	G	G

\*Q=HMICFRS Questions

The overall grade of ‘Good’ reflects HMICFRS’s assessment of each individual area of policing, with a common thread of how forces are keeping people safe and reducing crime that are key priorities for the Force.

Receiving a rating of 'Good' for Efficiency in the Integrated PEEL Assessment, indicates that Humberside Police has risen to the challenge of addressing increased demands against a background of ongoing budget pressures. Continuing to optimise efficiency and effectiveness is recognised as the means by which the increasing volume and complexity of the demands now being placed on the Force can be met. HMICFRS has recognised the progress that has been made in the way in which the Force understands its demand, uses its resources and plans for the future.

The grading of 'Good' in its Effectiveness by the Inspectorate in the way the Force deals with the most vulnerable members of the community, and the quality of our crime investigations is extremely positive. Similarly, the 'Good' in respect of Legitimacy demonstrates that the Force actively and consistently treats the public and staff with fairness and respect.

The Chief Constable's Plan on a Page clearly outlines the strategic vision for the Force and defines the key priorities in support of the commitment to 'Serving our communities to make them safer and stronger'. It therefore also directly supports the delivery of the PCC's Police and Crime Plan. The Plan on a Page contains the 4 key themes for the Force:-

- PEOPLE – the key to our success is its people
- RESOURCES – will enable it to perform well
- CONNECTED – to deliver the right services needed to be connected
- COMMUNITIES – the ultimate aim is to serve communities to make them safer and stronger

Chief Officers have played a pivotal role in driving delivery across all areas of the Force, both operational and organisational. They have set the strategic direction and monitored activity through project and programme boards personally chaired by Chief Officers.

The governance arrangements provide clarity on corporate requirements and expectations with assurance processes in place to ensure that activities are being driven, monitored and delivered at a corporate and local level. These processes also provide Chief Officers with oversight to identify strategic interdependencies across the Boards and manage their impact.

The improvements have also been reflected in satisfaction and support from both our staff and our communities. For example, the new Humber Talking survey indicates that 59.8% of respondents are confident that the Force would be there if they needed them.

Between April 2018 and March 2019, the Force dealt with 550,618 calls for service, an increase of almost 2,193 on the previous year. The number of calls for service requiring police attendance showed an overall increase of 8% compared to 2017 / 2018. The Force is constantly responding to changes in both the nature and complexity of demand. Incidents relating to mental health, missing persons and concern for welfare, coupled with the increase demand from emerging offences of cybercrime, modern slavery and the need to identify, assess and manage vulnerability effectively, continue to contribute to the rise and complexity in calls for service.

## Financial Performance

### Economic Climate

The PCC recommended an increase in the precept for 2018/19 of 6.40%. The Police and Crime Panel (PCP) supported this proposal and, after considering the Panel's comments, the PCC implemented a precept of £199.32 for a Band D property, an increase of £11.99.

The precept recommendation was supported by a Medium Term Resource Strategy (MTRS) providing details of the resources available to support the delivery of the PCC's Police and Crime Plan. It covered the period 2018/19 to 2022/23 and sought to ensure that precept decision was set in the context of medium term financial and staffing projections.

The MTRS reflected the Police Grant Settlement for 2018/19 and information on the Government's assumptions in relation to precept increases. The Settlement confirmed that all PCCs would receive the same amount of General Grant as they had in 2017/18. However, after a number of years when the maximum increase in a Band D precept for most PCCs, including the PCC for Humberside, was 2%, without requiring a referendum, Ministers announced that all PCCs could increase their precepts by up to £12. There would be a proviso however that this arrangement would be subject to significant progress being made towards achieving efficiency and productivity targets and that there would be greater transparency in relation to reserves. In addition, the Government indicated that in its forecasts it had been assumed that all PCCs would increase the amount that they could raise from the Council Tax by the maximum amount possible without requiring a referendum.

This assumption meant that there would be a significant increase in the overall level of resources available for policing and was seen as a response to a strong lobby from the National Police Chiefs' Council (NPCC) and the Association of Police and Crime Commissioners (APCC) for additional support for the service so that the increasing demands being placed upon it could be addressed.

The PCC's budget proposals included a commitment to the enhanced support for community safety initiatives. This together with the cost associated with the full year costs of the restructuring of the OPCC in order to provide additional resources for community engagement were incorporated into the MTRS. The budget for community safety initiatives continued to provide for funding for victims' services, utilising a grant from the MoJ of £1.078m, which was subsequently increased to £1.114m to allow a local project previously supported nationally to continue.

The MTRS took account of the Government's decision to award a pay increase of 1%, plus an additional 1% non-consolidated to police officers, together with an identical offer made to police staff.

Although there was a lack of clarity over the conditions as associated with the guidance on funding in 2019/20, like most PCCs, the PCC for Humberside assumed a £12 increase in precept for a Band D property in 2019/20, together with the same level of Government Grant. In the absence of any information on the referendum principles beyond that, 2% increases were assumed for later years.

In response to the Home Office requirements for more transparency over reserves held by PCCs, Humberside's Reserves Strategy, setting out details of the reserves held and their intended use was updated and approved.

## The Current Financial Position

The MTRS was reviewed and updated in consultation with the Chief Constable to provide a financial forecast covering a five-year time period 2019/20 to 2023/24. It sets out details of the funding to be made available in terms of Police Grant in 2019/20 based on the Provisional Settlement announced on 13 December 2018. This was subsequently confirmed in the Final Police Grant Report and Ministerial Statement published on 24 January 2019. It also takes into account increases in the tax base and assumptions of Collection Fund surpluses based on estimates from the four billing authorities in the Humberside Police Force area.

In his announcement on the Settlement, the Minister recognised the need for the police to have the right capabilities and resources to respond to the changing nature of crime. This followed further strong lobbying from PCCs and forces and close collaborative working between the Service and the Home Office. He confirmed that the Service had delivered on the conditions set out in the Settlement for 2018/19. It was on track to deliver the commercial and back office savings targets by 2020/21, and all PCCs had published their reserves strategies in line with the guidance issued by the Home Office.

The Minister indicated that it was clear that demand pressures on the police have risen with major increases in the reporting of high harm crimes such as sexual exploitation and modern slavery along with growing threats from serious and organised crime and a spike in serious violence and knife crime.

The Government estimated that the Settlement would allow an increase in support for policing of £970m, including grant funding and full use of the ability to use the flexibility in relation to precept, funding to support pension costs and increased national funding. The Minister indicated that each PCC would see their grant from Government protected in real terms.

Prior to the Settlement there had been considerable concerns over the impact of changes to employers' police officer pension contributions identified in the autumn that had not been anticipated in forces' existing financial plans. The Settlement took into account £153m of specific grant from Government reserves, distributed according to a methodology agreed with the Service to offset the associated cost increases. However, after taking account of Humberside's share of this and the additional general grant in the Settlement, there remains an estimated additional cost in excess of £300k in 2019/20.

Notwithstanding the Settlement made in respect of the Police Grant for 2018/19, the Minister announced that the Government were proposing to double the flexibility available to PCCs to increase their precepts by £24 as opposed to the £12 increase originally suggested. He confirmed that once again the Government were assuming that all PCCs would increase their precepts by the maximum amount possible without requiring a referendum. Based on its calculations, this would raise an extra £509m i.e. more than 50% of the total increase in funding referred to earlier would have to come from local taxes via PCCs.

In return for this additional support the Government indicated that it expected to see:-

- Continued efficiency savings in 2019/20 through collective procurement and shared services, with an expectation that every force will contribute substantially to procurement savings and that the Home Office will be working with the police to agree the right force level objectives for 2019/20 and 2020/21.

- Major progress to resolve challenges in investigative resources identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
- Continued improvement in productivity, including smarter use of data that deliver £50m of productivity gains in 2019/20
- Maintaining a serious and organised crime response that spans the identification and management of local threats as well as support for national priorities.

The forecasts of pay costs in the MTRS were based on the information from the Chief Constable's target operating model which reflects the decision of the PCC to support proposals to significantly increase and bring forward the recruitment of additional police officers. It also took into account of the Government's decision to award a pay increase of 2% for police officers and a similar offer made to police staff. It was noted however that legal action in connection with the police officer award could mean that the award and offer could be revisited.

The MTRS included details of the capital programme incorporating spending on Estates, with provision for completion of the custody facility at Birchin Way, Grimsby and proposals for a new building at Melton, The latter will allow significant improvements to be made in efficiency and contribute to further rationalisation of the Force estate. The Programme also includes provision for expenditure on IT, vehicles and equipment.

Although the announcements on the support for pensions, provided the framework for formulating the budget for 2019/20, considerable uncertainty remains over the position for future years. The Government is in the process of carrying out a Spending Review in 2019 and this will be followed by the long awaited review of the funding formula for the distribution of resources in policing. The latest possible timing for the formula review is now expected to be in the autumn of 2019 with implementation in 2021/22 at the earliest. This means therefore that there is little clarity over the funding position in the short term and Government support for 2020/21 will not be confirmed until December 2019. The position is exacerbated the lack of certainty in relation to support for pensions in future years which will be considered as part of the Spending Review.

As a result there is a significant risk that PCCs and forces will take different approaches to developing their medium term financial plans and use different assumptions, particularly in respect of pensions. This could give rise to a "cliff edge, jeopardising decisions on staffing and investment. The PCC's MTRS assumes that the support for pensions will be baselined and that for 2020/21 onwards there will be flat cash settlements with limited opportunity to increase the precept in future years.

After taking into account the additional costs of pensions, pay awards, inflation, demand pressures, growth in officer numbers and increased capital costs the MTRS forecasts that the Force will still need to make savings of c.£3.7m to balance the budget in 2019/20.

After taking into account the issues raised within the MTRS and comments from the Police and Crime Panel that supported his proposals, the PCC approved a 12.04%/£23.99 increase in precept for 2019/20 making the Council Tax for policing for a Band D property in the Force area £223.31, compared with £199.32 in 2018/19.



## Financial Management

### Revenue Outturn

The PCC approved an original budget in February 2018 of £185.423m which, following a review of reserve funded activity resulted in an approved final budget of £185.382m for 2018/19. A mid-year financial review was once again undertaken involving detailed analysis by Commanders/ Heads of Department in conjunction with the Force Finance Team. This identified savings and offsetting pressures totalling £2.9m. The budget was realigned in November to reflect these changes and monitoring against this revised budget was undertaken during the second half of the year.

Actual expenditure for the year was £185.159m, an underspend of £197k, which was broadly in line with the projected underspend of £162k in period 10. The main areas of overspend included additional student officers and transferees. There was a significant improvement from 2017/2018 in managing the levels of spending on overtime. Total police officer overtime reduced to £3.8m, a reduction of 40% from 2017/2018 with police staff and PCSO overtime decreasing by 45% to £692k.

Reserves at the start of 2018/2019 totalled £28.9m. The original budget assumed use of £9.1m on a range of activities including the accelerated officer recruitment (£3.3m) and support for partners on crime reduction (£3.0m). The total level of reserves at 31 March 2019 stands at £20.0m. The 2019/2020 budget assumes further use of reserves of £6.7m including £1.2m on the full year impact of the accelerated recruitment, £1.6m for partnership support, and a potential national legal settlement of £1m in relation to specialist call handlers.

The original savings target within the MTRS for 2018/2019 was £1.343m. The Force subsequently reviewed the savings programme in order to develop a plan that would use some but not all earmarked reserves. As a result the Force's savings target over five years was set at £13.4m, a figure approved by the PCC.

Actual in year savings of £1.679m were delivered in 2018/19 with a further full year impact in 2019/2020 of an additional £81k. The main areas of savings were achieved through contract savings following the implementation of Connect (£623k), improved management of overtime (£422k), savings identified as part of the mid-year financial review from additional income (£318k) and non-pay (£191k). The total savings exceeded the original savings target by £336k. Having reviewed the savings programme, a Corporate Efficiency Review and Continuous Improvement Programme has been developed which will be a key driver in delivering the required budget reductions.

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

<b>CAPITAL PROGRAMME</b>	<b>CURRENT BUDGET £000</b>	<b>2018/19 ACTUAL £000</b>	<b>VARIANCE £000</b>
Estates Programme	15,824	11,259	4,565
ICT Programme	4,091	1,185	2,906
Vehicles & Equipment	3,017	2,074	943
<b>Grand Total</b>	<b>22,932</b>	<b>14,518</b>	<b>8,414</b>

The main areas of expenditure during 2018/2019 were on the completion of the Birchin Way Custody Suite (£9m), Refurbishment of Priory HQ (£0.4m), Courtland Road Training Centre (including a new Hydra Suite) (£0.4m), replacement vehicles (£0.8m) and continuing rollout of body worn video equipment (£0.5m).

The main areas of underspend included delays in finalising plans for Beverley Police station (£1.6m) and Scunthorpe station and custody redevelopment (£1.4m) and the finalisation of broadband requirements for body worn video (£0.6m)

The refreshed capital programme 2018/2019 - 2023/2024 is £70m and includes provision for a new building at Melton (£23.6m), vehicle replacement (£5.3m), further investment in mobile technology (£3m) and an upgrade to ORACLE ERP system (£0.5m).

### Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the PCC at 31 March 2019. The net assets of the Chief Constable (assets less liabilities) are matched by reserves. These balances are consolidated in the PCC Group Balance Sheet.

### Service Delivery

The last year saw the successful implementation of the Chief Constable's Plan on a Page which is now embedded at all levels of the organisation and is the focus for all activity – support and operational. It recognises that culture, values and behaviours determine the type of organisation the Force aims to be. The Chief Constable and his Chief Officer team personally led over 100 engagement meetings with staff across the whole organisation to discuss the plan and how everyone could contribute to its delivery.

In the period April 2018 to March 2019, 102,346 crimes reported across the Humberside Police Force area, an increase in overall crime levels of 18.5% compared to 2017 / 2018 levels, compared with the national increase of 8.5%.

This increase is reflected by trends seen at a wider national level. The latest published figures from the Office for National Statistics (ONS) show an increase to the relatively rare, but “high-harm” violent offences such as homicide, knife crime and gun crime, a trend that has been emerging over the previous two years.

### **Within the Force area between April 2018 and March 2019:**

- Violent crime increased by 37.4% from 25,146 offences to 34,544 offences.
- Domestic Abuse crimes increased by 47.8% from 10,869 offences to 16,064 offences.
- Burglary decreased by 8.5% from 9,130 offences to 8,352 offences.
- Acquisitive Crime increased by 0.5% from 37,366 offences to 37,566 offences.
- Rape increased by 22.2% from 913 offences to 1,116 offences (90 of the offences in 2018/19 relate to one specific historic operation).
- Murder and manslaughter decreased from 16 offences to 10 offences (1 of these may still be reclassified/cancelled).
- Knife Crime increased by 14.2% from 585 offences to 668 offences.
- Rural crime down by 11% from 1,119 incidents in 2017 / 2018 to 998 incidents in 2018 / 2019.
- Incidents of ASB reduced by 13%.
- Crime Outcomes 1-4 & 6-8 increased by 4.3% from 14,307 outcomes to 14,920 outcomes.
- Hate Crime increased by 25.6% from 1,060 offences to 1,331 offences.
- Vehicle Crime decreased by 5.8% from 6,374 offences to 6,006 offences.
- The number of calls for service (999 and 101) increased by 2,193 - an increase of 0.4% compared to 2017 / 2018.
- The number of calls for service (Incident Logs) decreased by 4% compared to 2017 / 2018.
- However, the number of calls for service (Incident Logs) which required police attendance saw an overall increase of 8% compared to 2017 / 2018.

### **In response to the above in 2018 / 2019 the Force:**

- Answered 149,369 emergency (999) calls, answering 87.1% of 999 calls within 10 seconds.
- Answered 345,758 non-emergency (101) calls, answering 52.0% of Crime 101 calls within 10 seconds.
- Reduced the number of abandoned calls by 34% (40,660 calls).
- Achieved faster response times in all areas to March 2019 compared to March 2018 with responses to Emergency call an average of just over one minute faster and an average of nearly 2.5 minutes faster for DA related emergency calls.
- Made 17,310 arrests, from which 6,377 charges were made (based on custody disposal).
- Caught 697 drivers using mobile phones, 574 drink drivers, and 127 drivers under the influence of drugs.
- Received over 505 knives and weapons during the force amnesty.
- Led 420 mentally ill people to a place of safety.
- Investigated 5,670 missing persons - a 3% increase on 2017/18.
- Has seen an average 54% reduction since September 2018 in missing persons from Children's Homes due to the introduction of bespoke local initiatives and Missing from Home Co-ordinators.

- Seized £258k in forfeited cash and over £854k was returned to victims of financial crime in compensation.
- Stopped and searched 1,475 people (plus a further 109 searches for vehicle only)
- Policed 62 events, of which 42 were football matches.

## Collaboration

### Yorkshire and the Humber/ North Eastern Region

The Force continues to actively participate in the long established partnerships with the other three Yorkshire and the Humber forces on issues such as serious and organised crime, underwater search and forensics.

Discussions with the other three North East Forces, Cleveland, Durham and Northumbria on wider collaboration on potential areas where all could benefit from working together have continued. The Humberside PCC and Force are engaged in the North East Transformation Innovation and Collaboration (NETIC) arrangements involving seven forces. Opportunities to collaborate on a range of areas that link to national proposals, such as intelligence, firearms, cybercrime, IT and data convergence are being examined with the aim of delivering practical products for the region to improve the delivery of policing. In terms of governance, the North East Collaboration Board has been created, incorporating the activities of the former Regional Collaboration Board.

### Humberside/South Yorkshire

The close working relationship with the South Yorkshire PCC and with South Yorkshire Police has continued, governed by the Joint Collaboration Board.

The single IT platform has been maintained and enhanced with the development and implementation of joint multi-functional systems such as the crime recording, CONNECT, and contact management, SMARTContact as well as the shared Enterprise Resource Planning (ERP) platform.

Back office functions in relation to Information Technology, Human Resources and Legal Services continued to operate on a shared basis throughout 2018/19. However, it has been agreed that the shared Human Resources function will be disaggregated in 2019/20 and implementation plans are well advanced.

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

Increased collaboration with the Humberside Fire and Rescue Service and the Humberside Fire Authority has been evident and the PCC is a non-voting member of the Authority.

Fully integrated Fleet and Estates Management functions with the Humberside Fire and Rescue Service are now established with the latter overseen by a Joint Estates Programme Board. These arrangements not only optimise efficiency and effectiveness in the delivery of services but also provide opportunities for further joint working, with careful consideration now being given to collaboration on the provision of Health and Safety and Occupational Health services.

Since 2017, the seven members of the Fire Authority's Governance, Audit and Scrutiny Committee have acted, in their individual capacities, as the Joint Independent Audit Committee

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

### Other Collaborations

At a local level the Force is proactively pursuing collaborative working opportunities with partners at a strategic level as a leading partner in new multi-agency Place Boards and at an operational level, through Early Intervention Teams. A new project is underway in Beverley Road in Hull which is being delivered in collaboration with Health, Local Authority and Fire and Rescue Service colleagues.

Academic and professional partnerships have also been established with joint programmes of work with the University of Hull to drive innovation and transformation in the delivery of services.

### **Pension Liabilities**

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

Police staff are members of the East Riding of Yorkshire Council's Pension Fund and information is provided in respect of their pension liabilities by Hymans Robertson, the East Riding's Fund Actuaries. These liabilities will be paid as they fall due. The Pension Fund is revalued every three years. The latest valuation was carried out in March 2016 and revised contribution rates set to recover the deficit position were applied with effect from 1 April 2018.

The impact on the PCC Group of pension liabilities continues to generate the level of negative net worth shown in the PCC Group balance sheet at £2,206m; an deterioration of £130m. The net worth excluding these pension liabilities would be £28m.

### **People**

Over the year the number of police officers has increased by 91.31 fte (an increase overall since 1 April 2017 of 248 Police Officers in addition to the replacement of normal turnover). This influx is now starting to make a significant impact on the resources available to support our communities and has contributed to a range of performance improvements including reduced response times to incidents. It has also supported the ongoing evolution of the Force's place-based Neighbourhood Policing Strategy, which is a foundation of the policing service in Humberside. This will ensure that every ward across the Force area is supported by a PCSO and/or police officer working alongside our partners and local communities.

The five year workforce plan which commenced in 2018 continues to drive resourcing activity and is aligned to the MTRS. It aims to deliver the priorities in the Plan on a Page and PCC's Police and Crime Plan. The workforce plan will be delivered alongside the Corporate Efficiency and Continuous Improvement Review Programme to deliver sustainable change and to support and refine resourcing levels within the Chief Constable's Target Operating Model.

The Force's target operating model for 2019 of 1900 police officers. Turnover remained broadly stable during 2018/19 with a very slight increase during the year. There has been an increase

in the number of student officers leaving early in their employment which was anticipated given the significant increase in recruitment.

#### **Police Officer Total Workforce**

- As at 1<sup>st</sup> April 2019 the total workforce is 1896.25 fte.
- This is an increase 91.31 fte on the 1<sup>st</sup> April 2018 position which was 1804.94 fte.

#### **Police Officer Turnover**

- Police Officer 2018/2019 Turnover Rate: 6.74%
- Historical Average Turnover Rate 2006/2018: 6.13%

As anticipated the 2019 Target Operating Model for PCSOs shows a reduced number. The number of PCOs was temporarily increased by 30 to 258 fte to support the Hull City of Culture year and early intervention initiatives. The intention is that the Force will reduce PCSO numbers to 178 fte by 2020. This reduction will be achievable as a result of having a number of PCSOs in the pipeline to join as Police Officers during this period. Natural turnover continues to be stable but slightly higher than in previous years due to those becoming police officers.

#### **PCSO Total Workforce**

- Total Workforce currently stands at 223.51 fte.
- This is a decrease of 32.59 fte on the 1<sup>st</sup> April 2018 position which was 256.10 fte

#### **PCSO Turnover Rates**

- PCSO 2018/2019 Turnover Rate: 10.44%
- Historical Average Turnover Rate 2006/2018: 8.70%

In November 2017 the Police Staff Target Operating Model was 1181 fte, with plans to reduce the number of police staff posts in force down to 1150 by the end of 2018/19 and further to 1100 by the end of 2019/2020. The force achieved the police staff total workforce target for 2018/2019. Police staff turnover during the year was lower than previous years.

#### **Police Staff Total Workforce**

- Total Workforce currently stands at 1151.63 fte.

#### **Police Staff Turnover**

- Police Staff 2018/2019 Turnover Rate: 10.60%
- Historical Average Turnover Rate 2006/2018: 11.28%

A Resource Management Group has been established, chaired by the Assistant Chief Officer (Resources), and this will continue to operate during 2019/2020 in order to achieve the required police staff post reductions and ensure robust oversight of recruitment activity.

The Chief Constable has introduced a Health and Wellbeing Board to drive the activities required to support our officers and staff. Gym facilities have been provided in partnership with the Humberside Fire and Rescue Service and wellbeing advocates established in each command to provide local support.

In terms of respecting and embracing diversity, the Force has received accreditation from Disability Confident Employer scheme and is on the way to becoming a Stonewall Ally. It continues to support Hull Pride.

Current health indicators demonstrate that the health and wellbeing of the workforce continues to improve. These include:

- Sickness absence data
- Grievance data
- Staff survey results
- Staff voice feedback
- National Police Federation survey

The overall sickness absence rate for the financial year ending 31 March 2019 is 4.0%, compared with 4.4% in 2017/18 and a national average of 4.6%. The rates were 3.8% for police officers and 4.2% for police staff.

## **Principal Risks and Uncertainties**

Like all Chief Constables and PCCs, the Chief Constable of Humberside Police continues to face a range of challenges, arising from the uncertainty over funding available to the PCC. These challenges are not only financial but operational when the Force is facing increasing and more complex demands.

Although Government acted to provide some certainty over budgets for 2019/20 in statements on the Police Grant for 2018/19, this was overtaken by events when the Settlement for the 2019/20 was announced with flexibility to double the level of increase available to PCCs in respect of precept taking this up to £24 for a Band D property in all areas and additional grant.

The additional grant and extra flexibility mitigated increased police pension costs which were unforeseen and not budgeted for in Humberside and by all other forces. The position for 2020/21 and beyond remains uncertain in that there is no guidance in respect of grant levels and the principles that will apply in respect of increases in precept.

In addition, Government planning has been seriously affected by the uncertainty over BREXIT. The proposed Comprehensive Spending Review has been delayed at this stage there is no certainty over whether this will be for one year or longer. Ministers have also confirmed that the review of the funding formula for policing will now not take place until after the Spending Review has been concluded. The grant to support the additional pension costs will be considered as part of the Review process, as will matters such as delays and cost overruns in connection with the replacement ESN. This uncertainty represents a significant risk that the financial plan will have to be amended as the impact of the outcome of these issues become clear. Officers are engaged in and closely following national negotiations.

Locally, new technology remains a risk with delays in the implementation of SMARTContact and continuing problems with the ERP system which are having an impact operationally and in respect of the efficiency and effectiveness of back office functions. These matters are being addressed but this is proving more difficult and complex than originally envisaged.

## **Explanation of Accounting Statements**

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

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

- The Police Reform and Social Responsibility Act 2011 (PRSRA);
- The Home Office Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under Section 4A of the Fire and Rescue Services Act 2004 (July 2018).

The Corporate Governance Framework includes:-

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

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

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

## THE FINANCIAL STATEMENTS

The consolidated financial statements comprise of:-

Statement of Responsibilities for the Statement of Accounts

- *This sets out details of the responsibilities of the Police and Crime Commissioner and those of the Chief Financial Officer in relation to the statement of Accounts.*

Comprehensive Income and Expenditure Statements

- *These statements report the accounting cost of providing services in accordance with generally acceptable accounting practices, rather than the amount to be funded by taxation.*

Movement in Reserves Statements

- *These statements 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 Sheets

- *These show the value of the assets and liabilities recognised by the Chief Constable as at 31 March 2019. The net assets of the Chief Constable are matched by its reserves. The Balance Sheets include long term liabilities associated with defined benefit pension schemes for employees.*



### Cashflow Statement

- *The Cash Flow Statement shows the changes in cash and cash equivalents of Chief Constable during the year.*

### 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 2019.*

The notes to the accounting records provide more detail about the accounting policies and individual transactions. They now include the Expenditure and Funding Analysis showing how expenditure has been used and funded from resources by the PCC Group and PCC and how expenditure has been allocated for decision making purposes between the operating functions previously shown as a separate statement.

### Further Information

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

### Acknowledgement

I would like to express my appreciation to Martyn Ransom, who has been seconded from the Humberside Fire and Rescue Services to work on these accounts, and to colleagues within the Force Finance Team for their assistance in compiling the financial statements. I would also like to thank the Assistant Chief Officer (Resources), the Head of the Corporate Development Branch and other operational managers within the Force for their support.

### John Bates

Chief Finance Officer

**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF HUMBERSIDE**

THE AUDIT OPINION PAGES ARE DELIBERATELY LEFT BLANK UNTIL AUDIT IS COMPLETE

THE AUDIT OPINION PAGES ARE DELIBERATELY LEFT BLANK UNTIL AUDIT IS COMPLETE

## 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** 31 July 2019

**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 2019.

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 2019 and its income and expenditure for the year.**



**John Bates**  
**Chief Finance Officer**

**Date** 31 May 2019

## 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.

Year ended 31 March 2018			Year ended 31 March 2019			
Restated	Restated	Restated		£'000	£'000	£'000
£'000	£'000	£'000		£'000	£'000	£'000
Expenditure	Income	Net	Note	Expenditure	Income	Net
10,328	-	10,328	Criminal Justice	8,890	-	8,890
38,397	-	38,397	Northbank Division	66,524	-	66,524
22,551	-	22,551	Southbank Division	44,495	-	44,495
25,089	-	25,089	Force Control Room	31,712	-	31,712
14,060	-	14,060	Protecting Vulnerable People	19,657	-	19,657
7,261	-	7,261	Regional Collaboration	9,874	-	9,874
12,364	-	12,364	Special Operations Unit	18,496	-	18,496
21,125	-	21,125	Specialist Crime	24,745	-	24,745
14,774	-	14,774	Human Resource Services	14,890	-	14,890
9,978	-	9,978	Estates Services	10,056	-	10,056
10,003	-	10,003	Information Services	10,081	-	10,081
5,657	-	5,657	Centrally Managed Services	5,701	-	5,701
29,337	-	29,337	Other Services	29,568	-	29,568
<b>220,924</b>	<b>-</b>	<b>220,924</b>	<b>Financial Resources Consumed</b>	<b>294,689</b>	<b>-</b>	<b>294,689</b>
(226,459)	-	(226,459)	Intra - Group Adjustment	2	(245,786)	-
<b>(5,535)</b>	<b>-</b>	<b>(5,535)</b>	<b>Net Cost of Policing Services</b>		<b>48,903</b>	<b>-</b>
-	-	-	Other Operating Expenditure		-	-
61,188	(5,630)	55,513	Financing and Investment Income and Expenditure	5	53,986	-
		<b>49,978</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>102,889</b>
		(32,447)	Remeasurements of the net defined benefit liability	21		14,075
		<b>(32,447)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>14,075</b>
		<b>(32,447)</b>	<b>(Surplus)/Deficit</b>			<b>14,075</b>
		<b>17,531</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>116,963</b>
		<b>(Surplus)/Deficit</b>				<b>(Surplus)/Deficit</b>

\*2017/18 has been restated to reflect the new structure and reporting arrangements of the Chief Constable

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.

## 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 2018</b>	-	-	(2,119,987)	<b>(2,119,987)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(102,888)	(102,888)	(14,075)	<b>(116,963)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	102,888	102,888	(102,888)	-
<b>Increase / Decrease in Year</b>	-	-	<b>(116,963)</b>	<b>(116,963)</b>
<b>Balance at 31 March 2019</b>	-	-	<b>(2,236,950)</b>	<b>(2,236,950)</b>
	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2017</b>	-	-	(2,102,456)	<b>(2,102,456)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(49,978)	(49,978)	32,447	<b>(17,531)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	49,978	49,978	(49,978)	-
<b>Increase / Decrease in Year</b>	-	-	<b>(17,531)</b>	<b>(17,531)</b>
<b>Balance at 31 March 2018</b>	-	-	<b>(2,119,987)</b>	<b>(2,119,987)</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-18 £'000	Note	31-Mar-19 £'000
-	Property, Plant & Equipment	-
-	Intangible Assets	-
-	Long Term Debtors	-
-	<b>Long Term Assets</b>	-
-	Assets Held for Sale	-
-	Inventories	-
-	Short Term Investments	-
3,600	Short Term Debtors	4,165
-	Cash and Cash Equivalents	-
<b>3,600</b>	<b>Current Assets</b>	<b>4,165</b>
-	Bank Overdraft	-
7,466	Short Term Creditors	6,997
-	Short Term Borrowing	-
-	Provisions	-
<b>7,466</b>	<b>Current Liabilities</b>	<b>6,997</b>
-	Long Term Borrowing	-
2,116,121	Other Long Term Liabilities	2,234,118
<b>2,116,121</b>	<b>Long Term Liabilities</b>	<b>2,234,118</b>
<b>(2,119,987)</b>	<b>Net Assets/ (Liabilities)</b>	<b>(2,236,950)</b>
-	Usable Reserves	-
<b>(2,119,987)</b>	Unusable Reserves	<b>(2,236,950)</b>
<b>(2,119,987)</b>	<b>Total Reserves</b>	<b>(2,236,950)</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.

31-Mar-18 £'000		Note	31-Mar-19 £'000
49,978	Net (Surplus) or Deficit on the Provision of Services		102,888
(49,978)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	<b>22</b>	(102,888)
	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**

### **Accounting Policies**

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority accounts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounts permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the 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 revised Home Office Financial Management Code of Practice (July 2018). The accounting policies defined here are consistent with local regulations, local agreement and practice as well as the PCC Group policies.

### **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.

### **Acquisitions and discontinued operations**

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

### **Going Concern**

After making enquires, the 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.

### **Critical Judgements In Applying Accounting Polices**

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

### **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 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

### Short Term Employee Benefits

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.

### Allocation of Expenditure between the PCC and the Chief Constable

A judgement has been made of the expenditure allocated between the PCC and the Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable.

### **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.

### **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.

## **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.

## **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.

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

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

- IFRS 16: Leases

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

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

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

## **Exceptional items**

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

## **Prior period adjustments**

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

## **Events after the 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.

**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 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.

	Net Expenditure Chargeable to the General Fund	Adjustments between Accounting and Funding Basis (Note)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Criminal Justice	6,012	(2,878)	8,890
Northbank Division	35,047	(31,477)	66,524
Southbank Division	28,616	(15,879)	44,495
Force Control Room	19,407	(12,304)	31,712
Protecting Vulnerable People	11,461	(8,196)	19,657
Regional Collaboration	7,953	(1,921)	9,874
Special Operations Unit	11,307	(7,189)	18,496
Specialist Crime	15,480	(9,265)	24,745
Human Resource Services	11,105	(3,785)	14,890
Estates Services	9,042	(1,014)	10,056
Information Services	9,691	(390)	10,081
Centrally Managed Services	5,098	(603)	5,701
Other Services	27,505	(2,063)	29,568
Police & Crime Commissioner	0	0	0
Intra-group funding	(245,786)		(245,786)
<b>Net Cost of Services</b>	<b>(48,062)</b>	<b>(96,964)</b>	<b>48,902</b>
Other Income and Expenditure	48,062	(5,924)	53,986
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(102,888)</b>	<b>102,888</b>
Opening General Fund Balance at 31 March 2018	<b>0</b>		
Add: Surplus(Deficit) on General Fund in year	<b>0</b>		
Closing General Fund Balance at 31 March 2019	<b>0</b>		

	Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis (Note)	Net Expenditure in the Comprehensive Income and Expenditure Statement
<b>2017/18 Restated</b>			
<b>Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Criminal Justice	8,751	1,577	10,328
Northbank Division	41,265	10,030	51,295
Southbank Division	24,234	5,890	30,124
Force Control Room	19,884	4,828	24,712
Protecting Vulnerable People	11,347	2,713	14,060
Regional Collaboration	7,124	138	7,262
Special Operations Unit	11,009	1,355	12,364
Specialist Crime	16,430	4,695	21,125
Human Resource Services	5,183	391	5,574
Estates Services	3,459	262	3,721
Information Services	5,593	422	6,015
Centrally Managed Services	21,818	1,650	23,468
Other Services	10,110	764	10,874
Police & Crime Commissioner	0	0	0
Intra-group funding	(221,035)	(5,424)	(226,459)
<b>Net cost of services</b>	<b>(34,828)</b>	<b>29,291</b>	<b>(5,537)</b>
Other income and expenditure	34,825	20,688	55,513
<b>(Surplus) or deficit</b>	<b>0</b>	<b>49,979</b>	<b>49,977</b>
General Fund Balance at 31 March 2017	0		
Add Surplus on General Fund Balance in Year	0		
<b>General Fund Balance at 31 March 2018</b>	<b>0</b>		

\*2017/18 has been restated to reflect the new structure and reporting arrangements of the Chief Constable

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

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net Change for the		Total Adjustments
		Pensions Adjustments (Note ii)	Other Differences (Note iii)	
	£'000	£'000	£'000	£'000
<b>2018/19</b>				
Criminal Justice	(21)	(2,858)	1	(2,878)
Northbank Division	(8,720)	(23,288)	531	(31,477)
Southbank Division	(95)	(15,790)	6	(15,879)
Force Control Room	(2,026)	(10,401)	123	(12,304)
Protecting Vulnerable People	(1,399)	(6,881)	84	(8,196)
Regional Collaboration	(1,219)	(775)	73	(1,921)
Special Operations Unit	(878)	(6,364)	53	(7,189)
Specialist Crime	(1,037)	(8,291)	63	(9,265)
Human Resource Services	(921)	(2,920)	56	(3,785)
Estates Services	(345)	(690)	21	(1,014)
Information Services	(168)	(232)	10	(390)
Centrally Managed Services	(99)	(510)	6	(603)
Other Services	(50)	(2,021)	8	(2,063)
<b>Net Cost of Services</b>	<b>(16,978)</b>	<b>(81,021)</b>	<b>1,035</b>	<b>(96,964)</b>
<b>Other income and expenditure from the Funding Analysis</b>		<b>(5,924)</b>		<b>(5,924)</b>
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	<b>(16,978)</b>	<b>(86,945)</b>	<b>1,035</b>	<b>(102,888)</b>

<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>2017/18 Restated</b>	£'000	£'000	£'000	£'000
Criminal Justice	(279)	(1,290)	(8)	(1,577)
Northbank Division	(1,567)	(8,308)	(154)	(10,029)
Southbank Division	(920)	(4,880)	(91)	(5,891)
Force Control Room	(810)	(3,960)	(58)	(4,828)
Protecting Vulnerable People	(359)	(2,312)	(42)	(2,713)
Regional Collaboration	(28)	(107)	(3)	(138)
Special Operations Unit	(262)	(1,057)	(36)	(1,355)
Specialist Crime	(482)	(4,162)	(51)	(4,695)
Human Resource Services	(53)	(328)	(2)	(383)
Estates Services	(39)	(239)	(2)	(280)
Information Services	(58)	(358)	(3)	(419)
Centrally Managed Services	(227)	(1,402)	(10)	(1,639)
Other Services	(107)	(656)	(5)	(768)
Intra-group Funding	5,191	236	(3)	5,424
<b>Net Cost of Services</b>	<b>0</b>	<b>(28,823)</b>	<b>(468)</b>	<b>(29,291)</b>
<b>Other income and expenditure from the Funding Analysis</b>		20,688		20,688
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	-	<b>(8,135)</b>	<b>(468)</b>	<b>(8,603)</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 2018/19 and 2017/18 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 2018- 2019:</b>			
Opening balance as at 1 April 2018	(3,564)	3,564	-
PCC resources consumed at the request of the Chief Constable	245,786	(245,786)	-
PCC intra - group adjustment (resource funding)	(245,786)	245,786	-
	(3,564)	3,564	-
Year end adjustments:			
Accumulated absences movement	1,034	(1,034)	-
Pensions actuarial adjustments	(116,811)	116,811	-
PCC intra - group adjustment	(6,977)	6,977	-
Payroll creditors and debtors movement	565	(565)	-
Closing balance as at 31 March 2019	(125,753)	125,753	-
<b>Intra - Group movements 2016- 2017:</b>			
Intra - Group movements 2017- 2018:			-
Opening balance as at 1 April 2017	(3,996)	3,996	-
PCC resources consumed at the request of the Chief Constable	220,924	(220,924)	-
PCC intra - group adjustment (resource funding)	(220,924)	220,924	-
	(3,996)	3,996	-
Year end adjustments:			
Accumulated absences movement	(468)	468	-
Pensions actuarial adjustments	6,002	(6,002)	-
PCC intra - group adjustment	(5,534)	5,534	-
Payroll creditors and debtors movement	433	(433)	-
Closing balance as at 31 March 2018	(3,563)	3,563	-

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>2017-18</b>		<b>2018-19</b>
<b>£'000</b>		<b>£'000</b>
	<b>Financial resources of PCC consumed at the request of the Chief Constable</b>	
	<u>Employees</u>	
143,226	Pay and Other Employment Costs	147,765
<u>35,820</u>	Police Pensions Current Service Cost	<u>86,262</u>
179,046		234,027
	<u>Running Expenses</u>	
6,063	Premises	7,641
3,445	Transport	1,321
24,739	Supplies and Services	34,080
735	Agency Services	503
2	Special Constables	-
5,191	Capital charges	17,067
<u>1,702</u>	Non Distributable Cost	<u>51</u>
41,879		60,663
<u>220,924</u>	<b>Total financial resources of PCC consumed at the request of the Chief Constable</b>	<u>294,690</u>
<b>(226,459)</b>	Intra - Group adjustments *	<b>(245,786)</b>
<u><b>(5,535)</b></u>	<b>Net Cost of Policing Services</b>	<u><b>48,903</b></u>

\* PCC funding during the year for financial resources of the PCC consumed at the request of the Chief Constable and year-end adjustments as shown in note 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 pension's 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 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>				
Net Cost of Service				
Current Service Cost (Gross)	14,032	13,422	34,680	35,820
Non Distributed Costs	51	352	-	1,350
	<u>14,083</u>	<u>13,774</u>	<u>34,680</u>	<u>37,170</u>
Net Operating Expenditure				
Interest Cost	8,086	7,458	52,060	53,730
Interest Income	(6,160)	(5,630)	-	-
	<u>1,926</u>	<u>1,828</u>	<u>52,060</u>	<u>53,730</u>
Net Charge to the Comprehensive Income and Expenditure Statement	<u>16,009</u>	<u>15,602</u>	<u>86,740</u>	<u>90,900</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>(16,009)</u>	<u>(15,602)</u>	<u>(86,740)</u>	<u>(90,900)</u>
<b>Actual amount charged against the General Fund Balance for Pensions in the Year:</b>				
Employer's Contributions Payable to Scheme	<u>6,936</u>	<u>6,678</u>	<u>13,573</u>	<u>12,560</u>
Retirement Benefits Payable to Pensioners (Gross)	<u>-</u>	<u>-</u>	<u>941</u>	<u>759</u>

## 5. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017-18 £'000		2018-19 £'000
55,513	Pensions interest cost net of interest on pension assets	53,986
<u>55,513</u>		<u>53,986</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:

2017-18			Remuneration band £	2018-19		
Police Officers No.s	Support Staff No.s	Total No.s		Police Officers No.s	Support Staff No.s	Total No.s
156	3	159	50,000 - 54,999	122	4	126
94	-	94	55,000 - 59,999	80	1	81
24	1	25	60,000 - 64,999	25	-	25
13	2	15	65,000 - 69,999	10	-	10
6	-	6	70,000 - 74,999	4	4	8
7	1	8	75,000 - 79,999	5	2	7
7	1	8	80,000 - 84,999	5	-	5
3	1	4	85,000 - 89,999	3	1	4
2	1	3	90,000 - 94,999	2	1	3
-	1	1	95,000 - 99,999	1	-	1
2	-	2	100,000 - 104,999	1	-	1
-	-	-	105,000 - 109,999	2	-	2
-	-	-	110,000 - 114,999	1	-	1
-	-	-	115,000 - 119,999	-	1	1
-	-	-	120,000 - 124,999	1	-	1
1	-	1	145,000 - 149,999	1	-	1
315	11	326		263	14	277

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:

Exit package cost band £	2018-19			
	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	-	2	2	13
20,001 - 40,000	-	1	1	22
40,001 - 60,000	-	1	1	43
	<u>-</u>	<u>4</u>	<u>4</u>	<u>78</u>

**2017-18**

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

**7. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS**

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

Post Holder	Note	2018-2019				
		Salary (Including Fees & Allowances) £'000	Other Emoluments £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions £'000
<b>Chief Constable</b>						
Lee Freeman - Chief Constable	1	151	-	151	36	187
Deputy Chief Constable		126	1	127	30	156
Assistant Chief Constable Operations		108	1	109	26	135
Assistant Chief Constable Communities		97	14	112	21	133
Assistant Chief Constable	2	98	2	99	23	123
Assistant Chief Officer	3	118	-	118	21	139
Assistant Chief Officer (Resources)	4	89	5	95	16	111
		<u>787</u>	<u>23</u>	<u>810</u>	<u>173</u>	<u>983</u>

1 Lee Freeman – Chief Constable seconded to Cleveland Police 28th January 2019 – 31st March 2019.

2. Assistant Chief Constable started 25th June 2018

3. Assistant Chief Officer NECN (North East Collaboration Board)

4. Assistant Chief Officer (Resources) 28th May 2018

Post Holder	Note	2017- 2018						
		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
<b>Chief Constable</b>								
Chief Constable	1	33	1	-	3	37	8	44
Chief Constable	2	142	3	2	-	147	33	181
Deputy Chief Constable	3	56	5	4	-	65	14	78
Deputy Chief Constable	4	54	5	-	-	59	13	72
Assistant Chief Constable Operations	5	96	6	-	-	102	22	125
Assistant Chief Constable Communities		91	-	13	-	104	21	125
Assistant Chief Constable Operations	6	49	4	-	-	54	11	64
Assistant Chief Officer Human Resources	7	26	-	78	-	105	202	307
Assistant Chief Officer Support	8	66	-	53	-	119	206	326
		<u>615</u>	<u>24</u>	<u>150</u>	<u>3</u>	<u>791</u>	<u>530</u>	<u>1,322</u>

Note:

- 1 Chief Constable left the Force on 12 May 2017
- 2 Chief Constable appointed 26 June 2017
- 3 Deputy Chief Constable to 3 Sept 2017
- 4 Deputy Chief Constable appointed 23 Oct 2017
- 5 Assistant Chief Constable Operations to 13 Feb 2018
- 6 Assistant Chief Constable Operations started 23 Oct 2017
- 7 Assistant Chief Officer Human Resources left the Force on 12 June 2017 - Costs shared 50/50 with South Yorkshire Police
- 8 Assistant Chief Officer support left the Force on 30 Sept 2017

## **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 – Deputy Chief Constable Chris Rowley and Assistant Chief Officer Support Nancie Shackleton. Emergency Services Fleet Management (Humberside) Ltd is a joint operation that provides vehicle maintenance services to Humberside Police and Humberside Fire Authority. The company supplied services with a value of £1,955,469 (£1,968,441 in 2017/18) to Humberside Police during 2018/19. The PCC Group leases part of its Melton workshop facility to the company for which a rent of £198,795 was charged (£198,799 2017/18). Details of Humberside Police's share of income, expenditure, assets and liabilities of this joint operation are disclosed in note 17 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 Mazars LLP for 2018/19 for the Chief Constable is £11.5k (2017/18 £15k).

## 10. COLLABORATION

### Regional Collaboration Board (RCB)

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

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

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

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

### Lead Force collaboration arrangements

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

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

Memorandum accounts for the Underwater Search Unit for the year ended 31 March 2019 are as follows:

2017-18 £'000		2018-19	
		£'000	£'000
	<u>Expenditure</u>		
547	Staff Costs	475	
43	Property Related Expenses	43	
9	Supplies and Services	29	
64	Transport Related Expenses	64	
0	Capital charges	0	
<u>663</u>			611
	<u>Income</u>		
698	Contributions (see below)	626	
29	Other income	22	
<u>727</u>			<u>648</u>
<u>(64)</u>	Deficit/(Surplus) in year		<u>(37)</u>
	<u>Contributions</u>		
205	West Yorkshire		184
126	South Yorkshire		113
36	North Yorkshire		33
331	Humberside		<u>296</u>
<u>698</u>			<u>626</u>

The PCC for Humberside has made contributions during the year ended 31 March 2019 to other Lead Forces as follows:

Lead Force	Functional area	Contributions made	
		2018-19 £'000	2017-18 £'000
OPCC for South Yorkshire	Procurement and Stores	330	392
	Firearms	33	26
OPCC for West Yorkshire	Serious and Organised Crime	1,197	939
	Scientific Support	4,681	4,229
	Collision Investigation	281	296

### 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 and ceased on 31<sup>st</sup> March 2018. 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:

2018-19	Human Resources & Training £'000	Information Services £'000
<u>Expenditure</u>		
Staff Costs	10,547	5,970
Property Related Expenses	12	7
Supplies and Services	442	5,463
Transport Related Expenses	311	137
Third Party Costs	4	-
	<u>11,316</u>	<u>11,577</u>
<u>Income</u>		
Contributions (see below)	11,291	11,576
Other Income	24	-
	<u>11,316</u>	<u>11,577</u>
Deficit/(Surplus) in year	<u>0</u>	<u>0</u>
<u>Contributions</u>		
Humberside Police	4,754	5,135
South Yorkshire	6,537	6,441
	<u>11,291</u>	<u>11,577</u>



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

## Local Collaboration arrangements

Humberside Police and Humberside Fire Authority collaborate on a joint operation in respect of their emergency vehicle maintenance requirements, which are delivered by Emergency Services Fleet Management (Humberside) Ltd, 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:

2017-18 50% share £'000		2018-19 50% share £'000
<b>Comprehensive Income and Expenditure Statement</b>		
(0)	Income	(16)
642	Pay and employment costs	745
100	Premises	100
626	Transport	612
77	Supplies and Services	82
22	Capital charges	21
1,467	<b>Net Cost</b>	1,544
<b>Balance Sheet</b>		
161	Property, Plant & Equipment	168
42	Inventories	36
18	Short Term Debtors	17
380	Cash and Cash Equivalents	526
(167)	Short Term Creditors	(76)
434	<b>Net Assets</b>	671

Humberside Police provide Estates Management Services to Humberside Fire Authority on a lead Authority basis. The JES (Joint Estates Service) provides premises repairs, regular maintenance, utility management and support for capital projects. Governance for the JES is provided by the JES board chaired by the ACO (Resources). The Director of Support Services from Humberside Fire and Rescue Service also sits on the board. The overall cost of the JES is £8,911,218 with income of £1,392,600 received from Humberside Fire and Rescue Service and other income of £1,232,604 received from other organisations.

## 11. PREPAYMENTS AND DEBTORS/ACCRUALS

2017-18 £'000		2018-19 £'000
3,562	Other Police and Local Authorities	4,140
38	Other	25
<u>3,600</u>		<u>4,165</u>

## 12. SHORT TERM DEBTORS

2017-18 £'000		2018-19 £'000
3,600	Debtors & Accruals	4,165
<u>3,600</u>		<u>4,165</u>

## 13. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

2017-18 £'000		2018-19 £'000
1,238	Government Departments	1,675
6,228	Other	5,322
<u>7,466</u>		<u>6,997</u>

## 14. SHORT TERM CREDITORS

2017-18 £'000		2018-19 £'000
7,466	Creditors & Accruals	6,997
<u>7,466</u>		<u>6,997</u>

## 15. UNUSABLE RESERVES

### Pensions Reserve

2017-18 £'000		2018-19 £'000
(2,116,121)	Pensions Reserve	(2,234,118)
<u>(3,866)</u>	Accumulated Absences Adjustment Account/Interest	<u>(2,832)</u>
<u>(2,119,987)</u>	<b>Total Unusable Reserves</b>	<u>(2,236,950)</u>

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

### Accumulated Absences Adjustment Account

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

2017-18 £'000		2018-19 £'000
<u>(3,399)</u>	Opening Balance	<u>(3,867)</u>
<u>(468)</u>	Adjustment based on calculation for untaken leave	<u>1,034</u>
<u>(3,867)</u>	Closing Balance	<u>(2,832)</u>

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

The underlying assets and liabilities for retirement benefits of the Chief Constable at 31 March 2019 and 31 March 2018 are as follows:

	Local Government Pension Scheme		Police Pension Schemes		Total 31 March 2019 £'000	Total 31 March 2018 £'000
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000		
Estimated Liabilities in the Scheme	(345,252)	(293,685)	(2,139,992)	(2,049,962)	(2,485,244)	(2,343,647)
Estimated Assets in the Scheme	250,567	225,858	-	-	250,567	225,858
Net Asset/(Liability)	(94,685)	(67,827)	(2,139,992)	(2,049,962)	(2,234,677)	(2,117,789)
					<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
Allocation of Net Asset/(Liability)						
PCC					(559)	(1,668)
Chief Constable					(2,234,118)	(2,116,121)
					<u>(2,234,677)</u>	<u>(2,117,789)</u>

The liabilities show the Chief Constable's long term commitments to pay retirement benefits. The total liability of £2,234m 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 £2,237m. 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.

## 17. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

	Unfunded Liabilities: Police Pension Schemes		Funded Liabilities: Local Government Pension Scheme	
	2018-19 £'000	2017-18 £'000	2018-19 £'000	2017-18 £'000
1st April	(2,050,100)	(2,034,070)	(293,685)	(281,045)
Current service cost	(34,680)	(35,820)	(14,032)	(13,422)
Past service costs (including curtailments)		(1,350)	(51)	(352)
Effect of settlements	-	-	-	-
Interest cost	(52,060)	(53,730)	(8,086)	(7,458)
Contributions by scheme participants	(9,310)	(8,510)	(2,339)	(2,165)
Benefits paid	61,850	58,660	4,329	3,844
Remeasurements:				
Gains and losses from changes in assumptions	(61,020)	9,180	(31,388)	6,939
Experience gains and losses	5,190	15,540		(26)
31st March	<u>(2,140,130)</u>	<u>(2,050,100)</u>	<u>(345,252)</u>	<u>(293,685)</u>

The expected contributions to the ERYC Fund for 2019/20 are £6.7m (2018/19 was £5.8m). The expected contributions to the Police Pension Fund for 2019/20 are £19.9m (2018/19 was £12.7m).

## 18. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

	Local Government Pension Scheme	
	2018-19 £'000	2017-18 £'000
1st April	225,858	214,220
Interest income on Plan assets	6,160	5,630
Employer contributions	6,936	6,678
Contributions by scheme participants	2,339	2,165
Benefits paid	(4,329)	(3,844)
Effect of settlements	-	-
Remeasurements:		
Return on assets excluding net interest	13,603	1,009
31st March	<u>250,567</u>	<u>225,858</u>

## 19. 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	
	2018-19 %	2017-18 %	2018-19 %	2017-18 %
Rate of Inflation	2.40	2.40	2.35	2.30
Rate of Increases in Salaries				
Long term	2.60	2.60	4.35	4.30
Short term	N/A	N/A	1.00	1.00
Rate of Increase for Pensions	2.40	2.40	2.30	2.35
Rate for Discounting Scheme	2.70	2.70	2.45	2.55
Liabilities				
CARE Revaluation			3.6	3.55
Take up option to convert annual pension into retirement grant:				
Pre April 2008 service	60	60		
Post April 2008 service	80	80		

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

Percentage increase in scheme liabilities and monetary values:

2018-19	Local Government Pension Scheme		Police Pension Schemes	
	%	£'000	%	£'000
Change in assumption:				
0.5% increase in salaries increase rate	2.0	7,655	1.0	24,000
0.5% increase in pensions increase rate	10.0	35,546	8.0	172,000
0.5% decrease in discounting of liabilities rate	13.0	44,012	10.0	214,000
1 year increase in member life expectancy rate	3.0	10,157	2.5	55,000

2017-18	Local Government Pension Scheme		Total Police Pension Schemes	
	%	£'000	%	£'000
Change in assumption:				
0.5% increase in salaries increase rate	2.0	6,840	1.1	21,900
0.5% increase in pensions increase rate	10.0	29,046	9.1	184,300
0.5% decrease in discounting of liabilities rate	12.0	36,444	9.5	194,000
1 year increase in member life expectancy rate	3.0	9,111	2.6	53,800

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

The weighted average duration of the scheme liabilities are:

	Local Government Pension Scheme	Police Pension Schemes
	Years	Years
2018/19	21.6	21.0
2017/18	21.6	21.0

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

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

Asset quoted prices:	2018-19		2017-18	
	%	£'000	%	£'000
Equity securities	8.3	20,732	33.9	76,537
Debt securities	14.6	36,698	13.2	29,799
Private equity	5.1	12,719	4.5	10,093
Real estate	11.8	29,564	11.3	25,553
Investment funds	56.3	140,947	34.3	77,488
Cash and cash equivalents	4.0	9,907	2.8	6,387
Total		250,567		225,858
In active markets	77.3	193,700	79.6	179,764
Not in active markets	22.7	56,867	20.4	46,094
Total		250,567		225,858

## 20. ASSUMED MORTALITY RATES

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

### 2018-19

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	22.7	24.3	65	24.6	26.2

### 2017-18

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

## East Riding of Yorkshire Pension Fund

### 2018-19

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

### 2017-18

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

## 21. 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

	2014-15		2015-16		2016-17		2017-18		2018-19	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Return on assets, excluding net interest	11,300	6.11	(3,975)	-2.09	12,369	5.77	1,009	0.45	13,603	5.43
Difference between actuarial assumptions about liabilities and actual experience	1,301	0.49	2,060	0.86	22,023	7.84	(26)	(0.01)	(15)	(0.01)
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(38,803)</u>	(14.60)	<u>36,721</u>	15.27	<u>(48,515)</u>	(17.26)	<u>6,939</u>	2.36	<u>(2,739)</u>	(1.09)
Total IAS19 remeasurements	<u>(26,202)</u>	(9.86)	<u>34,806</u>	14.48	<u>(14,123)</u>	(5.03)	<u>7,922</u>	2.70	<u>10,849</u>	(6.06)

### Police Pension Schemes

	2014-15		2015-16		2016-17		2017-18		2018-19	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	33,780	1.81	74,590	4.54	6,820	0.34	15,550	0.76	5,190	0.25
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(213,500)</u>	(11.47)	<u>189,180</u>	11.49	<u>(344,000)</u>	(16.91)	<u>9,180</u>	0.45	<u>(1,900)</u>	(0.09)
Total IAS19 remeasurements	<u>(179,720)</u>	(9.64)	<u>263,770</u>	16.02	<u>(337,180)</u>	(16.58)	<u>24,730</u>	1.23	<u>3,290</u>	0.17

### Allocation of IAS19 remeasurements:

	2018-19	2017-18
	£'000	£'000
PCC	64	195
Chief Constable	<u>14,075</u>	<u>32,447</u>
Total IAS19 remeasurements	<u>14,139</u>	<u>73,615</u>

## 22. Employment Claims

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

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgment to be approximately 5.4% of national pension scheme liabilities as at March 2018. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Police Pension Scheme will need to be revisited in the light of further direction from the courts.



The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority/OPCC to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

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

<b>31-Mar-18</b>		<b>31-Mar-19</b>
<b>£'000</b>		<b>£'000</b>
49,978	Net (Surplus) or Deficit on the Provision of Services	102,888
(49,978)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(102,888)

### **24. EVENTS AFTER THE BALANCE SHEET DATE**

The Draft Statement of Accounts was issued on 31<sup>st</sup> May 2019. The Chief Constable has reviewed events occurring after 31 March and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

## **POLICE PENSION FUND ACCOUNTS**

The Code of Practice on Local Authority Accounting sets out the accounting treatment for the Police Pension Fund Accounts in the financial year 2018/19.

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 2018/19 in a range of 14.25 to 15.05% (2017/18 14.25 to 15.05%), the 2006 scheme has officers' contributions in a range 11.00 to 12.75% (2016/17 11.00 to 12.75%) and the 2015 scheme which has officers' contributions in a range of 12.44 to 13.78% (2017/18 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

### POLICE PENSIONS FUND ACCOUNT

<u>2017-18</u> <u>£'000</u>		<u>2018-19</u> <u>£'000</u>
	<b>CONTRIBUTIONS RECEIVABLE</b>	
	Police & Crime Commissioner ("PCC"):	
(12,560)	- contributions at 21.3%	(13,573)
(1,032)	- early retirements - Ill Health	(721)
(8,042)	Officers' contributions	(8,573)
(21,634)		(22,867)
	<b>TRANSFERS IN</b>	
(1,342)	Transfers in from other Pension Schemes	(711)
	<b>BENEFITS PAYABLE</b>	
47,355	- pensions	49,875
11,736	- commutations and lump sum retirement benefits	11,067
111	- lump sum death benefits	100
		61,041
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
20	- refunds of contributions	87
-	- transfers out to other Pension Schemes	-
289	- transfers out to other Police Forces: 1974 arrangements	-
		87
36,535	<b>NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC</b>	37,550
(34,825)	<b>ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (FUNDED BY THE HOME OFFICE)</b>	(35,705)
(1,710)	<b>ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (NOT FUNDED BY THE HOME OFFICE)</b>	(1,845)
-	<b>NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR</b>	-

### NET ASSETS STATEMENT

<u>2017-18</u> <u>£'000</u>		<u>2018-19</u> <u>£'000</u>
	<b>Current Assets</b>	
75	Police Fund Debtor	-
	<b>Current Liabilities</b>	
(75)	Unpaid Pensions Due	-

## 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 2018/19 was 21.3% of pensionable pay (2017/18 21.3%).

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

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

There has been an adjustment of 2.9% to the cash flow to the Police Pension Fund due to the reduction in the employer contribution rate from 24.2% to 21.3% being reflected in a reduction in HM Treasury pensions top up funding of £1,845k (2017/18 £1,710k).

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.

A number of claims have been made against the Chief Constable of Humberside, please see note 22 on page 48 for details.

## 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
PEQF	Police Entry and Qualifications Framework
PNB	Police Negotiating Board
PRSRA	Police Reform and Social Responsibility Act
PSC	Police Staff Council
RCB	Regional Collaboration Board
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOLACE	Society of Local Authority Chief Executives
UITF	Urgent Issues Task Force of Accounting Standards Board