



HUMBERSIDE
POLICE & CRIME
COMMISSIONER



Serving our communities to
make them safer and stronger

THE POLICE AND CRIME COMMISSIONER FOR 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 PCC 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, the PCC and for the PCC Group reflecting the combined position of both organisations.

All of the financial transactions incurred during 2018/19 for policing Humberside, along with transactions relating to financial support for the PCC's "and Crime" initiatives and the costs of his Office have been recognised and recorded within these financial statements, which set out the overall financial position of the PCC and PCC Group for the year ending 31 March 2019.

The PCC Group position represents the consolidated financial statements of the PCC and the subsidiary, the Chief Constable. Where the PCC Group position differs from the PCC position this is made clear in the financial statements and notes.

Separate statutory financial statements have been prepared for the Chief Constable.

Annual Governance Statements for the PCC and for Humberside Police for 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, 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.

PERFORMANCE – OPCC

In 2018/19, the PCC agreed to provide significantly increased levels of finance to support partnership activities in addition to continuing to make contributions to substance misuse programmes at a similar level to previous years linked to contracts in each of the four unitary authority areas.

The arrangements implemented previously to give the community Safety Partnerships (CSPs) the responsibility for the allocation and administration of funding continued, with a proportion of the finance ring fenced to enable local crime reduction and community safety grants to be available to local community groups. The process in 2018/19 was supported directly by the Community Engagement Officers appointed in 2017/18 as part of the restructure of the Office of the Police and Crime Commissioner (OPCC)

In addition, the PCC allocated funding from the Ministry of Justice in excess of £1m for projects and initiatives including:-

- Initial referral and needs assessment services for victims of crime
- Services for victims of sexual violence
- Services for victims of domestic violence
- Services for victims of child sexual abuse
- Restorative justice services for victims of crime
- Building the capability and capacity of the VCSE sector to deliver victims' services
- Associated costs of commissioning including studies

In 2018/19 the PCC also contributed directly towards an Alcohol Abstinence Monitoring, in conjunction with the PCCs for North Yorkshire and Lincolnshire and the Humberside Lincolnshire and North Yorkshire Community Rehabilitation Company, Community Alert, MIND, Crimestoppers, Police Treatment Centres and a range of other local activities.

Late in the year, the PCC was successful in attracting a grant of £337k (£47k in 2018/19 and £290k in 2019/20) with a successful bid for funding from the Early Intervention Youth Fund set up by the Home Office. This is being used to support a "No More Knives" initiative, diversionary programmes with the Tommy Coyle Foundation, the "Not in Our Community" project to address CSE and to create a local early intervention fund. In 2018/19, this enabled the "Knife Angel" to come to Hull as part of the "No More Knives" project which proved hugely successful in attracting local and media attention to the high profile dangers and risks of knife crime.

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 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 Birch 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 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 at 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 agreed 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

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

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 PCC (assets less liabilities) are matched by the reserves. Reserves are categorised as either, useable reserves, those reserves that the PCC may use to provide services or to fund capital expenditure or to repay debt, and unusable reserves which cannot be used to support service delivery. The PCC group balance sheet includes the assets and liabilities and reserves detailed in the Chief Constable's Balance Sheet.

	At 31 March 2018 £'000	At 31 March 2019 £'000
Long Term Assets	87,095	92,054
Net Current Assets/Liabilities	(7,601)	(2,106)
Long Term Liabilities	(2,155,666)	(2,296,396)
NET ASSETS	(2,076,172)	(2,206,447)
Represented by:		
Useable Reserves	28,909	20,002
Unusable reserves	(2,105,081)	(2,226,449)
TOTAL	(2,076,172)	(2,206,447)

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 were 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.

OPCC

Following the reorganisation of the OPCC in 2017/18, the Community Engagement Officers appointed have become fully engaged in developing links with the CSPs and with local community groups and initiatives operating within the Force area.

Considerable effort has also been expended in reviewing and revisiting the contract and commissioning arrangements with key partners and stakeholders both locally and in the sub-region, particularly in connection with the provision of services for victims. In addition the OPCC has become more proactive in seeking to obtain external funding and supporting the delivery of local projects.

Work has been undertaken to review and improve the arrangements in connection with the operation of the Local Criminal Justice Board.

The OPCC has also continued to develop the activities of the Diversity Panel with the creation of a Joint Ethics Panel and scrutiny activity being undertaken in connection with use of force and discrimination in the use of force, stop and search and equality and diversity. A Domestic Abuse panel has also been established.

This is in addition to the continued operation and development of the Independent Custody Visitor Scheme, with a successful appropriate adult scheme being established with the University and its student led volunteering arm, the Hull University Social Services Organisation (HUSSO).

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.

Reserves and Balances

The PCC has used the established practice of using the MTRS to ensure that budgets are sustainable over the medium term i.e. that expenditure can be contained within realistic assumptions of Government funding and realistic precept increases. It identifies gaps between the quality and costs of the services to be provided to local communities and the actual and predicted level of resources available so that spending plans can be shown to be affordable. Options available for bridging funding gaps, including the use of reserves are risk assessed. The PCC has used this approach consistently and continued to do so when the precept proposals for 2018/19 and 2019/20 were developed.

The PCC Group has continued to maintain a level of reserves and balances that is reasonable and proportionate given the risks involved over the next five years. The reserves are a mix of

earmarked reserves, including a Performance Improvement Reserve (PIR), a Partnership Reserve and a Risk Management Reserve together with a General Reserve.

The resources set aside in the PIR, are designed to assist in managing budget reductions, supporting business change and providing flexibility in responding to requests for investment, including in new technology. The Partnership Reserve aims to support the PCC's proposals to stimulate local partnership working. The Risk Management Reserve acts as a fall back to meet potential liabilities and insurance risks.

The General Reserve is being maintained at 3% of the net revenue budget to meet any emergency or unforeseen costs. It would need to be utilised in the event that contributions would have to be made in respect of any incidents for which the PCC and Chief Constable may have to seek Special Grant from the Home Office in addition to other unforeseen budget variations.

At the end of the financial year the balances on the PCC Group's usable reserves were:

Reserve	As at 31 March 2018 £'000	As at 31 March 2019 £'000
Performance Improvement Reserve(PIR)	19,811	10,900
Partnership Reserve	2,082	2,082
Risk Management Reserve	1,800	1,800
General Reserve	5,220	5,220
TOTAL	28,913	20,002

Treasury Management

Cashflow

The low interest rate environment continued to prevail during 2018/19 and cash balances continued to be used to temporarily fund capital spending for much of the financial year. Using these resources in lieu of taking external borrowing has been cost effective way of financing this expenditure for a number of years. At 31 March 2019 the value of external loans from the PWLB totalled £65.377m (£41.281m at 31 March 2018). During the year the £27.5m was drawn down from the PWLB in new loans to refinance maturing debt and to replenish cash previously used for internal financing in order to manage the day to day cashflow. The underlying need to borrow, the Capital Financing Requirement (CFR) was £80.698m (£70.680m at 31 March 2018). The PCC therefore continues to have the capacity to drawn down additional loans as and when the need arises whilst keeping within agreed prudential limits.

The PCC held investments of £2.265m at 31 March 2019 (£3.8m at 31 March 2018)

An updated Treasury Management Strategy Statement (TMSS), including details of Prudential and Treasury Management Indicators for the year designed to ensure that spending plans are affordable, was approved in March 2018. The PCC has received the required reports on treasury management activity as the year progressed following scrutiny by the JIAC.

The OPCC has continued to provide the treasury management function to the South Yorkshire PCC throughout 2018/19.

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 1st April 2019 the total workforce is 1896.25 fte.
- This is an increase 91.31 fte on the 1st 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 1st 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 for England and Wales and Fire and Rescue Authorities created under Section 4A of the Fire and Rescue Services Act 2004 (July 2018).

The Corporate Governance Framework includes:-

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

The basic position remains that the Commissioner is responsible for the finances of the whole PCC Group and 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 PCC Group and the PCC. 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 PCC Group and the PCC as at 31 March 2019. The net assets of the PCC Group and the PCC 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 the PCC Group and the PCC 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

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 POLICE AND CRIME
COMMISSIONER FOR HUMBERSIDE**

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

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required:

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

I approve this Statement of Accounts.

Date 31 July 2019

:

Keith Hunter
Police and Crime Commissioner for
Humberside

Chief Finance Officer's Responsibilities

The Chief Finance Officer of the PCC is responsible for the preparation of the PCC's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the PCC and the PCC Group at the accounting date, and its income and expenditure for the year ended 31 March 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 PCC and the PCC Group as at 31 March 2019 and the income and expenditure for the year.



John Bates
Chief Finance Officer

Date: 31 May 2019

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE PCC GROUP

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

Year ended 31 March 2018			Year ended 31 March 2019			
Restated £'000	Restated £'000	Restated £'000		£'000	£'000	£'000
Expenditure	Income	Net	Note	Expenditure	Income	Net
8,754	(577)	8,177		8,890	(703)	8,187
38,397	(552)	37,845		66,524	(79)	66,445
22,551	(324)	22,227		44,495	(3)	44,492
20,261	(539)	19,721		31,712	(478)	31,234
11,346	(44)	11,303		19,657	(100)	19,557
7,364	(676)	6,688		9,874	(1,271)	8,603
5,375	(19)	5,355		18,496	(231)	18,265
16,169	(2,705)	13,465		24,745	(2,492)	22,253
10,038	(953)	9,085		14,890	(979)	13,911
6,911	(852)	6,059		10,056	(2,625)	7,431
10,348	(546)	9,803		10,081	(386)	9,695
39,350	(1,122)	38,227		5,701	(729)	4,972
24,058	(6,344)	17,714		29,568	(7,004)	22,564
5,234	(1,168)	4,066		6,782	(1,367)	5,415
226,156	(16,421)	209,735		301,471	(18,447)	283,024
1,048	(591)	457	7	754	(275)	479
56,568	(57)	56,511	8	55,243	(30)	55,213
	(208,110)	(208,110)	9		(214,587)	(214,587)
		58,593				124,129
		(4,832)				(7,992)
		(32,642)	37			14,139
		(37,474)				6,147
		21,119				130,275

*2017/18 has been restated to reflect the new structure and reporting arrangements of the PCC Group

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE PCC

This statement shows the accounting cost in the year for the PCC of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. PCCs raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. Resources of the PCC consumed at the request of the Chief Constable during the year are shown for comparative purposes. The consolidated accounting cost and funding for the PCC Group for the year is shown on the preceding page.

Year ended 31 March 2018				Year ended 31 March 2019				
PCC		Chief Constable		PCC		Chief Constable		
Restated £'000	Restated £'000	Restated £'000	Restated £'000	Note	£'000	£'000	£'000	
Expenditure	Income	Net	Expenditure		Expenditure	Income	Net	
-	(577)	(577)	8,754		-	(703)	(703)	8,890
-	(552)	(552)	38,397		-	(79)	(79)	66,524
-	(324)	(324)	22,551		-	(3)	(3)	44,495
-	(539)	(539)	20,261		-	(478)	(478)	31,712
-	(44)	(44)	11,346		-	(100)	(100)	19,657
-	(676)	(676)	7,364		-	(1,271)	(1,271)	9,874
-	(19)	(19)	5,375		-	(231)	(231)	18,496
-	(2,705)	(2,705)	16,169		-	(2,492)	(2,492)	24,745
-	(953)	(953)	10,038		-	(979)	(979)	14,890
-	(852)	(852)	6,911		-	(2,625)	(2,625)	10,056
-	(546)	(546)	10,348		-	(386)	(386)	10,081
-	(1,122)	(1,122)	39,350		-	(729)	(729)	5,701
-	(6,344)	(6,344)	24,058		-	(7,004)	(7,004)	29,568
5,234	(1,168)	4,066	-		6,782	(1,367)	5,415	-
5,234	(16,422)	(11,188)	220,922		6,782	(18,447)	(11,666)	294,690
226,458		226,458	(226,458)	4	245,786		245,786	(245,786)
231,693	(16,421)	215,270	(5,536)		252,568	(18,447)	234,120	48,903
1,048	(591)	457		7	754	(275)	479	
1,055	(57)	998		8	1,257	(30)	1,227	
-	(208,110)	(208,110)		9	-	(214,587)	(214,587)	
		8,615					21,240	
		(4,832)					(7,992)	
		(195)		37			64	
		(5,028)					(7,928)	
		3,587					13,312	
							13,312	

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

MOVEMENT IN RESERVES STATEMENT FOR THE PCC GROUP

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

	General Fund Balance £'000	Capital Unapplied Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018	28,913	(4)	28,909	(2,105,083)	(2,076,172)
Adjustments £000s					
Total Comprehensive Income & Expenditure	(124,128)	-	(124,128)	(6,147)	(130,275)
Adjustments between Accounting Basis & Funding Basis under Regulations	115,218	4	115,222	(115,222)	-
Increase / Decrease in Year	(8,910)	4	(8,906)	(121,368)	(130,274)
Balance at 31 March 2019	20,002	-	20,002	(2,226,449)	(2,206,447)
Adjustments for £000s					
Total Comprehensive Income & Expenditure	(58,594)	-	(58,594)	39,122	(19,472)
Adjustments between Accounting Basis & Funding Basis under Regulations	53,181	(486)	52,695	(52,695)	-
Increase / Decrease in Year	(5,413)	(486)	(5,899)	(13,572)	(19,471)
Balance at 31 March 2018	28,913	(4)	28,909	(2,105,083)	(2,076,172)

MOVEMENT IN RESERVES STATEMENT FOR THE PCC

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

	General Fund Balance £'000	Capital Unapplied Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018	28,913	(4)	28,909	14,907	43,815
Adjustments for IFRS £000s					
Total Comprehensive Income & Expenditure	(21,240)	-	(21,240)	7,928	(13,312)
Adjustments between Accounting Basis & Funding Basis under Regulations	12,330	4	12,334	(12,334)	-
Increase / Decrease in Year	(8,910)	4	(8,906)	(4,406)	(13,312)
Balance at 31 March 2019	20,002	-	20,002	10,501	30,503

	General Fund Balance £'000	Capital Unapplied Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2017	34,326	482	34,808	12,599	47,408
Adjustments for IFRS £000s					
Total Comprehensive Income & Expenditure	(8,615)	-	(8,615)	2,471	(6,144)
Adjustments between Accounting Basis & Funding Basis under Regulations	3,202	(486)	2,716	(163)	2,553
Increase / Decrease in Year	(5,413)	(486)	(5,899)	2,307	(3,592)
Balance at 31 March 2018	28,913	(4)	28,909	14,906	43,815

BALANCE SHEET FOR THE PCC GROUP

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

31-Mar-18 £'000	Note	31-Mar-19 £'000
78,651 Property, Plant & Equipment	19	89,500
6,964 Assets under Construction	19	40
1,119 Intangible Assets	20	1,409
360 Long Term Debtors		300
87,094 Long Term Assets		91,249
300 Assets Held for Sale	19	805
155 Inventories		128
6 Short Term Investments		4
18,432 Short Term Debtors	24	15,941
1,992 Cash and Cash Equivalents	41	2,265
20,885 Current Assets		19,143
174 Cash and Cash Equivalents (liability)	41	652
20,499 Short Term Creditors	26	15,954
409 Short Term Provisions		179
7,404 Short Term Borrowing	27	3,658
28,486 Current Liabilities		20,443
37,877 Long Term Borrowing	28	61,720
2,117,789 Other Long Term Liabilities	32	2,234,677
2,155,666 Long Term Liabilities		2,296,397
(2,076,172) Net Assets		(2,206,447)
28,909 Usable Reserves	29	20,002
(2,105,081) Unusable Reserves	30	(2,226,449)
(2,076,172) Total Reserves		(2,206,447)

BALANCE SHEET FOR THE PCC

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

31-Mar-18 £'000		Note	31-Mar-19 £'000
78,651	Property, Plant & Equipment	19	89,500
6,964	Assets under Construction	19	40
1,119	Intangible Assets	20	1,409
360	Long Term Debtors		300
87,094	Long Term Assets		91,249
300	Assets Held for Sale	19	805
155	Inventories		128
6	Short Term Investments		4
18,394	Short Term Debtors	24	11,776
1,992	Cash and Cash Equivalents	41	2,265
20,848	Current Assets		14,978
174	Cash and Cash Equivalents (liability)	41	652
16,596	Short Term Creditors	26	8,957
7,404	Short Term Borrowing	27	3,658
409	Provisions		179
24,583	Current Liabilities		13,446
37,877	Long Term Borrowing	28	61,719
1,668	Other Long Term Liabilities	32	559
39,545	Long Term Liabilities		62,278
43,815	Net Assets/ (Liabilities)		30,503
28,909	Usable Reserves	29	20,002
14,906	Unusable Reserves	30	10,501
43,815	Total Reserves		30,503

CASH FLOW STATEMENT FOR THE PCC AND THE PCC GROUP

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

31-Mar-18 £'000	Note	31-Mar-19 £'000
58,594	Net (Surplus) or Deficit on the Provision of Services	130,275
(52,324)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	(119,843)
49	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	750
6,319	Net Cash Flows from Operating Activities	11,182
10,929	Investing Activities	16,523
(16,074)	Financing Activities	(27,500)
1,174	Net (Increase) or Decrease in Cash and Cash Equivalents	205
3,166	Cash and Cash Equivalents at the Beginning of the Reporting Period	1,818
1,818	Cash and Cash Equivalents at the End of the Reporting Period	1,613

STATEMENT OF ACCOUNTING POLICIES FOR THE PCC AND THE PCC GROUP

Accounting Policies

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

Group accounts

The Financial Statements included here represent the accounts for the PCC and the PCC Group. The term "PCC Group" is used to indicate individual transactions and policies of the PCC and the Chief Constable. The identification of the PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011. The Chief Constable is a subsidiary organisation of the PCC.

The transactions and balances of the PCC and the Chief Constable have been consolidated into the PCC Group financial statements using the line-by-line method.

Accounting convention

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

Acquisitions and discontinued operations

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

Going Concern

After making enquires, the PCC has formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the PCC and PCC Group or its successors has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. The liabilities for pensions are unrealised liabilities at the balance sheet date and will fall due as employees retire over their working lives.

Critical Judgements in Applying Accounting Policies

In the application of the PCC Group's accounting policies, management is required to make judgements about complex transactions involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a degree of uncertainty about future levels of central government funding and the impact of budget cuts to be achieved. However, the PCC Group has determined that this uncertainty is not yet

sufficient to provide an indication that the assets of the PCC Group might be impaired as a result of a need to close facilities or reduce levels of service provision.

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

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

Short Term Employee Benefits

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

Property, Plant and Equipment

Depreciation

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

Componentisation Thresholds

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

Pensions Liability and Reserve

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

Allocation of Expenditure between the PCC and the Chief Constable

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

Revenue

Revenue in respect of services provided is recognised when performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year that income is deferred.

Goods are sold on an incidental basis. Income is recognised at the point the sale transaction occurs.

Agency income

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

Employee Benefits

Short-term employee benefits

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the PCC Group to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These costs are charged as an expense in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement when the PCC Group is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

Retirement benefit costs

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

Police Officers

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

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

Police Staff

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

Expenses

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

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

Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

Land and buildings used by the PCC Group are stated in the Balance Sheet at their revalued amounts, being their current value at the date of valuation less any subsequent accumulated depreciation and impairment losses. Revaluations have previously been performed on a five year rolling programme with those with a value in excess of £1m being reviewed every year. A revaluation of all of the PCC Group's properties was undertaken during 2017/18 and again during 2018/19. Current values are determined as follows:-

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

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

Disposals

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

and Expenditure Statements. Gains and losses on the disposal of non-current assets are recognised in the Comprehensive Income and Expenditure Statements.

Intangible Assets

Recognition

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

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

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

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible assets can be recognised, the expenditure is recognised in the period in which it is incurred. Following initial recognition, intangible assets are carried at current value by reference to an active market, or where no active market exists, at amortised replacement cost (modern equivalent assets basis). Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Depreciation, amortisation and impairments

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

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

- Buildings 25 to 60 years
- Small/medium size vehicle 1 to 5 years
- Large vehicle 6 to 8 years
- Boat 10 years
- Equipment 5 years
- Intangibles 5 years

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

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

The PCC Group is not required to raise Council Tax to cover depreciation, impairment or amortisation. However it is required to make an annual provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the minimum revenue provision (MRP). This is equal to 4% of the adjusted capital financial requirement at 31 March 2008. The PCC Group has adopted, from 1 April 2008 the Asset Life Method to provide for MRP, for any capital expenditure funded from borrowing. MRP is not provided for assets in the course of construction.

Government Grants

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses. The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statements. On disposal, the balance for the asset on the Revaluation Reserve is transferred to the Capital Adjustment Account.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

Leases

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

The PCC Group as a lessee

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

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

Inventories

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

Cash and cash equivalents

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

Provisions

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

Contingencies

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

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

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

Reserves

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

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

Financial Instruments

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

Financial assets

Financial assets are classified into two types:

Loans and receivables

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

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

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

At the end of the reporting period the PCC Group assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment, as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

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

Available-for Sale Assets

The PCC Group does not have or plan to have this category of financial assets.

Financial liabilities

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

The fair value of financial liabilities is disclosed in the notes to the financial statements.

Jointly Controlled Operations

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

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

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

The 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 PCC Group.

Accounting standards issued that have been adopted early

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

Exceptional items

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

Prior period adjustments

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

Events after the 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 Statement of Accounts is authorised for issue shall be disclosed as a note to the financial statements and the financial statements amended as required. Other events after the balance sheet date will be disclosed in a note with an estimate of the likely effect.

Two types of event can be identified as:

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

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

Group accounts

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

Value Added Tax (VAT)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

1. EXPENDITURE AND FUNDING ANALYSIS FOR THE PCC GROUP

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

Expenditure and Funding Analysis PCC Group

Year ended 31 March 2019

	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between Funding and Accounting Basis (Note 1) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Criminal Justice	5,309	(2,878)	8,187
Northbank Division	34,968	(31,477)	66,445
Southbank Division	28,613	(15,879)	44,492
Force Control Room	18,930	(12,304)	31,234
Protecting Vulnerable People	11,361	(8,196)	19,557
Regional Collaboration	6,681	(1,921)	8,602
Special Operations Unit	11,076	(7,189)	18,265
Specialist Crime	12,989	(9,265)	22,254
Human Resource Services	10,125	(3,785)	13,910
Estates Services	6,417	(1,014)	7,431
Information Services	9,305	(390)	9,695
Centrally Managed Services	4,369	(603)	4,972
Other Services	20,501	(2,063)	22,564
Police & Crime Commissioner	4,822	(593)	5,415
Net cost of services	185,466	(97,557)	283,023
Other income and expenditure	(176,559)	(17,664)	(158,895)
(Surplus) or deficit	8,907	(115,221)	124,129
General Fund Balance at 31 March 2018	28,909		
Add Surplus(Deficit) on General Fund Balance in Year	(8,907)		
General Fund Balance at 31 March 2019	20,002		

Expenditure and Funding Analysis PCC Group

Year ended 31 March 2018 - Restated

	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Criminal Justice	8,174	1,577	9,751
Northbank Division	38,002	10,030	48,032
Southbank Division	22,318	5,890	28,208
Force Control Room	19,721	4,828	24,549
Protecting Vulnerable People	11,303	2,713	14,016
Regional Collaboration	6,448	138	6,586
Special Operations Unit	10,473	1,355	11,828
Specialist Crime	13,725	4,695	18,420
Human Resource Services	4,581	391	4,972
Estates Services	3,056	262	3,318
Information Services	4,943	422	5,365
Centrally Managed Services	19,277	1,650	20,927
Other Services	8,933	764	9,697
Police & Crime Commissioner	4,149	(83)	4,066
Intra-group funding			
Net Cost of Services	175,104	34,632	209,736
Other Income and Expenditure	(169,691)	18,549	(151,142)
(Surplus) or Deficit	5,413	53,181	58,594
Opening General Fund Balance at 31 March 2018	<u>34,322</u>		
Add: Surplus(Deficit) on General Fund in year	(5,413)		
Closing General Fund Balance at 31 March 2019	<u>28,909</u>		

*2017/18 has been restated to reflect the new structure and reporting arrangements of the PCC Group

2. EXPENDITURE AND FUNDING ANALYSIS FOR THE PCC

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

Expenditure and Funding Analysis PCC

Year ended 31 March 2019

	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Accounting and Funding basis £'000	Net Expenditure in Comprehensive Income and Expenditure Statement £'000
Criminal Justice	(703)	0	(703)
Northbank Division	(79)	0	(79)
Southbank Division	(3)	0	(3)
Force Control Room	(478)	0	(478)
Protecting Vulnerable People	(100)	0	(100)
Regional Collaboration	(1,271)	0	(1,271)
Special Operations Unit	(231)	0	(231)
Specialist Crime	(2,492)	0	(2,492)
Human Resource Services	(979)	0	(979)
Estates Services	(2,625)	0	(2,625)
Information Services	(386)	0	(386)
Centrally Managed Services	(729)	0	(729)
Other Services	(7,004)	0	(7,004)
Police & Crime Commissioner	4,822	(593)	5,415
Intra-group funding	245,786		245,786
Net Cost of Services	233,528	(593)	234,121
Other Income and Expenditure	(224,621)	(11,740)	(212,881)
(Surplus) or Deficit	8,907	(12,333)	21,239
Opening General Fund Balance at 31 March 2018	28,909		
Add: Surplus(Deficit) on General Fund in year	(8,907)		
Closing General Fund Balance at 31 March 2019	20,002		

Expenditure and Funding Analysis PCC

Year ended 31 March 2018 - Restated

	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Criminal Justice	(577)		(577)
Northbank Division	(3,263)		(3,263)
Southbank Division	(1,916)		(1,916)
Force Control Room	(163)		(163)
Protecting Vulnerable People	(44)		(44)
Regional Collaboration	(676)		(676)
Special Operations Unit	(536)		(536)
Specialist Crime	(2,705)		(2,705)
Human Resource Services	(602)		(602)
Estates Services	(403)		(403)
Information Services	(650)		(650)
Centrally Managed Services	(2,541)		(2,541)
Other Services	(1,177)		(1,177)
Police & Crime Commissioner	4,149	(83)	4,066
Intra-group funding	221,035	5,424	226,459
Net cost of services	209,931	5,341	215,272
Other income and expenditure	(204,518)	(2,139)	(206,657)
Surplus or deficit	5,413	3,202	8,615
General Fund Balance at 31 March 2017	34,326		
Add Surplus on General Fund Balance in Year	(5,413)		
General Fund Balance at 31 March 2018	28,913		

*2017/18 has been restated to reflect the new structure and reporting arrangements of the PCC Group

3. EXPENDITURE AND FUNDING ANALYSIS – ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS

PCC Group

Year ended 31 March 2019

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i) £'000	Net Change for the Pensions Adjustments (Note ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'000
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)
Police & Crime Commissioner	(89)	(509)	5	(593)
Net Cost of Services	(17,067)	(81,530)	1,040	(97,557)
Other income and expenditure from the Funding Analysis	(1,229)	(16,436)		(17,665)
Comprehensive Income and Expenditure Statement Surplus or Deficit	(18,296)	(97,966)	1,040	(115,221)

PCC

Year ended 31 March 2019

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i) £'000	Net Change for the Pensions Adjustments (Note ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'000
Police and Crime Commissioner	(89)	(509)	5	(593)
Intra -group funding				-
Net Cost of Services	(89)	(509)	5	(593)
Other income and expenditure from the Funding Analysis	(1,229)	(10,511)		(11,740)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(1,318)	(509)	5	(12,333)

PCC Group

Year ended 31 March 2018

2017/18 Restated

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£'000	£'000	£'000	£'000
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
Police & Crime Commissioner	32	(118)	3	(83)
Net Cost of Services	5,223	28,941	468	34,632
Other income and expenditure from the Funding Analysis	(2,806)	20,733	622	18,549
Difference between General Fund Surplus or deficit and	2,417	49,674	1,090	53,181

*2017/18 has been restated to reflect the new structure and reporting arrangements of the PCC Group

PCC

Year ended 31 March 2018

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note i)	Net Change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£'000	£'000	£'000	£'000
Police and Crime Commissioner	32	(118)	3	(83)
Intra -group funding	5,191	236	(3)	5,424
Net Cost of Services	5,223	118	-	5,341
Other income and expenditure from the Funding Analysis	(2,806)	45	622	(2,139)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	2,417	163	622	3,202

Note i – Adjustments for Capital Purposes

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

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

Note ii – Net change for the Pensions Adjustments

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

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

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

4. PCC FUNDING FOR FINANCIAL RESOURCES CONSUMED BY THE CHIEF CONSTABLE

As the Chief Constable has no resources with which to fulfil devolved responsibilities to provide a policing service, the expenditure is funded by the PCC.

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

The tables below show the movement through the intra-group accounts within the respective Balance Sheets during 2018/19 and 2017/18 and show that there are no outstanding intra-group balances at the year end date, other than resulting from year end accounting adjustments in respect of payroll balances, as the PCC paid for all the financial resources consumed at the request of the Chief Constable and an intra-group adjustment was made to offset the Chief Constable's consumption of resources.

The funding covers the day to day expenses on an accruals basis as well as charges for operational assets consumed in the year. The funding does not cover IAS19 pension charges and charges for compensated absences as these charges (in the Chief Constable's Comprehensive Income and Expenditure Statement) are reversed in the Chief Constable's Movement in Reserves Statement and charged to the Chief Constable's unusable Pensions Reserve and Accumulated Absences Adjustment Account.

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

	PCC £'000	Chief Constable £'000	PCC Group £'000
Intra - Group movements 2018- 2019:			
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	-
Intra - Group movements 2017- 2018:			
Opening balance as at 1 April 2017	(3,564)	3,564	-
PCC resources consumed at the request of the Chief Constable	237,034	(237,034)	-
PCC intra - group adjustment (resource funding)	(237,034)	237,034	-
	(3,564)	3,564	-
Year end adjustments:			
Accumulated absences movement	1,034	(1,034)	-
Pensions actuarial adjustments	(78,489)	78,489	-
PCC intra - group adjustment	(6,189)	6,189	-
Payroll creditors and debtors movement	577	(577)	-
Closing balance as at 31 March 2018	(86,631)	86,631	-

5. SUMMARY SPENDING DETAILS

The statements below show the cost of providing services for the PCC Group for 2018/19 and 2017/18. The costs have been split between the Chief Constable and the PCC to separately identify the resources consumed at the request of the Chief Constable from those costs exclusively incurred by the PCC.

PCC 2017-18 £'000	Constable 2017-18 £'000	PCC Group 2017-18 £'000		PCC 2018-19 £'000	Constable 2018-19 £'000	PCC Group 2018-19 £'000
			Expenditure			
			<u>Employees</u>			
1,123	143,226	144,349	Pay and Other Employment Costs	1,053	147,765	148,818
-	35,820	35,820	Police Pensions Current Service Cost and Police Pension Fund Contribution	-	86,262	86,262
1,123	179,046	180,169		1,053	234,027	235,080
			<u>Running Expenses</u>			
-	6,063	6,063	Premises	-	7,641	7,641
21	3,445	3,466	Transport	17	1,321	1,338
4,059	24,739	28,798	Supplies and Services	5,709	34,080	39,789
-	735	735	Agency Services	2	503	505
-	2	2	Special Constables	-	-	-
32	5,191	5,223	Capital Charges & Impairment of Assets	-	17,067	17,067
-	1,702	1,702	Non Distributable Cost	-	51	51
4,112	41,877	45,989		5,728	60,663	66,391
5,235	220,922	226,159	Total Expenditure	6,781	294,690	301,471
(16,422)	-	(16,422)	Income	(18,448)	-	(18,448)
(11,187)	220,923	209,735		(11,667)	294,690	283,023
226,458	(226,458)	-	Intra - Group adjustments *	245,786	(245,786)	-
215,271	(5,536)	209,736	Net Cost of Policing Services	234,119	48,904	283,023

* PCC payment for PCC financial resources consumed at the request of the Chief Constable and year-end adjustments (see note 4)

6. PENSIONS INCOME & EXPENDITURE ACCOUNT

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

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

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

PCC Group	Local Government Pension Scheme		Police Pension Schemes	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
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>
Statement of Movement in the General Fund Balance				
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>
Actual amount charged against the General Fund Balance for Pensions in the Year:				
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>

PCC

Local Government
Pension Scheme

31 March 2019
£'000

31 March 2018
£'000

Comprehensive Income and Expenditure Statement

Net Cost of Service		
Current Service Cost (Gross)	345	330
Non Distributed Costs	-	-
	<u>345</u>	<u>330</u>
Net Operating Expenditure		
Interest Cost	199	183
Interest Income	(151)	(138)
	<u>48</u>	<u>45</u>
Net Charge to the Comprehensive Income and Expenditure Statement	<u>393</u>	<u>375</u>

Statement of Movement in the General Fund Balance

Reversal of Net Charges made for Retirement Benefits in Accordance with IAS 19	<u>(393)</u>	<u>(375)</u>
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Actual amount charged against the General Fund Balance for Pensions in the Year:

Employer's Contributions Payable to Scheme	<u>171</u>	<u>164</u>
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7. OTHER OPERATING EXPENDITURE

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

Net Book Value	2017/18			2018/19		Total
	Receipt	Total		Net Book Value	Receipt	
£000s	£000s	£000s		£000s	£000s	£000s
382	(421)	(39)	Land and Buildings (Held for Sale)	300	(275)	25
382	(421)	(39)	Gain from the Sale of Non Current Assets	300	(275)	25
594	(170)	424	Vehicles Plant and Equipment	103	-	103
72	-	72	Intangible Assets	350	-	350
666	(170)	496	Loss on the Sale of Non Current Assets Sold	453	-	453
<u>1,048</u>	<u>(591)</u>	<u>457</u>	(Gain) / Loss on the Sale of Non Current Assets	<u>754</u>	<u>(275)</u>	<u>480</u>

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

PCC Group

2017-18 £'000		2018-19 £'000
1,055	Interest payable and similar charges	1,257
55,513	Pensions interest cost net of interest on pension assets	53,986
(57)	Interest receivable	(30)
<u>56,511</u>		<u>55,213</u>

9. TAXATION AND NON SPECIFIC GRANT INCOME

2017-18		2018-19
£'000		£'000
49,840	Council Tax Income	54,023
122,264	General Government Grants	122,264
34,825	Police Pensions Top Up Grant receivable	37,550
1,180	Capital Grants	750
<u>208,110</u>		<u>214,587</u>

10. OFFICE OF THE POLICE AND CRIME COMMISSIONER

The expenditure of the Office of the Police and Crime Commissioner is shown below.

2017-18		2018-19
£'000		£'000
13	Members Allowances	1
1,225	Staff	1,054
21	Transport	17
283	Supplies and Services	367
19	NPCC	19
3,755	Third Party Payments	4,796
(34)	Fees & Charges and Other Income	(95)
<u>(1,134)</u>	Specific Grants	<u>(1,338)</u>
<u>4,149</u>		<u>4,822</u>

Third Party Payments comprise contributions made by the Commissioner in respect of community safety initiatives.

11. 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
157	6	163	50,000 - 54,999	122	4	126
94	-	94	55,000 - 59,999	80	3	83
23	1	24	60,000 - 64,999	25	-	25
13	3	16	65,000 - 69,999	10	1	11
6	-	6	70,000 - 74,999	4	4	8
7	3	10	75,000 - 79,999	5	3	8
7	1	8	80,000 - 84,999	5	1	6
3	1	4	85,000 - 89,999	3	1	4
2	1	3	90,000 - 94,999	2	1	3
1	1	2	95,000 - 99,999	1	-	1
1	-	1	100,000 - 104,999	1	-	1
-	-	-	105,000 - 109,999	2	-	2
-	-	-	110,000 - 114,999	1	-	1
-	-	-	115,000 - 119,999	-	1	1
-	-	-	125,000 - 129,999	1	-	1
1	-	1	140,000 - 144,999	-	-	-
-	-	-	150,000 - 154,999	1	-	1
315	17	332		263	19	282

The Officers disclosed separately in Note 12 are included in the bands above.

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

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 £	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>

Exit package cost band £	2017-18			
	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	3	4	134
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>13</u>	<u>21</u>	<u>1,171</u>

12. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

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

Post Holder 2018/19	Note	Salary	Other	Total	Pension	Total
		(Including Fees & Allowances) £'000	Emoluments £'000	Remuneration excluding Pension Contributions £'000	Contributions £'000	Remuneration including Pension Contributions £'000
Chief Constable						
Lee Freeman - Chief Constable	1	151	-	151	36	187
Deputy Chief Constable		126	1	127	30	157
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	122
Assistant Chief Officer	3	118	-	118	21	139
Assistant Chief Officer (Resources)	4	89	5	95	16	111
		787	23	810	173	984
PCC						
Police and Crime Commissioner		77	-	77	14	91
Chief Executive		84	-	84	15	99
Deputy Chief Executive & Treasurer		69	-	69	-	69
		230	0	230	29	258
PCC Group		1,017	23	1,040	202	1,242

- 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

2017/18

	Note	Salary	Benefits in	Other	Compensatory	Total	Pension	Total
		(Including Fees & Allowances) £'000	Kind £'000	Emoluments £'000	Grant £'000	Remuneration excluding Pension Contributions £'000	Contributions £'000	Remuneration including Pension Contributions £'000
Chief Constable								
<u>Chief Constable</u>	1	33	1	-	3	37	8	45
Chief Constable	2	142	3	2	-	147	33	180
Deputy Chief Constable	3	56	5	4	-	65	14	79
Deputy Chief Constable	4	54	5	-	-	59	13	72
Assistant Chief Constable Operations	5	96	6	-	-	102	22	124
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
		615	24	150	3	791	530	1,322
PCC								
<u>Police and Crime Commissioner</u>		75	-	-	-	75	14	89
Chief Executive		80	-	-	-	80	15	94
Deputy Chief Executive & Treasurer		67	-	-	-	67	12	79
		222	-	0	-	222	41	262
PCC Group		837	24	150	3	1,013	571	1,584

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

13. RELATED PARTY TRANSACTIONS

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

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

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

There are also direct relationships between the PCC and other PCCs within the Yorkshire and Humberside region and PCCs in Cleveland, Durham and Northumbria in respect of Regional Collaboration arrangements. Details are disclosed in note 18 to the financial statements.

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

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

14. ADDITIONAL GRANTS

Additional grants were received from numerous bodies, and are included as part of total income. Details of those that are £500k and above are shown below:

	2018-19
	£
DSP Port Security (Home Office)	1,098,232
Victims Service and Restorative Justice (Ministry of Justice)	1,114,532
DSP Port Security Armed Response (Home Office)	798,584
Total Grants Received	3,397,702
	2017-18
	£
DSP Port Security (Home Office)	1,132,090
Victims Service and Restorative Justice (Ministry of Justice)	1,120,595
DSP Port Security Armed Response (Home Office)	769,846
Total Grants Received	3,415,764

15. PRECEPT/COUNCIL TAX

2018-19

Band	A	B	C	D	E	F	G	H
Rate £	132.88	155.03	177.17	199.32	243.61	287.91	332.20	398.64

2017-18

Band	A	B	C	D	E	F	G	H
Rate £	124.89	145.70	166.52	187.33	228.96	270.59	312.22	374.66

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

2017-18		2018-19	
£'000		£'000	
21,643	East Riding of Yorkshire Council	23,444	
11,167	Kingston Upon Hull City Council	12,107	
7,967	North East Lincolnshire Council	8,729	
9,064	North Lincolnshire Council	9,743	
<hr/>		<hr/>	
49,840		54,023	

16. EXTERNAL AUDIT FEES

The external audit fees payable to Mazars LLP for 2018/19 is £37.5k (2017/18 payable to KPMG LLP of £54.4k) for the PCC Group, of which £26k (2017/18 £33.8k) is in respect of the PCC and £11.5k for the Chief Constable. (2017/18 £15k).

17. GENERAL GOVERNMENT GRANTS

	2017-18	2018-19
Analysis of General Government Grants	£'000	£'000
Police Revenue Grant (Home Office)	112,223	112,223
Council Tax Support Grants (Home Office)	8,341	8,341
Council Tax Freeze Grants (Home Office)	1,700	1,700
Total General Government Grants	122,264	122,264

18. 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 underwater search services.

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>			648
<u>(64)</u>	Deficit/(Surplus)in year		(37)
	<u>Contributions</u>		
205	West Yorkshire	184	
126	South Yorkshire	113	
36	North Yorkshire	33	
331	Humberside	296	
<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 Table for Regional Collaboration

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, and Information Services and Joint Special Operations Uniformed (JSOU). The JSOU commenced with effect from 1st April 2016 and ceased on 31st 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>11,576</u>	
<u>Income</u>			
Contributions (see below)	11,291	11,576	
Other Income	24	-	
	<u>11,316</u>	<u>11,576</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>11,576</u>	
2017-18	JSOU £'000	Human Resources & Training £'000	Information Services £'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	-
	<u>9,648</u>	<u>12,019</u>	<u>11,892</u>
<u>Income</u>			
Contributions (see below)	9,405	11,991	11,893
Other Income	243	28	(1)
	<u>9,648</u>	<u>12,019</u>	<u>11,892</u>
Deficit/(Surplus) in year	<u>-</u>	<u>-</u>	<u>-</u>
<u>Contributions</u>			
Humberside Police	3,907	4,920	5,137
South Yorkshire	5,498	7,071	6,755
	<u>9,405</u>	<u>11,991</u>	<u>11,892</u>

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

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 (Support). 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.

19. PROPERTY, PLANT & EQUIPMENT

	Land & Buildings	Vehicles, Plant & Equipment	Assets under Construction	Surplus Assets for Disposal	TOTAL
	£'000	£'000	£'000	£'000	£'000
Gross Book Value					
As at 1st April 2018	62,309	30,720	6,964	300	100,293
Assets reclassified as non-operational					-
Additions & Enhancements	10,983	2,927	40	-	13,950
Impairments	(9,260)	(2,436)	-	-	(11,696)
Disposals	-	(7,087)	-	(300)	(7,387)
Transfers	6,159		(6,964)	805	-
Revaluations	6,303	(786)	-	-	5,517
As at 31st March 2019	76,494	23,338	40	805	100,677
Depreciation					
To 31st March 2018	653	13,724	-	-	14,377
In Year	1,488	3,577	-	-	5,065
On Assets Revalued	(2,137)	(338)	-	-	(2,475)
On Assets Sold		(6,634)	-	-	(6,634)
As at 31st March 2019	4	10,329	-	-	10,333
Net Book Value					
As at 31st March 2019	76,490	13,009	40	805	90,345
Net Book Value					
As at 31st March 2018	61,657	16,996	6,964	300	85,916

	Land & Buildings	Vehicles, Plant & Equipment	Assets under Construction	Surplus Assets for Disposal	TOTAL
	£'000	£'000	£'000	£'000	£'000
Gross Book Value					
As at 1st April 2017	57,762	28,075	-	200	86,198
Assets reclassified as non-operational	(485)	-		485	-
Additions & Enhancements	1,510	6,218	6,964	-	14,692
Disposals	-	(3,734)	-	(385)	(4,119)
Revaluations	3,522	-	-	-	3,522
As at 31st March 2018	62,309	30,720	6,964	300	100,293
Depreciation					
To 31st March 2017	479	13,973	-	-	14,452
In Year	2,058	2,890	-	-	4,948
On Assets Revalued	(1,882)	-	-	-	(1,882)
On Assets Sold	(3)	(3,140)	-	-	(3,143)
As at 31st March 2018	652	13,723	-	-	14,375
Net Book Value					
As at 31st March 2018	61,657	16,996	6,964	300	85,916
Net Book Value					
As at 31st March 2017	57,283	14,262	-	200	71,745

Statement of Physical Assets

31 March 2018		31 March 2019	
51	Police Stations	50	
596	Vehicles	621	

20. INTANGIBLE ASSETS

	£'000		£'000
Gross Book Value		Gross Book Value	
As at 1st April 2018	1,735	As at 1st April 2017	1,487
Additions & Enhancements	567	Additions & Enhancements	485
Disposals	(350)	Disposals	(236)
As at 31st March 2019	<u>1,952</u>	As at 31st March 2018	<u>1,736</u>
Amortisation		Amortisation	
To 31st March 2018	616	To 31st March 2017	506
In Year	277	In Year	274
On Disposals	(350)	On Disposals	(164)
As at 31st March 2019	<u>543</u>	As at 31st March 2018	<u>616</u>
Net Book Value		Net Book Value	
As at 31st March 2019	<u>1,409</u>	As at 31st March 2018	<u>1,119</u>
Net Book Value		Net Book Value	
As at 31st March 2018	<u>1,119</u>	As at 31st March 2017	<u>980</u>

The Intangible Assets relate to computer software capitalised.

21. PROPERTY VALUATIONS

Summary by effective date of latest valuation

	Land and Buildings £'000	Surplus Assets for Disposal £'000
Valued at current value as at:		
31 March 2019	68,193	805
Total Gross Book Value	<u>68,193</u>	<u>805</u>

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

22. SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

The note below shows the movement in the Capital Financing Requirement due to capital expenditure for 2018/19, and the source of finance used.

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

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

2017-18 £'000		2018-19 £'000
59,362	Opening Capital Financing Requirement	70,680
	<u>Capital Investment</u>	
14,693	Property, Plant and Equipment	13,620
484	Intangible Assets	567
	<u>Sources of finance</u>	
(100)	Revenue funding of Capital	
(1,987)	Revenue Provision	(3,143)
(1,180)	Capital Grant	(750)
(590)	Capital Receipts	(275)
70,680	Closing Capital Financing Requirement	80,699
	<u>Explanation of Movements in Year</u>	
11,319	Increase/(Decrease) in underlying need to borrow	10,019
11,319	Increase/ (Decrease) in Capital Financing Requirement	10,019

23. PREPAYMENTS AND DEBTORS/ACCRUALS

2017-18 £'000	2017-18 £'000		2018-19 £'000	2018-19 £'000
PCC			PCC	
Group	PCC		Group	PCC
9,360	9,360	Government Departments	8,499	8,499
6,968	6,968	Other Police and Local Authorities	6,052	1,887
2,104	2,066	Other	1,390	1,390
18,432	18,394		15,941	11,776

24. SHORT TERM DEBTORS

2017-18 £'000	2017-18 £'000		2018-19 £'000	2018-19 £'000
PCC			PCC	
Group	PCC		Group	PCC
17,949	17,911	Debtors & Accruals	15,608	11,443
33	33	Prepayments Other Police	3	3
450	450	Prepayments Other	330	330
18,432	18,394		15,941	11,776

25. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

2017-18 £'000	2017-18 £'000		2018-19 £'000	2018-19 £'000
PCC			PCC	
Group	PCC		Group	PCC
4,076	2,837	Government Departments	3,732	3,732
5,971	9,534	Other Police and Local Authorities	6,475	1,478
10,452	4,225	Other	5,747	3,747
<u>20,499</u>	<u>16,596</u>		<u>15,954</u>	<u>8,957</u>

26. SHORT TERM CREDITORS

2017-18 £'000	2017-18 £'000		2018-19 £'000	2018-19 £'000
PCC Group			PCC Group	
PCC Group	PCC		PCC Group	PCC
772	772	Income in Advance	274	274
19,727	15,824	Creditors & Accruals	15,680	8,683
<u>20,499</u>	<u>16,596</u>		<u>15,954</u>	<u>8,957</u>

27. SHORT TERM BORROWING

This relates to borrowing due for maturing within 12 months.

	Balance at 1st April 2018	Movement 2018-19	Balance at 31st March 2019
	£'000	£'000	£'000
PWLB & Other borrowing	<u>7,404</u>	<u>3,746</u>	<u>3,658</u>

28. LONG TERM BORROWING

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

	Balance at 1st April 2018	Loans Repaid	New Loans	Transferred to Short Term Borrowing	Balance at 31st March 2019
	£'000	£'000	£'000	£'000	£'000
Public Works Loan Board	<u>37,877</u>	-	27,589	(3,746)	<u>61,719</u>

Debt at 31st March 2018		Debt at 31st March 2019
£'000		£'000
3,411	1 - 2 years	3,131
9,969	2 - 5 years	10,123
11,647	5 - 10 years	17,185
8,850	10 - 15 years	16,780
4,000	> 15 yrs	14,500
<u>37,877</u>		<u>61,719</u>

29. USABLE RESERVES

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

Performance Improvement Reserve

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

Partnership Reserve

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

Risk Management Reserve

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

General Reserve

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

Capital Unapplied Reserve

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

The movements on the usable reserves are:

2018-19	Opening Balance £'000	Transfers to/ (from) Reserves £'000	Closing Balance £'000
Revenue Reserves			
Performance Improvement Reserve	19,811	(8,910)	10,901
Partnership Reserve	2,082	-	2,082
Risk Management Reserve	1,800	-	1,800
General Reserve	5,220	-	5,220
General Fund Balance	28,912	(8,910)	20,002
Capital Reserve			
Capital Unapplied Reserve	(4)	4	-
Total Usable Reserves	28,908	(8,906)	20,002
2017-18	Opening Balance £'000	Transfers to/ (from) Reserves £'000	Closing Balance £'000
Revenue Reserves			
Performance Improvement Reserve	24,806	(4,995)	19,811
Partnership Reserve	2,500	(418)	2,082
Risk Management Reserve	1,800	-	1,800
General Reserve	5,220	-	5,220
General Fund Balance	34,326	(5,413)	28,913
Capital Reserve			
Capital Unapplied Reserve	482	(486)	(4)
Total Usable Reserves	34,808	(5,899)	28,909

30. UNUSABLE RESERVES

PCC Group

2017-18 £'000	2018-19 £'000
(2,117,789) Pensions Reserve	(2,234,677)
3,104 Capital Adjustment Account	(7,666)
12,683 Revaluation Reserve	17,933
810 Collection Fund Adjustment Account	811
(3,890) Accumulated Absences Adjustment Account	(2,850)
<u>(2,105,082)</u>	<u>(2,226,449)</u>

PCC

2017-18 £'000	2018-19 £'000
(1,668) Pensions Reserve	(555)
3,104 Capital Adjustment Account	(7,666)
12,683 Revaluation Reserve	17,932
810 Collection Fund Adjustment Account	809
(25) Accumulated Absences Adjustment Account	(19)
<u>14,906</u>	<u>10,501</u>

Pensions Reserve

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

PCC Group Pensions Reserve

2017-18 £'000	2018-19 £'000
(2,100,757) Opening Balance	(2,117,789)
32,642 Actuarial Gains or (losses) on the pensions assets and liabilities	(34,622)
Reversal of items relating to retirement benefits debited /credited to the Surplus or Deficit on the Provision of Services in the CIES	
(106,502)	(102,749)
56,828 Employers pensions contributions and direct payments to pensioners	20,483
<u>(2,117,789)</u> Closing Balance	<u>(2,234,677)</u>

PCC Pensions Reserve

2017-18 £'000	2018-19 £'000
(1,363) Opening Balance	(1,698)
195 Actuarial Gains or (losses) on the pensions assets and liabilities	(64)
Reversal of items relating to retirement benefits debited /credited to the Surplus	
(374) or Deficit on the Provision of Services in the CIES	1,378
(156) Employers pensions contributions and direct payments to pensioners	(171)
<u>(1,698) Closing Balance</u>	<u>(555)</u>

Capital Adjustment Account

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

Capital Adjustment Account

2017-18 £'000	2018-19 £'000
3,387 Opening Balance	3,104
100 Direct revenue financing	182
1,987 Minimum revenue provision	3,143
2,219 Revaluation reserve write down	2,341
591 Receipts on disposal of non current assets	276
(1,051) Carrying value of disposed assets	(754)
(5,223) Annual depreciation and impairment	(16,877)
0 Historical cost depreciation adjustment	169
1,093 Application of Government grants to finance capital expenditure	750
<u>3,104 Closing Balance</u>	<u>(7,666)</u>

Revaluation Reserve

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

Revaluation Reserve

2017-18 £'000	2018-19 £'000
9,498 Opening Balance	12,683
3,185 Revaluation of non current assets	7,992
Transfer from Capital Adjustment Account	(2,341)
0 Amounts written out relating to sold assets	(233)
0 Historical cost depreciation adjustment	(169)
<u>12,683 Closing Balance</u>	<u>17,932</u>

Collection Fund Adjustment Account

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

Accumulated Absences Adjustment Account

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

PCC Group Accumulated Absences Adjustment Account

2017-18 £'000	2018-19 £'000
(3,422) Opening Balance	(3,890)
(468) Adjustment based on calculation for untaken leave	1,040
(3,890) Closing Balance	(2,850)

31. CONTINGENT LIABILITIES

Civil Claims

A number of potential civil and other claims could be brought against the PCC Group. The total estimated liability is £2,647k (2017-18 £1,812k). The timing of these claims is very unpredictable and is likely to be over a number of years.

Regional Working – Employment of Staff

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

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

32. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits of the PCC and PCC Group at 31 March 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)

	31 March 2019 £'000	31 March 2018 £'000
Allocation of Net Asset/(Liability) PCC Chief Constable	(559)	(1,668)
	<u>(2,234,118)</u>	<u>(2,116,121)</u>
	<u>(2,234,677)</u>	<u>(2,117,789)</u>

The liabilities show the PCC's and PCC Group's long term commitments to pay retirement benefits. The total liability of £2,234m has a substantial impact on the net worth of the PCC and PCC Group as recorded in the balance sheet, resulting in a negative overall balance of £2,206m. 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.

33. 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)
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) and £19.9m for the Police Pension Fund (2018/19 was £12.7m).

34. 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)
Remeasurements:		
Return on assets excluding net interest	13,603	1,009
31st March	<u>250,567</u>	<u>225,858</u>

35. 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:

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

Percentage increase in scheme liabilities and monetary values:

2017-18	Local Government Pension Scheme		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:

	2018-19		2017-18	
Asset quoted prices:	%	£'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

36. ASSUMED MORTALITY RATES

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

Police 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	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

37. REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY

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

Local Government Pension

	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>9,170</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>24,720</u>	1.23	<u>3,290</u>	0.17

Allocation of IAS19 remeasurements:

	2018-19	2017-18
	£'000	£'000
PCC	64	195
Chief Constable	14,075	32,447
Total IAS19 remeasurements	14,139	32,642

38. Employment claims

Chief Constables and the Home Office currently have a number of claims lodged against them of which 42 are in respect of current claims against the Chief constable of Humberside 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.

39. EVENTS AFTER THE BALANCE SHEET DATE

The Draft Statement of Accounts was issued on 31 May 2019. The PCC Group has reviewed events occurring between 31 March and 31 May 2019, and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

40. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON CASH MOVEMENTS

2017-18 £'000		2018-19 £'000
	Notional Pension Costs (in excess of) / less than	
(49,674)	actual pensions paid	(102,749)
(5,143)	Depreciation and Impairments	(17,066)
2,493	Other non cash movements	(28)
<u>(52,324)</u>		<u>(119,843)</u>

41. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

2017-18 £'000		2018-19 £'000
(150)	Bank imprest and current accounts	(652)
1,968	Short term deposits with banks and building societies	2,265
<u>1,818</u>		<u>1,613</u>

42. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows from operating activities include the following items:

2017-18 £'000	2018-19 £'000
(54) Interest received	(32)
613 Interest paid	1,378

43. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2017-18 £'000	2018-19 £'000
12,228 Purchase of Property, Plant and Equipment	16,236
485 Purchase of Intangible Assets	567
(1,180) Capital Grants received	
(591) Proceeds from sale of Property, Plant and Equipment	(275)
(13) Proceeds from Investments	(5)
10,929 Net cash flows from investing activities	16,523

44. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2017-18 £'000	2018-19 £'000
(16,074) PWLB Borrowing/repayments	(27,500)
- Repayment of Finance Lease liabilities	-
(16,074) Net cash flows from financing activities	(27,500)

45. FINANCIAL INSTRUMENTS

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'Financial Instrument' covers both Financial Assets and Financial Liabilities and includes both the most straight forward Financial Assets and Liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

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

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

Financial Liabilities

	31-Mar-18		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Trade Creditors	20,499	20,499	15,954	15,954
Cash Overdrawn	174	174	652	652
PWLB Loans	41,281	45,851	65,377	73,925
Other Loans	4,000	4,000	-	-
Total	65,954	70,524	81,983	90,531

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

Financial Assets

	31-Mar-18		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Trade Debtors	18,432	18,432	15,941	15,941
Deposits with Banks and Financial Institutions	1,998	1,998	2,269	2,269
Total	20,430	20,430	18,210	18,210

Financial Liabilities

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

Financial Assets

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

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

Reclassification / De-recognition

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

Collateral

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

Impairment, Income and Expenses

Impairments, income and expenses recognised in the Comprehensive Income and Expenditure Statement, in relation to financial instruments are made up as follows:

Effect of Financial Instruments on the Comprehensive Income and Expenditure Statement

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

	Liabilities	Assets	
	PWLB Loans	Deposits with Banks and Financial Institutions	Total
	£'000	£'000	£'000
Interest Expense	1,257		1,257
Interest Income		(30)	(30)
Net Affect for the Year	1,257	(30)	1,227

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

Credit Risk

The possibility that other parties might fail to pay amounts due to the PCC Group

Liquidity Risk

The possibility that the PCC Group might not have funds available to meet its commitments to make payments

Market Risk

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

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

Credit Risk

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

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

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

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

The Debtors at 31 March 2019, includes £13.8m that relates to Central and Local Government organisations, and as such is not classed as a credit risk. The profile of the remaining debtors which are monitored on a regular basis is set out below:

	2017-18		2018-19
	£'000		£'000
Up to Three Months	415	Up to Three Months	922
More than Three Months	-	More than Three Months	108
	<u>415</u>		<u>1,030</u>

Liquidity Risk

As at 31 March 2019 the PCC Group had balances on revenue reserves of £20.002m and deposits with banks and financial institutions of £2.3m. The PCC Group also has access to borrowing from the Public Works Loan Board (PWLB). There is therefore no significant risk that the PCC Group would be unable to meet its financial commitments.

As part of the Treasury Management Strategy Statement the PCC Group considers the maturity analysis of borrowings at the beginning of the financial year in order to manage the profile of debt repayable. The position at 31 March 2019 is as follows:

	2017-18	2018-19
	Actual at 31-Mar-18 £'000	Actual at 31-Mar-19 £'000
One Year	7,404	3,658
Between One and Two Years	3,411	3,131
Between Two and Five Years	9,969	10,123
Between Five and Ten Years	11,647	17,185
Between Ten and Fifteen Years	8,850	16,780
More than Fifteen Years	4,000	14,500
	<u>41,281</u>	<u>65,377</u>

Market Risk

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

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

Price Risk

The PCC Group does not invest in equity shares and so has no exposure to risk arising from movements in the prices of shares.

Foreign Exchange Risk

The PCC Group has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

Unrecognised Gains or losses relating to Financial Instruments

The PCC Group has no financial assets with unrecognised gains or losses 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% (2017/18 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

2017-18 £'000		2018-19 £'000
	CONTRIBUTIONS RECEIVABLE	
	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)
	TRANSFERS IN	
(1,342)	Transfers in from other Pension Schemes	(711)
	BENEFITS PAYABLE	
47,355	- pensions	49,875
11,736	- commutations and lump sum retirement benefits	11,067
111	- lump sum death benefits	100
		61,041
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
20	- refunds of contributions	87
-	- transfers out to other Pension Schemes	-
289	- transfers out to other Police Forces: 1974 arrangements	-
		87
36,535	NET AMOUNT PAYABLE FOR THE YEAR BEFORE TRANSFER FROM THE PCC	37,550
(34,825)	ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (FUNDED BY THE HOME OFFICE)	(35,705)
(1,710)	ADDITIONAL FUNDING PAYABLE BY THE PCC TO MEET THE DEFICIT (NOT FUNDED BY THE HOME OFFICE)	(1,845)
-	NET AMOUNT PAYABLE/RECEIVABLE FOR THE YEAR	-

NET ASSETS STATEMENT

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

NOTES TO THE POLICE PENSION FUND ACCOUNTS

The Police Officer Pension Schemes make up the account:

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

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

The fund is charged with all pensions expenditure in accordance with Home Office guidance, with income being employee contributions, employer contributions, which for 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 yearend by either a contribution from the Police Fund, or if a surplus balance on the fund, a transfer to the Police Fund.

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

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

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

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

A number of claims have been made against the Chief Constable of Humberside, please see note 38 on page 72 for details.

GLOSSARY OF ACCOUNTING TERMS

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

Definitions of accounting terms used are given below:

Term	Definition
Accounting period	The period of time covered by the financial statements, normally a period of twelve months.
Accruals basis	Under the accruals concept, expenses are recognised when incurred, not when the cash is actually paid out, and revenue is recognised when it is earned, not when the cash is actually received.
Agency cost	Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.
Amortisation	The term used for depreciation of intangible assets such as the annual charge in respect of computer licenses the PCC/ PCC Group has purchased.
Asset	An item owned or leased by the PCC/ PCC Group, which has a value, for example, land and buildings, vehicles, equipment, cash.
Assets held for sale	Assets are held for sale if their value will be recovered through a sale transaction rather than through continuing use.
Balance Sheet	This represents a summary of all the assets and liabilities of the PCC/ PCC Group.
Capital expenditure	Expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance value.
Capital Financing Account	This account represents amounts set aside from revenue or capital receipts to finance expenditure on property, plant and equipment or for the repayment of external loans and certain other capital financing transactions.
Capital Financing Requirement (CFR)	The Capital Financing Requirement is a measure of the extent to which the PCC/ PCC Group needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any point in time.
Capital receipts	Proceeds from the sale of property, plant and equipment.
Carry overs	These are underspends at the end of the financial year, which are carried forward into the next financial year to support that year’s expenditure plans.
Cash and cash equivalents	Cash includes cash held in bank accounts and cash in hand. Cash equivalents are assets that can be readily converted into cash such as deposits and certain short term investments.

CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
Collection Fund	Precept Income is collected on behalf of the PCC by the four billing Authorities (East Riding of Yorkshire Council; Kingston upon Hull City Council; North East Lincolnshire Council and North Lincolnshire Council). The precept income is then paid to the PCC as Precept Income.
Contingent asset or liability	An asset or liability that is not recognised in the financial statements due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.
Creditors	Amounts owed by the PCC/ PCC Group for goods received or services rendered but not yet paid for at the end of the financial year.
Current asset or liability	An asset or liability that the PCC/ PCC Group expect to hold or discharge for a period of less than one year from the Balance Sheet date.
Debtors	Sums of money due to the PCC/ PCC Group for work done or services supplied but not received at the end of the financial year.
Deferred liabilities	Liabilities which by arrangement are payable beyond the next year at some points in the future or paid off by an annual sum over a period of time.
Depreciation	The accounting charge representing the use of property, plant and equipment assets which spreads the cost or value of the asset over its useful life.
Employee benefits	All forms of consideration given to employees for services rendered. These are salaries and wages, social security costs (national insurance), superannuation contributions, paid sick leave, paid annual and long service leave and termination payments.
Financial instruments	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
Financial Regulations	A written code of procedures approved by the PCC to provide a framework for the proper financial management of the PCC/ PCC Group.
Going concern basis	The underlying assumption used in producing the financial statements that the PCC/ PCC Group will continue to operate for at least 12 months from the Balance Sheet date.
Impairment	The fall in the value of an asset.
Income Received in Advance	Income received that should be classed as a benefit in the next financial year.
Intangible assets	Capital expenditure which does not create a tangible asset.
Inventories	Stocks held by the PCC/ PCC Group such as uniforms, fuel etc.

Leases	A method of financing expenditure over a period of time. There are two types of lease: Finance lease, where the risks of ownership are transferred to the lessee and where the assets are recorded in the PCC's/ PCC Group's Balance Sheet at a current valuation. Operating lease, where the risks of ownership stay with the leasing company and the annual rental charges are made via the Comprehensive Income and Expenditure Statement.
Liability	An amount owing to a third party such as a loan or unpaid invoice from a supplier.
Local Authority Accounting Panel (LAAP) bulletin	Latest update from CIPFA detailing amendments and guidance to changes in Local Authority Accounting Practice.
Minimum Revenue Provision (MRP)	The Minimum Revenue Provision is the amount required by statute that the PCC/ PCC Group must fund to cover the redemption of external debt, including any supported or unsupported borrowing used to fund capital; the MRP amount being equal to the capital expenditure funded by the borrowing over the expected life of the assets.
Medium Term Resource Strategy (MTRS)	The MTRS covers a 5 year period and describes the financial direction of the Chief Constable and the PCC capturing known and estimated funding, financial pressures, staffing resources and development needs as well as seeking to identify financial risks. It is an indication of the likely direction of financial planning over the next year.
Net assets	Total assets less total liabilities.
Non-current asset or liability	An asset or liability that the PCC/ PCC Group expects to hold or discharge for a period of more than one year from the Balance Sheet date.
Non Distributed Cost	This is where overheads are not charged or apportioned to activities within the SeRCOP service expenditure analysis.
Precept	A levy which the PCC makes through the Council Tax to pay for services.
Prepayment	Where an amount of expenditure is paid in the current financial year, but the goods or services are a benefit in the next/following year.
Provision	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.
Prudential Borrowing	This is the borrowing as part of funding of capital expenditure, where no actual loan is taken out to match the element of expenditure incurred. The affect is shown through the Capital Financing Requirement and is the amount to be funded when all other funding types i.e. capital grant, revenue, capital receipts etc. have been used.

Remeasurements of the Net Defined Benefit Liability	For a defined benefit pension scheme, the changes that arise because : events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or The actuarial assumptions have changed.
Reserves	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Earmarked reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
Revenue expenditure	Spending on day to day items, including salaries, premises costs and supplies and services.
SeRCOP	The Service Reporting Code of Practice for Local Authorities (SeRCOP) establishes proper practices with regard to consistent financial reporting for services. All local authorities are expected to comply with its requirements.
The Code	The Code of Practice published by CIPFA, relating to Local Authority Accounting in the United Kingdom and is issued each year.
Unrealised gains and losses	Unrealised gains and losses are those which have been recognised by the PCC/ PCC Group in its financial statements but are only potential gains as they have yet to be realised, such as rises and falls in the value of land and buildings due to changes in the property market. The gain or loss only becomes realised when the property is sold.

Acronyms and Abbreviations

ACPO	Association of Chief Police Officers
APACE	Association of Police and Crime Chief Executives
ASB	Anti-Social Behaviour
CCRF	Commissioners Crime Reduction Fund
CFR	Capital Financing Requirement
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
CSP	Community Safety Partnership
CSR	Comprehensive Spending Review
DCLG	Department of Communities and Local Government
GAD	Government Actuaries Department
HMICFRS	Her Majesty's Inspector of Constabulary
HP	Humberside Police
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPCC	Independent Police Complaints Commission
IPOC	Independent Office of Police Complaints
JIAC	Joint Independent Audit Committee
JSOU	Joint Special Operations Uniformed
LAAP	Local Authority Accounting Panel
LCJB	Local Criminal Justice Board
MHCLG	Ministry of Housing and Local Government
MRP	Minimum Revenue Provision
MTRS	Medium Term Resource Strategy
NPCC	National Police Chiefs Council
NPT	Neighbourhood Policing Teams
ONS	Office for National Statistics
OPCC	Office of the Police and Crime Commissioner
OPCCNY	OPCC for North Yorkshire/ North Yorkshire Police
OPCCSY	OPCC for South Yorkshire/ South Yorkshire Police
OPCCWY	OPCC for West Yorkshire/ West Yorkshire Police
OPP	Operational Policing Programme Board
PaCCTS	Police and Crime Commissioners Treasurers' Society
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PDR	Performance Development Review
PEQF	Police Entry and Qualifications Framework
PRSRA	Police Reform and Social Responsibility Act
PSC	Police Staff Council
PWLB	Public Works Loans Board
RCB	Regional Collaboration Board
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOLACE	Society of Local Authority Chief Executives