



Protecting Communities, Targeting Criminals

THE CHIEF CONSTABLE OF HUMBERSIDE

FINANCIAL STATEMENTS

2012-2013

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FOREWORD TO THE STATEMENT OF ACCOUNTS

INTRODUCTION

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

On 15 December 2011 the Police Reform and Social Responsibility Act 2011 (PRSRA) received Royal Assent. This represented a fundamental shift in the way the police in England and Wales are governed and held accountable. One of the key reforms was to replace all existing Police Authorities with new Police and Crime Commissioners. The Humberside Police Authority (HPA) was abolished at midnight on 21 November 2012, when the new Police and Crime Commissioner for Humberside (PCC) took up office. At the same time the Chief Constable of Humberside was established as a separate corporation sole and made responsible for the Humberside Police Force. The primary function of the new body headed by the Chief Constable is the exercise of operational policing duties under the Police Act 1996. The PCC's function is to hold the Chief Constable to account for the exercise of these duties.

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

THE STATEMENT OF ACCOUNTS

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

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

- The Police Reform and Social Responsibility Act 2011 ("the Act");
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012;
- The Corporate Governance Framework.

The Corporate Governance Framework includes:

- A Statement of corporate governance – statutory framework and local policy;
- A Code of corporate governance – setting out how the good governance core principles will be implemented;
- A Scheme of corporate governance – defines the parameters within which the corporations sole will conduct their business;

- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.

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

The accounting arrangements between the PCC and the Chief Constable during the Stage 1 transition are detailed more fully in note 1 to the financial statements. Briefly summarising the position, the PCC is responsible for the finances of the whole PCC Group and controls the assets, liabilities and reserves which were transferred from the HPA on 22 November 2012. The PCC receives all income and funding and makes all payments for the PCC Group from the PCC Police Fund. In turn, the Chief Constable fulfils prescribed functions under the Act within an annual budget (set by the PCC in consultation with the Chief Constable). The Corporate Governance Framework described above has been approved. This sets out how the two corporations sole will discharge their respective responsibilities during this first stage of transition, as well as local arrangements in respect of the use of PCC's assets and staff.

Work is underway on proposals for Stage 2 which will determine the distribution of staff between the PCC and the Chief Constable. The arrangements will be subject to the Home Secretary approving a transfer scheme. Schemes are required to be submitted to the Home Office by mid-September 2013 for implementation on 1 April 2014.

THE FINANCIAL STATEMENTS

The financial statements for the Chief Constable required under the 2012/13 Code consist of:

- A Statement of Responsibilities for the Statement of Accounts – *this sets out details of the responsibilities of the Chief Constable and those of the Chief Financial Officer in relation to the statement of accounts;*
- Movement in Reserves Statement – *this summarises the movements to and from the reserves for the year. The Chief Constable does not manage any of these transactions and accordingly this statement does not show any movements. It is included in the Accounts to show the reader that all reserves are handled by the PCC;*
- A Comprehensive Income and Expenditure Statement (CIES) – *this summarises the income and expenditure for the year and has been prepared applying the accounting principles set out in the CIPFA Accounting Code of Practice. The headings used are from CIPFA's Service Reporting Code of Practice (SeRCOP). The Chief Constable does not receive any income or make any payments and accordingly this statement does not show any figures. It is included to show the reader that all income and expenditure is handled by the PCC. Financial resources consumed by the Chief Constable are shown in the notes to the financial statements;*

- The Balance Sheet – *this sets out the assets, liabilities and reserves of the Chief Constable. As previously mentioned the Chief Constable does not control any assets or liabilities nor hold any reserves at the year end. It is included in the Accounts to show the reader that all Balance Sheet balances are accounted for by the PCC;*
- Statement of Accounting Policies – *this sets out details of the accounting policies adopted in compiling the Statement of Accounts;*
- The Cash Flow statement – *this shows the inflows and outflows of cash to the Chief Constable. As previously mentioned the Chief Constable does not manage any of these transactions and accordingly the statement does not show any figures. Details of cash movements are included in the Accounts of the PCC.*

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

An Annual Governance Statement for Humberside Police for 2012/13 has been published separately and is available on the Humberside Police website: www.humberside.police.uk

BACKGROUND TO HUMBERSIDE POLICE

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

Operational performance

2012/13 has been a good year for the Force in delivering operational performance to all the communities across the Force area. All recorded crime showed, following significant reductions in previous years, a further 11.5% reduction in 2012/13 within which criminal damage reduced by 18.1%. The number of domestic violence incidents reduced by 12.7%.

When asked, 87% of the public said that they have confidence in their local police service and 86% of victims of crime are satisfied with the overall service provided to them. Our call handling services deal with nearly 97% of emergency calls for service and 86% of non emergency calls on time.

The level of our staff that is public facing has gone up nearly 2% in the year to stand at over 71% by the year end. Whilst the levels of absence from work due to sickness have increased marginally for both police officers and police staff in 2012/13, both remain below 4% and 3% respectively.

The Force in delivering this wide range of services to the public seeks to identify innovative and value for money solutions. Increasingly these are delivered in

partnership with other organisations. Collaboration across the Yorkshire and The Humber Region forces is well established with forensic science services, roads policing, serious and organised crime and procurement delivered regionally. Humberside Police also actively collaborates in a two force partnership with South Yorkshire on the provision of Human Resources and Training services and Information Systems and Information Technology (IS/IT).

Within the Force area new collaborations have been forged on fuel bunkering and fuel provision with in the next year joint front counter services, and fleet management and maintenance coming on-stream.

Organisation Structure

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

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

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

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

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

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

THE FORCE'S AIMS AND OBJECTIVES

For 2012/13 the Force had four strategic aims that by 2016:

- Humberside is a safer place to live, work, visit and invest due to reductions in overall crime and anti social behaviour.

- Policing will be increasingly responsive to local needs and the public, including victims of crime, will experience improved levels of trust, confidence and satisfaction in Humberside Police.
- Humberside Police will be known for providing quality and value for money in all core services through priority led resource allocation that balances risk and sustainable financial viability.
- We will be recognised as a modern and flexible service committed to developing staff to realise their full potential and where staff are well led and managed.

FINANCIAL PERFORMANCE 2012/13

The Force, inclusive of the Police & Crime Commissioner budget, ended the year with a Revenue Budget underspend of £1.4m (0.8%). The forecasted underspend was £1.1m (0.6%).

Based on the forecast underspend, the Force approved £0.3m of Divisional and Branch carry forward applications, and the OPCC is to carry forward a year end underspend of £0.2m. When offsetting both against the actual underspend of £1.4m this left a projected underspend of £0.9m (0.5%).

The tables below sets out at a high level the Force budget and how it has been funded in 2012/13, followed by a more detailed analysis of the revenue spend for the year.

Summary revenue spending and sources of finance	Latest Approved Budget	Actual Outturn	Variance to Approved Budget	Variance to Approved Budget
	£	£	£	%
Summary spending:				
Protected Pay Budgets	123,307,040	123,127,723	179,317	0.15%
Protected Non Pay	40,512,520	40,583,872	-71,352	-0.18%
Devolved Budgets	10,117,010	9,781,385	335,625	3.32%
Externally Funded Programmes	227,520	222,003	5,517	2.42%
Planned Funding from Reserves	905,910		905,910	
TOTAL REVENUE	175,070,000	173,714,983	1,355,017	0.77%
Sources of finance:				
Police Revenue Grant	(69,459,280)	(69,459,281)	1	0.00%
Revenue Support Grant	(1,014,280)	(1,014,279)	(1)	0.00%
National Non Domestic Rate Re-distribution	(52,323,510)	(52,323,505)	(5)	0.00%
Funding from Council Tax Payers	(50,230,350)	(50,230,348)	(2)	0.00%
Reserves Funding to Support Base Budget	(2,042,580)	(2,042,580)	0	0.00%
TOTAL REVENUE FUNDING	(175,070,000)	(175,069,993)	(7)	0.00%
Net over or (underspend)	0	(1,355,010)	1,355,010	0.77%

2012/13 Revenue	Latest Approved Budget	Actual Outturn	Variance to Approved Budget	Variance to Approved Budget
	£	£	£	%
Protected Budgets				
Pay Budgets				
Police pay	74,795,240	74,951,005	-155,765	-0.21%
Other Staff	39,460,140	39,121,277	338,863	0.86%
PCSO	9,051,660	9,055,441	-3,781	-0.04%
	123,307,040	123,127,723	179,317	0.15%
Non Pay				
Crime Management Branch	3,639,280	3,752,081	-112,801	-3.10%
Operations Branch	1,091,100	1,161,679	-70,579	-6.47%
Corporate Development Branch	2,193,610	2,131,630	61,980	2.83%
Projects/Project Support	663,050	583,194	79,856	12.04%
Human Resources	4,619,480	5,043,610	-424,130	-9.18%
Interest, Capital Charges & Reserves	84,210	234,022	-149,812	-177.90%
Information Services Branch	6,966,110	6,820,429	145,681	2.09%
Support Services Branch	20,907,990	20,675,803	232,187	1.11%
Chief Officers	347,690	181,424	166,266	47.82%
	40,512,520	40,583,872	-71,352	-0.18%
Devolved Budgets				
South Bank	1,932,540	1,909,396	23,144	1.20%
C Division	1,492,250	1,475,143	17,107	1.15%
Chief Officers	67,710	61,702	6,008	8.87%
Corporate Development Branch	165,860	169,800	-3,940	-2.38%
Crime Management Branch	990,740	1,015,462	-24,722	-2.50%
D Division	1,831,160	1,827,832	3,328	0.18%
Business Centres	408,410	379,778	28,632	7.01%
Information Services Branch	47,390	54,525	-7,135	-15.06%
Operations Branch	1,219,680	1,232,549	-12,869	-1.06%
Human Resources	80,540	36,784	43,756	54.33%
Police & Crime Commissioner	1,658,090	1,434,396	223,694	13.49%
Professional Standards Unit	107,840	85,163	22,677	21.03%
Support Services Branch	114,800	98,855	15,945	13.89%
	10,117,010	9,781,385	335,625	3.32%
Externally Funded Programmes				
External Funded Programmes	227,520	222,003	5,517	2.42%
	227,520	222,003	5,517	2.42%
Planned Funding from Reserves				
Planned Funding from Reserves	905,910		905,910	100.00%
TOTAL REVENUE	175,070,000	173,714,983	1,355,017	0.77%

Protected Budgets

Pay Budgets

Overall the total pay budget of £123m ended the year at a £179k (0.15%) underspend. There was no application to carry any funding forward for pay related budgets.

Other Protected Budgets

Along with pay budgets these were the subject of the mid-year budget review (MYBR) led by the Finance Unit which highlighted a range of temporary and permanent opportunities and challenges. Within the 2012/13 MYBR several budgets were permanently realigned and short term risks managed across the protected category as a whole.

At the close of the financial year the outturn was a £71k (0.18%) overspend compared to the £40.5m budget.

Crime Management Branch outturned at £113k (3.1%) overspent compared to the anticipated overspend of £161k. Both the actual and anticipated overspend reflected the in-year pressure on the Special Incidents Reserve (SIR) which include costs relating to the discovery of the remains of Christopher Alder (Operation Almond) and the local costs of policing the Olympic Torch Relay.

Operations Branch overspent by £71k (6.5%) compared with the anticipated overspend was £285k. The anticipated overspend reflected rising costs and inflationary cost pressures with the force helicopter. The positive movement to the actual outturn is in part as a result of measures undertaken at the Air Support Unit to reduce spend in the final month of the year. Other areas such as interpreter's fees, weapons and ammunition and mutual aid payments saw a levelling off of expenditure in the final periods of the year.

Corporate Development Branch under spent by £62k (2.8%) compared to the anticipated underspend of £104k. The Branch underspend includes the Special Constables budget which ended the year at an underspend of £38k, predominately as a result of the postponement of planned training. The residual balance is due principally to underspends within conferences, general subscriptions and hospitality.

Force projects outturned at an underspend of £80k (12%) compared to the forecast £64k. The underspend as anticipated reflects slippage in Property Management and CSR projects, for which carry forward applications of £58k had been endorsed and will be actioned in 2013/14.

Human Resources Development Branch, outturned an overspend of £424k (9.2%) inclusive of agency charges relating to the collaborative working with South Yorkshire Police and a late run on training costs. An overspend of £297k had been forecast.

Interest, capital charges and reserves overspent by £150k (178%), however this is offset by the capitalisation of interest adjustment of £134k actioned as part of the financial accounts production.

Chief Officers including the Force Performance Fund (FPF) underspent by £166.3k (48%). An underspend of £81k had been forecast. The underspend reflects a number of ring fenced items which rolled forward into 2013/14.

Devolved Budgets

Overall devolved budgets underspent by £335.6k (3.3 %) Carry forward applications of £52k have been endorsed based on the forecast outturn.

Devolved budgets including Police overtime overspent by £134k, Police Staff overtime £89k underspent, transport £95k underspent, fees and income from charges over achieved by £66k.

South Bank Division underspent by £23.2k (1.2%). This was less than predicted due to activity bid for in the carry forward requests being delivered in year.

Crime Management Branch outturned an overspend of £24.7k (2.5%). An underspend of £83k was anticipated. The movement between forecast and actual includes a technical equipment upgrade planned for 2013/14 undertaken in 2012/13.

D Division outturned an underspend of £3k (0.2%) which was lower than anticipated. However the Division absorbed £10.3k of overtime costs connected with security works at the Queens Garden Site which support a carry forward of £13.3k.

Business Centres underspent by £29k (7%). A £12k underspend had been anticipated. The movement between the two reflects budget transfers actioned in the final period of the financial year.

Operations Branch outturned a £13k (1.1%) overspend. The move to an overspend from the previously anticipated underspend is a result of increased expenditure on communications, Automatic Number Plate Recognition (ANPR) equipment and defibrillators.

Human Resources Development Branch (HRD) underspent at the year end by £44k (54.3%). An underspend of £18k had been anticipated. Transport was forecast to overspend by £14k, but came in at a £24k underspend. Further liaison with South Yorkshire Police has been undertaken to establish and agree the protocol for future recharging arrangements. This will identify need/demand within specific HRD devolved budgets and the recharge (Agency) budget requirement within protected budgets.

Support Services Branch outturned a £16k (14%) underspend, compared to a forecast £2k. The principal differences are income arising from participation in the Force Apprentice Scheme within the Estates Unit and a £6k underspend in Fleet and Supplies.

The OPCC (Office of the Police and Crime Commissioner), ended 2012/13 with an underspend of £224k (13.5%) compared to the forecast £200k. The full balance of the actual underspend is to be carried forward.

Outlook

The former Humberside Police Authority recognised the exceptional financial challenge in 2012/13 in which the Force suffered the largest annual funding reduction across a seven year programme, and followed a period where the Force had already reduced its operational budgets by £15m. As a result, £2.043m of reserves were provided to support the 2012/13 Budget and allow for the savings requirement to be spread across a number of financial years via the CSR programme.

At the close of 2012/13 the Force had achieved £906k of CSR savings above the planned level, and therefore £906k of planned funding from reserves has not been utilised.

Phil Goatley

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF HUMBERSIDE

We have audited the financial statements of the Chief Constable of Humberside for the year ended 31 March 2013 on pages 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2013 and of the Chief Constable's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work our locally determined risk-based work on aspects of financial planning and governance arrangements.

As a result, we have concluded that there are no matters to report.

Certificate

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

Damian Murray CPFA

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants

KPMG,
1 The Embankment,
Leeds,
LS1 4DW
27 September 2013

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Chief Constable's Responsibilities

The Chief Constable is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (Chief Financial 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: 27 September 2013

Justine Curran
Chief Constable of Humberside

Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Chief Constable's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Chief Constable at the accounting date, and its income and expenditure for the year ended 31 March 2013.

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

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

I certify that the attached Statement of Accounts present a true and fair view of the position of the Chief Constable of Humberside as at 31 March 2013 and its income and expenditure for the year.

Date: 27 September 2013

Phil Goatley
Chief Financial Officer

MOVEMENT IN RESERVES STATEMENT FOR THE CHIEF CONSTABLE OF HUMBERSIDE

This statement shows the movement in the year on the different reserves.

	General Fund Balance £'000	Earmarked Revenue Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2012	0	0	0	0	0	0
Surplus or (Deficit) on Provision of Services (accounting basis)	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	0	0	0	0	0	0
Total Comprehensive Income & Expenditure	0	0	0	0	0	0
Adjustments between Accounting Basis & Funding Basis under Regulations	0	0	0	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0
Transfers to / from Earmarked Reserves	0	0	0	0	0	0
Increase / Decrease in Year	0	0	0	0	0	0
Balance at 31 March 2013	0	0	0	0	0	0

This statement does not show any financial transactions for the year ending 31 March 2013 as all reserves are managed by the Police and Crime Commissioner for Humberside ("PCC"). The financial consequences of the operational activities undertaken by the Chief Constable can be seen in Note 2 to the financial statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

This statement shows the accounting cost in the year for the Chief Constable of providing services in accordance with generally accepted accounting practices.

Year ended 31-Mar-12 £'000	Year ended 31-Mar-13 £'000
0 Local Policing	0
0 Dealing with the Public	0
0 Criminal Justice Arrangements	0
0 Road Policing	0
0 Specialist Operations	0
0 Intelligence	0
0 Investigation	0
0 Investigative Support	0
0 National Policing	0
0 The Corporate and Democratic Core	0
0 Non Distributed Cost	0
0 Net Cost of Policing Services	0
0 Other Operating Expenditure	0
0 Financing and Investment Income and Expenditure	0
0 Taxation and Non-Specific Grant Income	0
0 (Surplus) or Deficit on Provision of Services	0
0 Other Comprehensive Income and Expenditure (Surplus)/Deficit	0
0 Total Comprehensive Income and Expenditure (Surplus)/Deficit	0

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

The PCC Group Comprehensive Income and Expenditure Statement, which reflects the income and expenditure for the year, can be seen in the PCC Group financial statements.

Details of the PCC resources consumed at the request of the Chief Constable can be seen in Note 2 to these financial statements.

BALANCE SHEET OF THE CHIEF CONSTABLE OF HUMBERSIDE

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The Chief Constable does not own any assets or have any liabilities or reserves at the year end date. This Balance Sheet is included to show that all Balance Sheet balances are accounted for by the Police and Crime Commissioner for Humberside at 31 March 2013.

31-Mar-12 £'000		31-Mar-13 £'000
0	Property, Plant & Equipment	0
0	Intangible Assets	0
0	Long Term Debtors	0
0	Long Term Assets	0
0	Assets Held for Sale	0
0	Inventories	0
0	Short Term Investments	0
0	Short Term Debtors	0
0	Cash and Cash Equivalents	0
0	Current Assets	0
0	Bank Overdraft	0
0	Short Term Creditors	0
0	Short Term Borrowing	0
0	Provisions	0
0	Current Liabilities	0
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
0	Long Term Liabilities	0
0	Net Assets/ (Liabilities)	0
0	Usable Reserves	0
0	Unusable Reserves	0
0	Total Reserves	0

CASH FLOW STATEMENT OF THE CHIEF CONSTABLE OF HUMBERSIDE

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

31-Mar-12		31-Mar-13
£'000		£'000
0	Net (Surplus) or Deficit on the Provision of Services	0
0	Adjustments to Net Surplus or Deficit on the Provision of Services for Non Cash Movements	0
0	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	0
<u>0</u>	Net Cash Flows from Operating Activities	<u>0</u>
0	Investing Activities	0
0	Financing Activities	0
<u>0</u>	Net (Increase) or Decrease in Cash and Cash Equivalents	<u>0</u>
<u>0</u>	Cash and Cash Equivalents at the Beginning of the Reporting Period	<u>0</u>
<u><u>0</u></u>	Cash and Cash Equivalents at the End of the Reporting Period	<u><u>0</u></u>

STATEMENT OF ACCOUNTING POLICIES FOR THE CHIEF CONSTABLE OF HUMBERSIDE

1. Accounting Policies

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2012/13. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority accounts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounts permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Chief Constable for the purpose of presenting fairly the position of the Chief Constable has been selected. The particular policies adopted by the Chief Constable are described below. They have been applied consistently in dealing with items considered material in relation to the financial statements.

The accounting policies also reflect the powers and responsibilities of the Chief Constable of Humberside as designated by the Police Reform and Social Responsibility Act 2011 and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. The accounting policies defined here are consistent with local regulations, local agreement and practice as well as the PCC Group policies.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Going Concern

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

1.4 Critical Judgements In Applying Accounting Policies

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The item as at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Short Term Employee Benefits (See paragraph 1.6)

In calculating the cost of the above, the uncertainty is that the number of days of accrued annual leave or the rate used to cost the accrual are incorrect. A 10% movement in the number of days would see a £402k increase/decrease in the cost.

1.5 Cost recognition

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

1.6 Employee Benefits

Short-term employee benefits

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

Termination benefits

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

Retirement benefit costs

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

Police Officers

The 1987 Police Pension Scheme involves officers paying contributions of 11%. The 2006 Police Pension Scheme was introduced in 2006 and provides different benefits to the 1987 scheme. The 2006 scheme which all new recruits can join has a contribution rate of 9.5%. The Chief Constable administers Police Pensions through the Police Pension Fund Accounts. The cost to the PCC Group is via an employers' contribution and a charge for Officers who retire on ill health. Any balance on the Pension Fund Accounts is received from or paid to Central Government.

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

Police Staff

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

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

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

The following standard has been issued by the IASB but is not required to be adopted until 2013/2014:

Amendments to IFRS 7 Financial Instruments: Disclosures (transfers of assets)

The nature of the transfers described by this Standard is unlikely to occur in the PCC Group and therefore the amendments to IFRS 7 are unlikely to have any impact on future financial statements of the Chief Constable.

1.8 Accounting standards issued that have been adopted early

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

1.9 Exceptional items

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

1.10 Prior period adjustments

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

1.11 Events after the balance sheet date

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

Two types of event can be identified as:

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

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

1.12 Value Added Tax (VAT)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

1. THE ESTABLISHMENT OF THE LEGAL ENTITY OF THE CHIEF CONSTABLE OF HUMBERSIDE

1.1 Introduction

Following the Police Reform and Social Responsibility Act 2011, the Humberside Police Authority (“HPA”) was replaced on 22 November 2012 with the establishment of two “corporations sole” – the Police and Crime Commissioner for Humberside (“PCC”) and the Chief Constable of Humberside (“Chief Constable”). It is the Government’s intention that the reforms under the Act will be phased over a period of several years. These financial statements for 2012 -13 are the first to show the financial position of the Chief Constable following the abolition of the HPA at midnight on 21 November 2012.

1.2 Basis of transition

The transition has been accounted for in line with the CIPFA Code of Practice for Local Authority Accounting 2012-13 which advises that reorganisations of this nature are business combinations under common control and outside the scope of IFRS 3 *Business Combinations* and need to be accounted for using the principles that apply to group reorganisations. Following this approach the results have been brought into the financial statements of the new body, the PCC, from the beginning of the financial year that the transfer occurred. In effect the financial statements of the PCC Group are accounted for as starting on 1 April 2012 and the financial statements for the Chief Constable and the PCC cover the entire 12 months to 31 March 2013. Comparative figures have been provided in these financial statements in accordance with CIPFA LAAP Bulletin 95 *Accounting for the Impact of Police Reform – the Accounting Arrangements for the Transfer of Functions to the Police and Crime Commissioner (England and Wales)*. A note is included in the PCC Group financial statements which summarises the assets, liabilities and reserves transferred from HPA to the PCC, which is deemed to be the successor body.

1.3 Accounting principles

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

During this first phase of transition all the assets, liabilities and reserves of the PCC Group are recognised on the PCC's Balance Sheet and accordingly there are no balances within the Balance Sheet for the Chief Constable as at 31 March 2013. Similarly, there are no transactions recognised on the Chief Constable's Movement in Reserves Statement and the Chief Constable's Cash Flow Statement for 2012-13. The financial consequences of PCC resources consumed at the request of the Chief Constable during 2012-13 in pursuance of the Chief Constable's operational responsibilities under the Act are shown in Note 2 to the financial statements. Note 2 shows the net cost of policing for the Chief Constable. As the Chief Constable does not hold reserves under the Home Office Code, the financial consequences recognised in Note 2 are offset by an intra-group adjustment to reflect the payment of the PCC resources consumed at the request of the Chief Constable to give a nil position on the Comprehensive Income and Expenditure Statement. In contrast, the PCC "Net Cost of Services" includes the intra-group adjustment ("Funding of Resources at the request of the Chief Constable") in addition to the cost of administering the PCC itself to show the overall net cost of policing Humberside for 2012-13.

The tables below show the movement through an intra-group account within the respective Balance Sheets during 2012-13 and 2011-12. PCC resources consumed at the request of the Chief Constable are reflected in the Chief Constable's and PCC Balance Sheets through an intra-group adjustment. Similarly, an intra-group adjustment is made through the Chief Constable and PCC Balance Sheets to reflect the PCC funding of these resources. The tables show that there are no outstanding intra-group balances on the respective Balance Sheets at the year end dates.

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

	PCC £'000	Chief Constable £'000	PCC Group £'000
Intra - Group movements 2012- 2013:			
Opening balance as at 1 April 2012	-	-	-
The PCC resources consumed at the request of the Chief Constable	(208,481)	208,481	-
The PCC intra - group adjustment	208,481	(208,481)	-
Closing balance as at 31 March 2013	-	-	-
Intra - Group movements 2011- 2012:			
Opening balance as at 1 April 2011	-	-	-
The PCC resources consumed at the request of the Chief Constable	(207,632)	207,632	-
The PCC intra - group adjustment	207,632	(207,632)	-
Closing balance as at 31 March 2012	-	-	-

2. SUMMARY SPENDING DETAILS

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

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

2011-12 £'000		2012-13 £'000
Financial resources of PCC consumed at the request of the Chief Constable		
<u>Employees</u>		
142,792	Pay and Other Employment Costs	138,857
30,050	Police Pensions Current Service Cost	29,490
<u>172,842</u>		<u>168,347</u>
<u>Running Expenses</u>		
5,366	Premises	5,491
5,193	Transport	5,096
17,212	Supplies and Services	18,424
1,477	Agency Services*	1,189
47	Special Constables	50
5,495	Capital charges	9,723
-	Non Distributable Cost	161
<u>34,790</u>		<u>40,134</u>
<u>207,632</u>	Total financial resources of PCC consumed at the request of the Chief Constable	<u>208,481</u>
(207,632)	Intra - Group adjustment **	(208,481)
<u><u>-</u></u>	Net Cost of Policing Services	<u><u>-</u></u>

* Agency Services relate to the cost of the Forensic Science and Forensic Pathology charges incurred by the PCC for the provision of these services.

** PCC funding during the year for financial resources of the PCC consumed at the request of the Chief Constable.

The financial resources of the PCC consumed at the request of the Chief Constable analysed as specified by the CIPFA Service Reporting Code of Practice (SeRCOP), which is by policing activity, is as follows:

2011-12 £'000		2012-13 £'000
	Financial resources of the PCC consumed at the request of the Chief Constable	
78,603	Local Policing	73,569
19,824	Dealing with the Public	19,565
14,385	Criminal Justice Arrangements	14,864
15,978	Road Policing	19,617
10,988	Specialist Operations	11,286
9,446	Intelligence	10,465
46,231	Investigation	43,908
8,171	Investigative Support	8,776
3,793	National Policing	6,005
207,419	Financial resources consumed	208,055
213	The Corporate and Democratic Core	265
-	Non Distributed Cost	161
207,632	Total financial resources of the PCC consumed at the request of the Chief Constable	208,481
(207,632)	Intra - Group Adjustment *	(208,481)
-	Net Cost of Policing Services	-

* PCC payments during the year for financial resources of the PCC consumed at the request of the Chief Constable.

3. OPERATING SEGMENTS

The analysis of expenditure by service as shown in Note 2 is that specified by Service Reporting Code of Practice for Local Authorities (SeRCOP). However, decisions about resource allocation are taken by management on the basis of budget reports analysed across operating divisions and branches. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

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

2011-12 £'000		2012-13 £'000
31,050	South Bank Division (North & North East Lincolnshire)	30,243
21,292	C Division (East Riding of Yorkshire)	20,606
31,948	D Division (Kingston upon Hull)	30,907
18,141	Crime Management branch	17,829
26,368	Operations branch	25,773
23,828	Support Services branch	24,002
152,627		149,360

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

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

2011-12		2012-13
£'000		£'000
152,627	Net expenditure of principal operating branches and divisions	149,360
22,034	Net expenditure of other operating branches and divisions	22,921
<u>174,661</u>	Net expenditure as reported to management	<u>172,281</u>
	Amounts included in Summary Spending Details not reported to management:	
4,219	Depreciation	4,094
1,276	Impairments	5,631
12,293	Retirement benefits (IAS 19)	12,204
1,419	Other items	500
<u>19,207</u>		<u>22,429</u>
	Amounts not included in Summary Spending Details but reported to management:	
13,373	Income	15,217
2,625	Transfers from reserves to revenue	4,975
(116)	Transfers from revenue to reserves	(3,731)
(1,214)	Minimum Revenue Provision	(1,416)
(456)	Interest payable	(678)
(448)	Other	(596)
<u>13,764</u>		<u>13,771</u>
<u>207,632</u>	Total Financial Resources of the PCC consumed at the request of the Chief Constable per Summary Spending Details	<u>208,481</u>

4. PENSIONS COSTS

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

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

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

	Local Government Pension Scheme		Police Pension Schemes					
	31 March 2013	31 March 2012	11%		9.5%		Injury Awards	
			31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current Service Cost (Gross)	7,295	7,454	27,130	27,550	1,910	2,120	450	380
Non Distributed Costs	161	-	-	-	-	-	-	-
	7,456	7,454	27,130	27,550	1,910	2,120	450	380

Contributions payable to the pension schemes for the year were:

	Local Government Pension Scheme		Police Pension Schemes					
	31 March 2013	31 March 2012	11%		9.5%		Injury Awards	
			31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employer's Contributions Payable to Scheme	7,130	7,007	15,236	16,038	1,316	1,282	-	-

The expected contributions to the Local Government Pension Scheme (ERYC Fund) for 2013/14 are £7.148m (2012/13 was £6.240m). The expected contributions to the Police Pension Schemes for 2013/14 are £15.903m (2012/13 was £17.052m).

5. OFFICER'S EMOLUMENTS

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

2011-12		2012-13		
No.s	Remuneration band £	Police Officers No.s	Support Staff No.s	Total No.s
138	50,000 - 54,999	123	3	126
78	55,000 - 59,999	54	2	56
16	60,000 - 64,999	11	5	16
4	65,000 - 69,999	5	-	5
2	70,000 - 74,999	6	-	6
11	75,000 - 79,999	4	-	4
3	80,000 - 84,999	4	1	5
3	85,000 - 89,999	1	-	1
1	90,000 - 94,999	-	-	-
-	95,000 - 99,999	-	-	-
-	100,000 - 104,999	-	-	-
3	105,000 - 109,999	2	1	3
-	110,000 - 114,999	-	-	-
2	115,000 - 119,999	1	1	2
-	120,000 - 124,999	-	-	-
-	125,000 - 129,999	-	-	-
-	130,000 - 134,999	-	-	-
-	135,000 - 139,999	-	-	-
-	140,000 - 144,999	-	-	-
1	145,000 - 149,999	-	-	-
-	150,000 - 154,999	1	-	1
<u>262</u>		<u>212</u>	<u>13</u>	<u>225</u>

The Officers disclosed separately in Note 6 are included in the bands above.

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

Exit package cost band £	2012-13			
	No.of compulsory redundancies	No.of other agreed departures	Total No.of exit packages by cost band	Total cost of exit packages in each band £'000
0 -20,000	6	8	14	137
20,001 - 40,000	1	2	3	81
40,001 - 60,000	-	-	-	-
60,001 - 80,000	1	-	1	63
	<u>8</u>	<u>10</u>	<u>18</u>	<u>281</u>

2011-12

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	-	21	21	192
20,001 - 40,000	-	3	3	86
40,001 - 60,000	-	-	-	-
60,001 - 80,000	-	1	1	68
	<u>-</u>	<u>25</u>	<u>25</u>	<u>346</u>

6. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

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

2012- 2013

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

2011 - 2012

Post Holder	Salary (Including Fees & Allowances) £'000	Compensatory Grant £'000	Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	Total Remuneration including Pension Contributions £'000
Chief Constable	145	4	149	13	162
Deputy Chief Constable	116	-	116	28	144
Assistant Chief Constable Operations Support	109	-	109	14	123
Assistant Chief Constable Operations	109	-	109	26	135
Assistant Chief Officer Human Resources	116	-	116	18	134
Assistant Chief Officer Support	106	-	106	18	124
	<u>701</u>	<u>4</u>	<u>705</u>	<u>117</u>	<u>822</u>

A shared service agreement exists with the OPCC for South Yorkshire (OPCCSY) in respect of the emoluments (and travel and subsistence expenses) of the Assistant Chief Officer (Human Resources), subject to periodic reviews. 50% of all these costs are recoverable from OPCCSY. The emoluments which are recoverable from OPCCSY for 2012-13 amount to £75.1k (2011-12 £74.2k), including Employers National Insurance of £6.9k (2011-12 £6.9k).

No bonuses, expense allowances, compensation for loss of office or other benefits were paid to Senior Officers during 2012/13 or 2011/12.

7. RELATED PARTY TRANSACTIONS

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

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

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

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

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

8. EXTERNAL AUDIT FEES

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

9. EVENTS AFTER THE BALANCE SHEET DATE

The Chief Constable has reviewed events occurring between 31 March and 30 June 2013, and has not identified any events that are adjusting events in respect of conditions existing at the Balance Sheet date.

POLICE PENSION FUND ACCOUNTS

The Code of Practice on Local Authority Accounting sets out the accounting treatment for the Police Pension Fund Accounts in the financial year 2012-13.

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

TRANSACTIONS RELATING TO RETIREMENT BENEFITS

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

The PCC Group participates in the following pension schemes:

- The Police Pension Schemes for police officers – two schemes are provided for police officers, the 1987 Scheme where officers' contributions are 11% and the scheme introduced from 1 April 2006, where all new entrants to the force will contribute 9.5% to the new scheme. Both schemes are unfunded schemes, i.e. no investment assets are built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.
- The Local Government Pension Scheme for police staff, administered by the East Riding of Yorkshire Council – this is a funded scheme, i.e. the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

POLICE PENSION FUND ACCOUNTS

<u>2011-12</u> £'000		<u>2012-13</u> £'000
	CONTRIBUTIONS RECEIVABLE	
	Police & Crime Commissioner ("PCC"):	
(17,320)	- contributions at 24.2% of pensionable pay	(16,589)
(297)	- early retirements - Ill Health	(302)
(7,693)	Officers' contributions	(8,140)
(25,310)		(25,031)
	TRANSFERS IN	
(69)	Transfers in from other Pension Schemes	(33)
	BENEFITS PAYABLE	
34,313	- pensions	37,184
10,806	- commutations and lump sum retirement benefits	12,646
16	- lump sum death benefits	-
		49,830
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
1,248	- transfers out to other Pension Schemes	987
333	- transfers out to other Police Forces: 1966 & 1974 arrangements	294
		1,281
21,337	NET AMOUNT PAYABLE FOR THE YEAR	26,047
(21,337)	ADDITIONAL CONTRIBUTION (FROM) THE PCC	(26,047)
-		-

NET ASSETS STATEMENT

<u>2011-12</u> £'000		<u>2012-13</u> £'000
	Current Assets	
-	Police Fund Debtor	905
	Current Liabilities	
-	Unpaid Pensions Due	(905)
-		-

NOTES TO THE POLICE PENSION FUND ACCOUNTS

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

The Police Officer Pension Schemes make up the account:

- 1987 Police Pension Scheme, contribution rate 11%
- 2006 Police Pension Scheme, contribution rate 9.5%

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 2012-13 was 24.2% of pensionable pay.

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

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

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

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

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

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

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

GLOSSARY OF ACCOUNTING TERMS

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

Definitions of accounting terms used are given below:

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

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

Provision	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.
Reserves	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Earmarked reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
Revenue expenditure	Spending on day to day items, including salaries, premises costs and supplies and services.
SeRCOP	The Service Reporting Code of Practice for Local Authorities (SeRCOP) was previously known as the Best Value Accounting Code of Practice (BVACOP). SeRCOP establishes proper practices with regard to consistent financial reporting for services. All local authorities are expected to comply with its requirements.
The Code	The Code of Practice published by CIPFA, relating to Local Authority Accounting in the United Kingdom and is issued each year.

Acronyms

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