



Chief Constable for Lincolnshire

Financial Statements

2014/15

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Chief Constable for Lincolnshire Chief Constable

Statement of Accounts 2014-15

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Police and Crime Commissioner for Lincolnshire

Introduction to the Financial Statements

Chief Constable Neil Rhodes



In November 2012 police authorities were split into 2 entities, one under the leadership of the Police and Crime Commissioner, the other under the Chief Constable. Under the PCC's Scheme of Arrangements, the Chief Constable has direction and control over the Force's police officers and staff.

The organisation consists of three Chief Superintendent led operational commands:

- East - Local Policing and Investigation
- West - Local Policing and Investigation
- Crime & Operations responsible for specialised services such as Public Protection, Roads Policing and Criminal Justice.

Executive officers of Lincolnshire Police on 31 March 2015 were:

Neil Rhodes	Chief Constable
Heather Roach	Deputy Chief Constable
Peter Davies	Assistant Chief Constable
Nancie Shackleton	Assistant Chief Officer - Resources
Tony Tomlinson	Force Chief Finance Officer

Joint Independent Audit Committee

The Joint Independent Audit Committee's role is, *inter alia*, to consider the annual statements of accounts for the Commissioner and the Chief Constable and, in particular, to review significant financial judgements contained in them in accordance with the Accounts and Audit Regulations 2011. It also considers the external auditor's report to those charged with governance on issues arising from the audit of accounts.

The Statement of Accounts

The 2014/15 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. The accounts 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;
- Scheme of Delegation;
- Financial Regulations;
- Contract Regulations.

Further Information

The Statement of Accounts 2014/15 is published as an internet document at www.lincs.police.uk

Further information about the financial statements is available from:

The Force Chief Finance Officer,
Police Headquarters,
Deepdale Lane,
Nettleham,
Lincoln,
LN2 2LT.

In addition interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection has been advertised in the local press.

Independent Auditor's Report

<Insert Audit Report>

Sue Sunderland

Sue Sunderland
for and on behalf of KPMG LLP, Appointed Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

<Insert Date>

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Chief Finance Officer's Foreword to the Statement of Accounts

Introduction

I am pleased to present the Statement of Accounts for the Chief Constable of Lincolnshire for the financial year 2014/15. This Statement of Accounts sets out the overall financial position of the Chief Constable for Lincolnshire, for the year ended 31 March 2015.

The Police Reform and Social Responsibility Act 2011 replaced the Lincolnshire Police Authority with the Police and Crime Commissioner and at the same time established the Chief Constable of Lincolnshire as a separate body. The primary responsibility of the Chief Constable is for operational policing duties. The Police and Crime Commissioner sets the priorities for policing and is responsible for securing the maintenance of an efficient and effective police force in Lincolnshire and must hold the Chief Constable to account for the provision of operational policing in the county.

A separate set of accounts has been published for the Police and Crime Commissioner and the Police and Crime Commissioner Group which consolidates the Chief Constable's Accounts and also recognises all of the transactions incurred during 2014/15 for policing in Lincolnshire.

The accounts have been compiled in accordance with, the Accounts and Audit Regulations 2011, the Code of Practice on Local Authority Accounting 2014/15 and also the Service Reporting Code of Practice (SeRCOP) 2014/15.

All assets, liabilities and reserves continue to be held in the main by the PCC however, those specifically relating to the Chief Constable entity (for example those relating to accounting for Pensions) are included in these accounts. The accounts presented in this document reflect the Stage 2 arrangements agreed by the Home Secretary to commence on 1st April 2014.

These accounts continue the practice adopted in 2013/14, when it was decided to include the full effect of the Local Government Pension scheme accounting entries within the Chief Constable's accounts as the amounts relating to the PCC's staff would not be of sufficient size to warrant separate disclosure. Similarly the Strategic Partnership contract which while formally held by the PCC is for the provision of a wide range of operational and support functions to the Chief Constable and has been accounted for in the Chief Constable's accounts in its entirety, as the amount which would relate to the PCC, if apportioned, would again not warrant a separate disclosure.

The Accounts

The Financial Statements for the Chief Constable for Lincolnshire consist of:

- Statement of Responsibilities;
- Annual Governance Statement;
- Accounting Statements;
- Notes to the Accounts including Accounting Policies.

Statement of Responsibilities

This explains the responsibility for the financial affairs of the Chief Constable and how these responsibilities are carried out.

Annual Governance Statement

The Chief Constable must prepare and publish an annual governance statement in accordance with the "Delivering Good Governance" guidance and in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2011.

The Accounting Statements are as follows:

Movement in Reserves Statement

A summary of the different reserves held, distinguishing between those that are usable and unusable. As the Chief Constable does not manage any usable reserves this statement does not show any movements in this area. Movements are however included which relate to Pension accounting. All movements are shown in the Police and Crime Commissioner's Group Accounts.

Comprehensive Income and Expenditure Statement

This statement shows the income and expenditure transactions under the principal control of the Chief Constable. These relate to the costs of Operational Policing and are detailed in accordance with the requirements for analysing Police Spend.

Balance Sheet

This represents the financial position as at 31 March 2015; it shows the balances and reserves available for disposal together with the long term and current assets employed. The Chief Constable does not own any non-current assets and most assets and liabilities are held by the PCC. The only reserves held are for the Pension Liability held by the Chief Constable. Accruals relating to the costs of operational policing together with balances in relation to the pension schemes for police officers and staff have been included.

Cash Flow Statement

This summarises the movement of cash balances arising from transactions during the year. As the Chief Constable does not manage any of these transactions the statement does not show any movement in overall funds, however in accordance with accounting requirements a statement has been prepared which shows the movement in the deficit and how this relates to non-cash movements, within the Group.

Notes to the Accounts

Notes supporting each of the main accounting statements, together with additional information to help in describing the Chief Constable's financial transactions. Note 1 contains the Accounting Policies. The purpose of these policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

Police Officer Pensions – Home Office Memorandum Account

This summarises the transactions relating to retirement benefits paid to police officers and how these costs are paid for.

Financial Performance

A summarised statement of the actual net expenditure for the year for the Chief Constable is set out below and compared to the approved original budget for the year:

Chief Constable for Lincolnshire	£M
Original Delegated Budget 2014/15	81.7
Outturn 2014/15	79.9
Underspend 2014/15	1.8

Actual spending for 2014/15 was significantly less than the original budget. High turnover and changes to the pay structure led to underspends against police officer budgets. Elsewhere, careful and prudent management of the budget enabled significant reductions in expenditure to be achieved. Savings were used to invest in capital developments, meet one off demands for revenue expenditure, reduce borrowing costs and to help fund performance improvements in future.

The Service Reporting Code of Practice requires the disclosure of Police Service Expenditure with nine divisions of service. This has been included within the Comprehensive Income and Expenditure Statement.

Apportionments of expenditure have been necessary in order to assign monetary values to each of the nine divisions of service; these have been undertaken in accordance with Service Reporting Code of Practice.

Performance Information

Overall, the Force's performance in 2014/15 continued to be good following a significant reduction in overall crime in previous years, with further reductions in the number of victims. The overall crime rate in Lincolnshire dropped by 2.1% over the year, amounting to 742 fewer offences. Despite some significant challenges around burglary dwelling and violent crime there has been a lot of work undertaken to prevent, reduce and resolve these crimes. With an overall resolution rate of 31.6% and a resolution rate for violence with injury of 46.5% all achieving the indicators of good performance

Further information about Force performance together with a detailed local breakdown is available through the Chief Constables website at www.linc.police.uk and the crime mapper website Police.uk.

Pensions

The reporting requirement known as IAS 19 "Retirement Benefits" features in the accounting statements. This is a complex accounting standard, but is based on a simple principle; that an organisation should account for retirement benefits when the commitment to give them is made, even if the actual liability will be many years into the future. The Chief Constable operates two schemes, one of which is funded and has assets to meet the future liabilities; the other for Police Officers is unfunded (or "pay as you go") with payments being made from the Home Office Police Officer pensions account as they become due.

Capital Expenditure

Capital expenditure is undertaken as part of the Police and Crime Commissioner Group as the Chief Constable does not hold any assets. Information relating to assets held, capital expenditure incurred during the year together with the historical debt position is included within those accounts. The Chief Constable does use the assets held by the PCC for operational policing, and as such a charge for this use is recognised in the Chief Constable's accounts. This charge has been established as the cost incurred from those assets in the year, being equivalent to the depreciation, impairment and financing costs the PCC incurs in acquiring those assets.

Assets and Liabilities

Specific accruals relating to the costs of operational policing and the Police and Local Government Pensions Schemes have been included within the Chief Constables accounts. These are shown within the Chief Constables Balance Sheet.

The CC has recognised £149k in provisions in the financial statements at 31 March 2015. These relate to estimated costs incurred but not yet paid for termination benefits of employment.

There are no other provisions the Chief Constable is aware of that have not been recognised in the financial statements

Prospects for 2015/16 and beyond

The financial year 2014/15 was the fourth consecutive year of a government imposed austerity programme arising from the comprehensive spending review 2010 to address the national budget deficit due to the international banking crises.

A Strategic Partnership with the private sector company G4S for the provision of mid and back office services together with a major reorganisation of operational policing and a continuation of the realisation of significant savings in the revenue budget combined to meet a significant proportion of the forecast deficit for 2015/16 enabling a balanced budget to be set. Lincolnshire continues to provide policing services at the lowest cost per head of population in the country and Her Majesty's Inspector of Constabulary issued the following conclusion as part of the first PEEL assessment of Lincolnshire Police.

Lincolnshire Police has demonstrated a good response in meeting its financial challenge over the spending review period, achieving substantial savings in extremely difficult circumstances. The force has the lowest workforce costs in England and Wales, and makes extensive use of collaboration and outsourcing to maximise efficiency. Its options to achieve future savings in this continuing era of austerity, without cutting its frontline workforce and eroding neighbourhood policing, are extremely limited.

Although Lincolnshire has a balanced budget for 2015/16 that sustains existing officer and staff numbers, the financial outlook in subsequent years looks very challenging if the government continues to allocate funding in the current way. The Chief Constable together with the Police and Crime Commissioner has undertaken lobbying of national politicians and key decision makers to fight for a fairer funding deal for Lincolnshire and the preservation of a decent quality of policing for our communities.

Further funding reductions and cost pressures are expected, leading to a forecast deficit of £7.1m by 2017/18. Unless a substantial change in the funding of Lincolnshire occurs a

significant degradation of service from 2016 onwards will occur, resulting in lower numbers of Police Officers PCSOs and support staff.

In order to provide the required assets (in the form of equipment, vehicles and buildings) for operational use by the Chief Constable, the PCC has approved a capital programme of £3.7 million in 2015/16. The programme includes:

- significant investment in the Force estate;
- replacement programme for vehicles;
- expenditure to improve performance and productivity.

Tony Tomlinson

Tony Tomlinson BA CPFA
Chief Finance Officer to the Chief Constable

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Statement of Responsibilities for the Statement of Accounts

<p>Responsibilities of the Chief Constable</p> <p>The Chief Constable is required to</p> <ul style="list-style-type: none"> • make arrangements for the proper administration of the financial affairs of Lincolnshire Police and to secure that one of its officers has the responsibility for the administration of those affairs, which for the Chief Constable is the Force Chief Finance Officer; • to manage affairs of Lincolnshire Police to secure economic, efficient and effective use of resources and to safeguard its assets; and • approve the Statement of Accounts. 	<p>Responsibilities of the Chief Finance Officer</p> <p>The Chief Finance Officer is responsible for the preparation of the PCC's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).</p> <p>In preparing this Statement of Accounts, the Chief Finance Officer is responsible for:</p> <ul style="list-style-type: none"> • Consistently applying suitable accounting policies; • Ensuring judgements and estimates are reasonable and prudent; • Compliance with the Local Authority Code; • Ensuring proper accounting records are kept and processes are in place to prevent and detect fraud and other irregularities.
<p>I approve these audited Statement of Accounts</p>	<p>I certify that the Financial Statements present a true and fair view of the financial position of the Police and Crime Commissioner for Lincolnshire as at 31 March 2015 and its income and expenditure for the year then ended.</p>
<p>Chief Constable for Lincolnshire Neil Rhodes</p> <p>Date :</p>	<p>Force Chief Finance Officer Tony Tomlinson</p> <p>Date:</p>

Annual Governance Statement

This section details the Chief Constable for Lincolnshire's governance arrangements in operation during 2014/15 including plans for the financial year 2015/16.

Introduction

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.

All Police and Crime Commissioners and Chief Constables are required by regulation to produce an Annual Governance Statement (AGS). This is a document which accompanies the statement of accounts and describes how good our governance arrangements have been over the last 12 months and sets out areas for development. The Chief Constables Statement is intended to support the Police and Crime Commissioner Group governance arrangements which are detailed in that separate set of accounts.

Scope of Responsibilities

The Chief Constable has responsibility where the Police and Crime Commissioner (the "Commissioner") delegates functions in respect of securing an efficient and effective police force. In discharging his responsibility, the Chief Constable shall have regard for the Local Policing Plan issued by the Commissioner.

The Chief Constable is responsible for the direction and control of the Force, ensuring his business is conducted in accordance with the law and proper standards, and that public money is accounted for, and used economically, efficiently and effectively.

In discharging his responsibilities, the Chief Constable is required to put in place proper arrangements for the governance of his affairs and which facilitate the exercise of his functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

The Chief Constable has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is available on the Lincolnshire Police website at <http://www.lincs.police.uk/library/Chief-Constable-s-Corporate-Governance/code-of-corporate-governance.pdf> or can be obtained from:

The Chief Constable's Office,
Police Headquarters,
Deepdale Lane,
Nettleham, Lincoln,
LN2 2LT.

This statement explains how the Chief Constable has complied with the Code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement.

In accordance with paragraph 3.7.4.3 of the Code of Practice on Local Authority Accounting for 2014/15; the Chief Constable's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Commissioner and the CFO of the Chief Constable.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values utilised in the discharge of the Chief Constable's statutory functions. It enables the Chief Constable to monitor the achievement of the Force objectives and to consider whether those plans have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them effectively, efficiently and economically.

The Chief Constable is legally required to produce an Annual Governance Statement. The statement helps the Commissioner to hold the Chief Constable to account for the efficient and effective policing and gives assurance to the Commissioner of the Chief Constable's governance arrangements. In addition the Commissioner produces his own Governance Statement.

The governance framework has been in place for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

The Governance Framework

By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Lincolnshire Police. It is however the Commissioner who is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.

The key elements of the systems and processes that comprise the governance arrangements in place for the Chief Constable are measures for:

- Identifying and communicating the National Policing Vision, purpose and intended outcomes;
- Reviewing the National Policing Vision and its implications for governance arrangements;
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the Chief Constable's objectives and for ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the Chief Constable and the Senior Officers, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinizing Force activity;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for officers and staff;
- Reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;

- Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities; - *Delivering good governance in local government: Guidance note for Police*;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistle blowing and for receiving and investigating complaints from the public and handling redress;
- Identifying the development needs of senior officers in relation to their strategic roles, supported by appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the overall governance arrangements.

This section describes the key elements of the systems and processes of the governance arrangements that have been put in place by the Force. In doing so it reflects the overarching structures that have been developed to deliver objectives and manage risk.

- Processes for setting objectives and targets that support the policing priorities outlined in the Police and Crime Plan, including reporting to the Commissioner. This is done in a manner that recognises the commitment of the Chief Constable to abide by the working principles of the Policing Protocol;
- An operational policing plan is produced in response to the Commissioner's plan;
- Daily management meetings of frontline officers in accordance with the National Intelligence Model;
- Tactical Tasking and Co-ordinating Group aligns day to day work with strategic objectives this may be carried out on a regional basis;
- Interim Service Delivery meetings;
- Operational Commanders conference where operational matters can be discussed, risks identified and solutions found;
- Strategic Policing requirement.

Decision making structures for establishing priorities and considering strategic issues facing the Force:

- Internal departmental management teams establishing business plans;
- Chief Officer Group (COG) and Senior Leadership team;
- Chief Officers share and discuss key issues with senior staff
- Reporting to the Police and Crime Strategic Board; including monthly monitoring of the financial plans to COG and Commissioner's Resource Governance meeting and an annual governance report is provided to the PCC describing the years activity with regard to the financial and contract regulations, procurement, insurance, debtors and treasury management providing an overview of decisions made and their justification. Also the Procurement, ICT, HR and Asset Strategies are examined by this Board;
- Policing Transformation Programme;
- Feedback from the public and other local stakeholders.

It should be noted that the Force introduced during the final months of the financial year a PEEL Board which incorporates what was the Senior Leadership Team meeting, Force Programme Board and Force Transformation Board. After each meeting a report is produced

which informs the Commissioner and provides an overview of what our current issues are, what we propose doing to solve them, what's working well and what changes are we managing or proposing.

Risk Management

Lincolnshire Police has a risk management process in place that effectively manages risk against its business in order to ensure it operates under the sound principles of Corporate Governance.

Risk registers are a key tool in providing assurance to the Chief Constable demonstrating that risks are being managed effectively through the regular and continued review of the force risk register at the Risk Management Board, Senior Leadership meetings and the Joint Independent Audit Committee.

In addition to these internal assurances, there are external organisations such as Internal and External Auditors as well as Her Majesty's Inspectorate of Constabulary (HMIC) that work with the Chief Constable to ensure that the risk management process is effective and robust.

Any negative outcome of internal or external audit is reviewed by the force and plans are put into place to address the issues and ensure improvements are made.

The force risk register and process is owned by the Deputy Chief Constable of Lincolnshire Police with delegated responsibility to the Head of Strategic Development to manage the policy and processes on behalf of the Deputy Chief Constable.

The Risk Policy and Review Officer is responsible for managing the risk management process on behalf of the Head of Strategic Development and will maintain the policy and processes on their behalf.

It is the responsibility of all heads of departments and business areas to ensure they manage risks within their own areas of authority.

They are responsible for identifying risks in their individual business areas and for assessing them in terms of their impact and probability of occurring.

Each department and business area as well as all force projects will maintain a risk register.

The force risk management process focuses on five levels of risk which can pass through a process of escalation depending on the scale of risk and effect it may have at either project, programme, department or force level.

Risk Level	Description
Force	<ul style="list-style-type: none"> • Risks at the highest level. • They are so significant that they threaten or enhance the long-term achievement of corporate objectives. • Will be discussed at Risk Management Boards, Senior Leadership Team meetings and the Joint Independent Audit Committee. • Departments/Business Areas will escalate risks from their departmental risk register which have become force risks, through the Risk Management Board, for inclusion on the Force Risk Register.
Department/ Business Area	<ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of department or business area objectives. • Will be discussed at Senior Management Team meetings. • Escalated up through the Risk Management Board if they pose a threat to corporate objectives and the Head of Department's limit of authority to manage the risk has been reached.
Programme	<ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of a programme. Will be analysed and scored in relation to the programme. • Will be discussed at Programme Board meetings. • Escalated through the Risk Management Board if they pose a threat to corporate objectives, and the Programme Managers limit of authority to manage the risk has been reached.
Project	<ul style="list-style-type: none"> • Risks that threaten or enhance the delivery of a specific project. Will be analysed and scored in relation to the project. • If they are serious enough to impact on the Programme and the Project Manager's limit of authority has been reached, they should be escalated to Programme level.
Operational	<ul style="list-style-type: none"> • Risks concerning the day-to-day issues that Lincolnshire Police is confronted with as it strives to deliver its objectives. • Only escalated to the Force Risk Register if they pose a threat to corporate objectives

In implementing risk management the force has produced a Risk Management Strategy which details the roles and responsibilities of those involved in the undertaking of risk management in the force. It also follows a set standard and process for risk management to ensure a consistent approach is adopted across the whole organisation.

Consistent risk management will allow the force to plan effectively in the delivery of its outputs by knowing what circumstances that could prevent it from achieving its aims, and by putting in to place measures to prevent risk from occurring, therefore, saving time and resources.

The Force Risk Management Board is responsible for the following:

- Determining if risks are critical to the force
- Managing and developing the Risk Management Process.
- Review risk assessments of potential force risks.
- Monitor red and amber risks on a quarterly basis.
- Assigning Risk Owners to a risk depending on the risk assessment score.
- Providing visible leadership and commitment to the force risks and Risk Management Process throughout the organisation.
- Ensuring Programme and Project Assurance.

Membership and terms of reference of the Force Risk Management Board are set out within the Force Risk Management Policy. Lincolnshire Police has an established post of Force Risk Officer whose duties include maintaining the Force Strategic Risk Register and to advise on the total risk to which the Force is exposed. Risk focal points within each division and department have also been nominated.

Developing, communicating and embedding codes of conduct and defining the standards of behaviour for officers and staff:

- Regular publications;
- Sharing best practice and case studies;
- Setting standards for new staff at their induction;
- PRIDE and leadership charters;
- Professional Standards Department independently reviewing the behaviour and conduct of officers;
- Health and safety policies.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks and resources:

- Review by Internal Audit;
- Scrutiny by the OPCC;

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

- Review by Internal Audit and External Audit;
- Appointment of professionally qualified staff throughout the organisation;
- Promotion of a culture of professionalism and integrity through the staff charter and the PRIDE values;
- Advice from the Regional Legal Services department ;
- Monitoring and oversight through the Professional Standards Department.

Processes for receiving, investigating, and reporting upon complaints from the public, and other stakeholders:

- Clear communication with the public through the Neighbourhood Policing model, and through the Force Control Room;
- Customer service teams to respond to feedback from the public;
- Professional Standards Department to follow up complaints against police officers;

- G4S HR to lead and advise on disciplinary issues relating to police staff;
- Compliance with national standards and processes.

Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks:

- Professional advice from G4S from qualified HR and Finance staff.

Identifying the development needs of officers, staff and members of G4S staff working on the Lincolnshire Police contract in relation to their roles, supported by appropriate training and linked to the priorities of the Force:

- Personal Development Reviews for all staff;
- Ensuring that training needs are fully integrated into project implementation plans.

Establishing clear channels of communication with all sections of the community and other stakeholders on priorities and plans:

- Clear communication with the public through the Neighbourhood Policing model;
- Partnership working to find the best agency for interacting with the public;
- Use of Key Individual Networks to direct the work of Neighbourhood Policing Teams;
- Use of Problem Solving Plans to record priorities for local communities;
- Use of social media.

Incorporating good governance arrangements in respect of partnerships and other group working:

- Established terms of reference, minutes and delivery plans;
- Multi-agency boards for managing partnerships;
- Scrutiny by all members, local and central government;
- Regional collaboration through the Chief Constables' and Deputy Chief Constables' Board;

The Force has extended its collaboration within the East Midlands region. This includes various specialist crime areas, Occupational Health, Legal and more recently in respect of specialist operations including Roads Policing and Criminal Justice Administration, these will be fully operational in 2015/16. Extensive monitoring and tasking arrangements including standing Governance Boards involving the relevant Force leads exist for all of these collaborations.

Preparedness for dealing with emergency situations:

- Use of risk registers across the public sector in Lincolnshire;
- Business Continuity Management Policy;
- Dedicated resources allocated to Emergency Planning, working to develop and maintain relationships with other Lincolnshire based organisations and regional colleagues;
- All departments have both a Business Continuity Management Plan and an Incident Plan which have been tested in a Force wide training exercise.

Management of the Strategic Partnership Contract with G4S is performed by the Commercial Partnership Team. This forms part of the Joint Services arrangement with the Commissioner post 1st April 2014.

- Ensuring compliance with all relevant legislation and commitments/obligations;
- Performance scrutiny of the G4S contract is subject to its own legal schedule (Price Performance Mechanism – schedule 13);
- 200 indicators used to monitor performance;
- Financial monitoring is reviewed against Schedule 14 (Pricing);
- Performance is reviewed by the Transformation Management Board or the Performance and Delivery Board on a monthly basis.

The Force is committed to an effective anti-fraud and corruption strategy. An assessment of the force capability has been made against the principles contained within the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).

Having considered all the principles, the Professional Standards Department are satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Actions to be taken to manage the risk of fraud

- Develop proactive counter-corruption processes in respect of all staff posted to the East Midlands Special Operations Unit (EMSOU), with EMSOU.
- Create an annual strategic threat and risk assessment in relation to fraud and corruption.
- Create an anti-money laundering policy.

There is a high level of external scrutiny of organisational affairs by a variety of bodies including:

- Her Majesty's Inspector of Constabulary (HMIC)
- External Audit
- HM Revenue and Customs
- Internal Audit
- Local Communities
- The Media

A National Code of Ethics for the Police Services has been developed by the College of Policing and embedded and enshrined by Parliament all forces are expected to embed the Code. The code applies to every individual who works in policing in England and Wales, whether a warranted officer, police staff, volunteer or someone contracted to work in a police force. It is the written guide to the principles that every member of the policing profession is expected to uphold and the standards of behaviour they are expected to meet and is seen as the foundation document for promoting, reinforcing and supporting the highest personal standards from everyone who works in the policing profession. All employees have been issued with a copy of this code during 2014/15; the Code of Ethics sits alongside the well-established principles established in the Force vision of Policing with PRIDE (Professionalism, Respect, Integrity, Dedication and Empathy), in providing the Force with an ethical framework to make decisions.

The Code of Ethics is based on nine policing principles and 10 standards of professional behaviour that will help everyone in policing to do the right thing in the right way.

Chief Constable for Lincolnshire

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It spells out what the profession expects of all officers, staff and others working in policing, and has practical examples for everyone to use daily.

The Chief Constable in conjunction with the Chief Officer Group reviews the effectiveness of Governance arrangements as part of its regular agenda and is satisfied that the arrangements are fit for purpose. Significant Governance issues are highlighted below:

Review of Effectiveness

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.

This review has been informed by the work of the Deputy Chief Constable (DCC) and Force Chief Financial Officer (FCFO) together with managers within the Force who have the responsibility for the development, maintenance and operation of the governance environment. In addition comments made by the internal and external auditors and other review agencies and inspectorates have informed this review.

On an ongoing basis governance is monitored and reviewed via a range of mechanisms. These range from formal meetings (in areas such as Force performance, project management arrangements and conduct oversight from the Professional Standards Department) to the operation of management teams at corporate, area and service level.

The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC) meeting on a quarterly basis. The JIAC provides advice on matters relating to the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable.

The JIAC has received and considered reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Performance Governance meetings consider police performance and the Resources Governance meeting considers financial and people resources. The Professional Standards Governance meeting reviews matters relating to the conduct of police officers and staff. The Planning and Strategy meeting which was in operation until November 2014 when it was replaced by the Police and Crime Strategic (P&CS) Board. The Board's remit is to consider long term strategy development, the assurance map, significant and emerging risk areas and the Chief Constable's report.

The effectiveness of the governance framework has been reviewed by the Chief Constable during 2014/15. The review has been informed by:

- Consideration of the Chief Constables risk management regime;
- The code of corporate governance and the annotated code providing sources of evidence
- The new Integrated Scheme of Governance (ISG) which came into effect on 1 April 2014 that includes the Scheme of Consent, Commissioner's and Chief Constable's Scheme of Delegation and the Financial and Contract regulations
- Consideration of the Commissioner and Chief Constable's joint assurance map (through both developmental and embedded stages)
- HMIC reporting and work.
- External and internal auditors and their formal reporting.
- Managing change, developing our policing model to meet threat, risk and harm and new technologies are all discussed at the PEEL Board. The pillars of effectiveness,

efficiency and legitimacy provide an appropriate structure around which the force senior managers can discuss current performance and look at the future. Each pillar is led by a chief officer.

In 2014 HMIC introduced the PEEL Inspection programme which draws together evidence from HMIC's annual inspections. The evidence is used to assess the effectiveness, efficiency and legitimacy of the Police Service. HMIC has introduced these assessments so that the public will be able to assess the performance of their own Force.

HMIC published in November 2014 an assessment of how well Lincolnshire Police:

- Cut crime and anti-social behaviour (effectiveness)
- Provides value for money (efficiency)
- Provides a service that is fair and treats people properly (legitimacy).

The HMIC's findings were:

- In relation to effectiveness, the force, in general, is good at reducing crime and preventing offending, and is good at tackling anti-social behaviour. However, it requires improvement in the way it investigates offending.
- The efficiency with which the force carries out its responsibilities is good. The way the force has met its savings requirements is outstanding.
- In relation to legitimacy, the force is acting to achieve fairness and legitimacy in most of the practices that we examined this year.

Assurance on the effectiveness of the Chief Constable's financial controls has been provided by the FCFO who was designated as the responsible officer for the administration of financial affairs under section 151 of the Local Government Act 1972. Systems are in place to ensure the lawfulness and financial prudence of decision-making and to fully discharge the responsibilities of the role. The financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010).

The ISG was introduced in April 2014 to reflect the new governance arrangements arising from the Police Reform and Social Responsibility Act 2011. The ISG was reviewed in March 2015 and was determined to be fit for purpose. A significant piece of work, initially prompted by internal audit in 2012/13 has progressed over the last year in relation to developing a training product for staff to positively attest that they are cognisant of the policies relating to the scheme and the financial and contract regulations. The JIAC has been appraised of progress on the scheme and it will continue to be reviewed on a regular basis.

The Chief Constable's risk management arrangements are well developed and well embedded. The JIAC reviews the Chief Constable's risk management strategy on an annual basis and monitors the Chief Constable's strategic risk register quarterly. The Chief Constable considers and reviews risk on a monthly basis through management meetings. Internal audit reported an 'amber / green' opinion (substantial assurance) on the Chief Constable's risk management arrangements in December 2014. The risk register and assurance framework are aligned and drive improvement activity where assurance on the effectiveness of controls needs to be strengthened.

The Chief Constable and the Commissioner have a joint Anti-fraud and Corruption Policy in place which has been reviewed during the year. Quarterly meetings ensure that current and emerging risks and issues in relation to anti-fraud and corruption are regularly discussed and reviewed. The JIAC are kept abreast of any issues and the return was provided to the Audit Commission's fraud and corruption survey 'Protecting the Public Purse'. Mandatory training on counter corruption continued to be delivered to all staff and officers across the organisations via the NCALT e-learning system; raising awareness of issues surrounding

police corruption and misconduct. The P&CS Board adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in February 2015 that will help both organisations to maintain their vigilance to tackle fraud.

Significant Governance Issues

The Risk Register is a tool that identifies the risks that would prevent or distract the Chief Constable from achieving his objectives.

The joint assurance map is recognised by the Commissioner and the Chief Constable as a vital tool for effective corporate governance. It provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues; it also provides a cohesive and comprehensive view of assurance across the risk environment. The assurance map provides much of the evidence base for this annual governance statement. Independent assurance is also provided by the JIAC.

High level risks on the assurance map are considered on a quarterly basis at a Quarterly Risk Management Board which consists of all the key risk owners, to support the continuous assessment of the effectiveness of the management of risk and internal control. The Force's risk register is reviewed monthly by the Deputy Chief Constable and the Force Risk, Policy and Review Officer.

The Chief Constable's significant governance issues are detailed below, sourced from the map and Risk Register and include an outline of the actions taken or further work that is required to address the issues.

Failure to bridge the funding gap from 2016/17 as a result of Comprehensive Spending Review 2.

The Chief Constable has an identified risk due to a potential failure to bridge the funding gap from 2016/17 as a result of the Comprehensive Spending Review 2. This could lead to difficulty maintaining current services and associated negative reputational consequences through media coverage.

Work is ongoing with the Chief Constable and the Commissioner lobbying to achieve 'A fair deal for the people of Lincolnshire, making the case for Lincolnshire getting a better share of the national pot of police funding. Implementation of the formal strategy started in July 2014 and has comprised letters, briefings, visits and meetings with the Home Secretary, Policing Minister, Senior Civil Servants, local MPs and partners. The message shared was that Lincolnshire is the lowest funded force in the country but is a model of efficiency¹.

Despite our best efforts to mitigate the risk, Lincolnshire's position remains financially constrained and any changes to the Government funding formula are not expected in the short term. There is concern about the ability of the force to maintain its current level of service to the communities of Lincolnshire beyond 2016. Further savings are required in future years under the current funding arrangements.

Since October 2014 the Force Transformation Programme led by the DCC has focussed on the operational and organisational issues that can lead assist the Force in making further savings. Work has commenced on a review of the operational policing model together with project work on Demand Management (involving the THRIVE model) and the approval of a significant investment in mobile data which will lead to the realisation of savings in officer time.

¹ HMIC inspection reports have highlighted Lincolnshire as "Outstanding" at delivering affordable policing, "Good" regarding the extent to which the Force is taking the necessary steps to ensure a secure financial position for the short and long term and 'Good' in terms of the extent to which the Force is efficient.

Changes to Police Pension Scheme

The Home Office changed the Police Pension Scheme into a 'Career Averaging Scheme' on the 1st April 2015. During 2014/15 there was a risk to the Force from the Home Office's failure to provide appropriate governance and guidance information or detailed pension regulations not being received in time for the 'shadow boards' to be established.

This was managed within the Force by a programme board involving HR and Finance (G4S) and the Force including the Police Federation and the Superintendents Association. Within the region consultation is also ongoing with the current police pension provider, the Police Federation and the Superintendents Association.

Failure to achieve maximum benefit from Regional Collaboration both operationally and financially

The Chief Constable collaborates with the region in many operational and back office areas. The Force has a commitment to EMSOU and EMCTIU. The Special Operations Unit, Major Crime Unit, Special Branch and Forensics Services have been in place for some years now and are well embedded, others are embedding (Occupational Health Unit and Legal services) and some are just going live (Criminal Justice and Operational Support).

Regional collaboration reviews are being carried out and will provide evidence as to financial and operational benefits. There is a Regional Efficiency Board in place that has oversight of the implementation of the planned savings. The regional performance meetings are attended by the ACC; the DCC attends the Regional DCC's Board which considers all Business Cases. A regional assurance framework is in development. Work is ongoing on the regional finance directors' plan for an assurance map detailing benefits for regional activity and linking it with internal audit reports.

A glowing HMIC report was received regarding the funding arrangements for counter terrorism and special branch policing in the East Midlands. Lincolnshire became the first Force in the country to adopt version 5 of NICHE Record Management System to deliver all intelligence, case and custody applications, and is the first to use an external site host to reduce risk.

NHS Commissioning

There is a possibility of a budget gap to the Force arising from the transfer of responsibility for the provision of medical services in Custody from the Home Office to NHS. This would be undertaken nationally with a change in resources being made between the two Departmental budgets. It is likely that this transfer would result in a top slicing of Force Budgets, with the consequent risk of this being greater than the costs avoided.

This risk was expected to materialise in April 2015 but in January 2015 a decision was made by the NHS to push back the transfer until April 2016. Final details of figures will not be available until a decision has been made within the NHS. The Force has engaged with partners in NHS Commissioning and has made representations on the cost implication at national level.

Withdrawal of Partner Funding

There is a risk associated with the withdrawal of jointly funded services in the medium term by the County Council and other key partners.

The County Council provides funding towards the Force Establishment of PCSOs; work is ongoing between the Force and the County Council regarding the key role that the PCSOs provide, with an agreement being established. In early 2015 the Force was advised that there would be a £300k reduction in the funding to be received in 2015/16 for the PCSO's.

Employment Appeals Tribunal - Locke v British Gas

This case relates to the inclusion in holiday pay of regular overtime working. There is a financial risk to the Force if guidance is issued that this payment also relates to the Police service. The Force is awaiting clarification from the Home Office. A 'single' legal view is being sought by Forces at a national level, with the costs being shared by all Forces. As the potential total costs are unknown at this stage a contingent liability has been identified in the accounts.

T-Police tranche 2

There was a potential risk during the year from the introduction of the duty management system and the HR modules. This risk was managed by the introduction of a Gold Group, consisting of representatives from the t-police project board, Force and G4S professional users and Staff Associations. Actions taken resulted in the system issues being resolved, with a major upgrade planned for later in the 2015/16 financial year.

The T-police Benefits Realisation Programme reviews the decisions made and those currently being implemented by the Force and reports back to the DCC.

Information Risk

During 2014/15 the Force has progressed work on information security. There is a 3-year Accreditation Programme in place for IT systems, of which several systems have been accredited during this period. All systems within the programme have now been accredited at least once. The Force owns information collected for policing purposes, including significant amounts of personal information. The Chief Constable manages his responsibilities (principally derived from the Data Protection Act 1998 and the Police Act 1996) through a specific information management governance structure.

The majority of Police officers, police staff, G4S Staff and Volunteers have completed the online Lawful Handling of Information training, with this being an annual requirement.

Information strategy and policy is approved and deployed by the Information Management Board, who also oversee information and data quality issues, including information risk. The Board is chaired by the Senior Information Risk Owner (SIRO) and any information risks that are outside of the force risk appetite are escalated to Chief Officer Group as necessary.

Residual risk is controlled on the Chief Constable's behalf by Data Protection, Freedom of Information, Audit, Information Security and Vetting functions.

Information Asset Owners are aware of their responsibilities with regard to risk within their area of responsibility, with a clear escalation path through the force Information

Significant governance issues are reported on a quarterly basis to the JIAC.

We propose over the coming year to continue our plans to address the above matters to further enhance our governance arrangements. These steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

SIGNED

Neil Rhodes
Chief Constable for Lincolnshire
Date

Chief Constable for Lincolnshire

Movement in Reserves Statement

2014/15

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the CC, analysed into usable and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the CC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the CC.

	Capital Receipts Reserve	Earmarked Reserves	General Fund Balance	Total Usable Reserves	Unusable Reserves	Total Chief Constable Reserves
	£000	£000	£000	£000	£000	£000
Restated Balance at 31 March 2013 carried forward	0	0	0	0	(1,002,282)	(1,002,282)
Movement in Reserves during 2013/14						
Deficit on the provision of services	0	0	(36,942)	(36,942)	0	(36,942)
Other Comprehensive Income and Expenditure	0	0	0	0	(67,910)	(67,910)
Total Comprehensive Income and Expenditure	0	0	(36,942)	(36,942)	(67,910)	(104,852)
Adjustments between accounting basis and funding basis under regulations (note 4)	0	0	36,942	36,942	(36,942)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	0	0	0	0	(104,852)	(104,852)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0
Restated Increase/(Decrease) in 2013/14	0	0	0	0	(104,852)	(104,852)
Balance at 31 March 2014 carried forward	0	0	0	0	(1,107,134)	(1,107,134)
Movement in Reserves during 2014/15						
Deficit on the provision of services	0	0	(40,685)	(40,685)	0	(40,685)
Other Comprehensive Income and Expenditure	0	0	0	0	(169,428)	(169,428)
Total Comprehensive Income and Expenditure	0	0	(40,685)	(40,685)	(169,428)	(210,113)
Adjustments between accounting basis and funding basis under regulations (Note 4)	0	0	40,685	40,685	(40,685)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	0	0	0	0	(210,113)	(210,113)
Transfers to/from Earmarked Reserves	0	0	0	0	0	0
Increase/(Decrease) in 2014/15	0	0	0	0	(210,113)	(210,113)
Balance at 31 March 2015 carried forward	0	0	0	0	(1,317,247)	(1,317,247)

Chief Constable for Lincolnshire

Comprehensive Income and Expenditure Statement

2014/15

The Income & Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation.

2013/14					2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Note		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
41,624	(2,133)	39,491		Local Policing	52,993	(2,316)	50,677
8,039	(80)	7,959		Dealing with the Public	7,358	(86)	7,272
12,119	(386)	11,733		Custody	10,630	(397)	10,233
5,944	(1,104)	4,840		Road Policing	5,852	(1,227)	4,625
6,527	(65)	6,462		Specialist Operations	5,521	(64)	5,457
5,687	(57)	5,630		Intelligence	5,858	(68)	5,790
38,333	(533)	37,800		Investigation	29,352	(596)	28,756
2,051	(21)	2,030		Investigative Support	2,605	(30)	2,575
2,031	(1,371)	660		National Policing	3,133	(870)	2,263
469	0	469	16	Corporate and Democratic Core	475	0	475
274	0	274	16	Non Distributed Costs: Other	107	0	107
123,098	(5,750)	117,348	15	Cost of Services	123,884	(5,654)	118,230
1,710	(1,314)	396	5	Other Operating Expenditure	1,155	(675)	480
	(80,802)	(80,802)	6	Income - Intra-group funding		(78,025)	(78,025)
124,808	(87,866)	36,942		Deficit on the Provision of Services	125,039	(84,354)	40,685
67,910	0	67,910	10	Actuarial (Gains) or Losses on Pension Assets and Liabilities	169,428	0	169,428
67,910	0	67,910		Other Comprehensive Income and Expenditure	169,428	0	169,428
192,718	(87,866)	104,852		Total Comprehensive Income and Expenditure	294,467	(84,354)	210,113

There were no acquisitions or discontinued operations in the current year or in the preceding year.

Chief Constable for Lincolnshire

Balance Sheet

As at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets & liabilities recognised by the authority for the Chief Constable. The net assets (assets less liabilities) are matched by the reserves held. The only reserve balance is the pension reserve.

2013/14	Note		2014/15
£000			£000
0		Property, Plant and Equipment	0
0		Investment Property	0
0		Intangible Assets	0
0		Long-Term Debtors	0
0		Long-Term Assets	0
0		Short-Term Investments	0
0		Inventories	0
2,634	7	Short-Term Debtors	1,588
0		Cash and Cash Equivalents	0
0		Assets Held for Sale (< 1 yr)	0
2,634		Current Assets	1,588
0		Short-Term Borrowing	0
(2,634)	8	Short-Term Creditors	(1,588)
0		Other Short Term Liabilities	0
(18)	9	Short-Term Provisions	(17)
0		Capital Grants Receipts in Advance (< 1 yr)	0
(2,652)		Current Liabilities	(1,605)
0		Long-Term Borrowing	0
(1,106,965)	22	Pension Liabilities	(1,317,081)
0		Other Long-Term Liabilities	0
(151)	9	Long-Term Provisions	(149)
(1,107,116)		Long-Term Liabilities	(1,317,230)
(1,107,134)		Net Assets	(1,317,247)
0		Usable Reserves	0
(1,107,134)		Unusable Reserves	(1,317,247)
(1,107,134)		Total Reserves	(1,317,247)

Chief Constable for Lincolnshire

Cash Flow Statement

2014/15

The Cashflow Statement does not show any cash flows for the year ending 31 March 2015 as all payments were made from the accounts held by the PCC. Similarly, all income and funding is received by the PCC during the year.

2013/14 £000	Note		2014/15 £000
36,942		Net Deficit on the Provision of Services	40,685
(36,942)	12	Adjustments to net deficit on the provision of services for non-cash movements	(40,685)
0		Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	0
0		Net Cash Outflows from Operating Activities	0
0		Investing Activities	0
0		Financing Activities	0
0		Net (Increase) or Decrease in Cash and Cash Equivalents	0
		Cash and Cash Equivalents at the Beginning of the Reporting Period	0
0		Cash and Cash Equivalents at the End of the Reporting Period	0

Chief Constable for Lincolnshire

Notes to the Accounts

The notes below provide additional information to support the main financial statements for the Chief Constable. Where the balances and transactions explained are the same between the PCC Group and PCC the note will only provide one explanation, where there are differences between the PCC Group and PCC balances, the notes will outline both in the required detail.

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the CC's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The CC is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Authority Accounting 2014/15, supported by International Financial Reporting Standards.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

All accounting policies that are material to the production of the accounts are described in this section.

1.2 Changes in Accounting Policies

Changes in accounting policy may arise through changes to the Code or changes instigated by the CC. For changes brought in through the Code, the CC will disclose the information required by the Code.

For other changes we will disclose:

- The nature of the change;
- The reasons why the change has been made;
- Report the changes to the current period and each prior period presented and the amount of the adjustment relating to periods before those presented.

If retrospective application is impracticable for a particular prior period (or for periods before those presented), we will disclose the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

1.3 Prior Period Adjustments

The Code requires prior period adjustments to be made when material omissions or misstatements are identified. Such errors include the effects of arithmetical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The following disclosures will be made for each prior period adjustment:

- The nature of the prior period error;
- For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected, and;

- The amount of the correction at the beginning of the earliest prior period presented.

1.4 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

1.5 Non-Current Assets – Property, Plant and Equipment

The Chief Constable does not own any non-current assets. All capital equipment used in operational policing is procured and owned by the PCC, under the agreement that control, in particular usage and responsibility for maintenance, is delegated to the Chief Constable under the PCC Group's existing scheme of delegation. To reflect the use of the assets by the Chief Constable in the use of operational policing, a charge is recognised by the Chief Constable in the Comprehensive Income and Expenditure Statement for the cost of using the assets throughout the year. This charge is outlined in note 6 to the Financial Statements.

1.6 Debtors

Debtors are recognised in the accounts when the ordered goods or services have been delivered or rendered by the CC by the 31 March but the income has not yet been received.

Debtors are recognised and measured at fair value in the accounts. There is no de-minimis for income accruals.

Debtors recognised at yearend for the Chief Constable relate to financial guarantees in place from the PCC for creditors due for payment at 31 March.

1.7 Creditors

Creditors are recorded where goods or services have been supplied to the CC by 31 March but payment is not made until the following financial year.

Creditors are recognised and measured at fair value in the accounts. There is no de-minimis for accruals.

1.8 Provisions

The CC sets aside provisions for future expenses where:

- An event has taken place on or before the balance sheet date that creates an obligation;
- It is probable that the obligation requires settlement by a transfer of economic benefits;
- The value of settlement can be reliably estimated; but
- The timing of the transfer is uncertain.

While there are no provisions in the Chief Constable's Balance Sheet, the revenue charge for provisions are reflected in the Comprehensive Income and Expenditure Statement. Estimated provisions are reviewed at the end of each financial year. Where it is likely that the provision will not be required, the relevant amounts are reversed in the Comprehensive Income and Expenditure Statement

1.9 Value Added Tax (VAT)

The Chief Constable does not submit a VAT return. The PCC submits a single VAT return on behalf of the Group. Expenditure in the Comprehensive Income and Expenditure Statement excludes any amounts relating to VAT as it is all remitted to / from HM Revenue and Customs

1.10 Events after the Reporting Date

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Where the event provides new evidence of conditions that existed at the balance sheet date then an adjusting event may occur. If material, the amounts recognised in the Group Statement of Accounts will be adjusted, and consequently will also be reflected in the Comprehensive Income and Expenditure Statement of the Chief Constable.

1.11 Recognition of Revenue (Income and Expenditure)

Revenue shall be measured at the fair value of the consideration received or receivable.

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the CC.

1.12 Costs of Overheads and Support Services

Revenue shall be measured at the fair value of the consideration received or receivable.

Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the Chief Constable.

1.13 Employee Benefits

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. The financial consequences of these benefits are recognised in the Comprehensive Income and Expenditure Statement in the year in which the employee renders service to the Chief Constable. IAS 19 'Employee Benefits' also requires recognition of short term compensating absences which include time owing and annual leave accrued but not taken as at 31 March 2015.

Post Employment Benefits

There are 2 pension schemes for police officers. Both are contracted out from the State Earnings Related Pension Scheme.

The Police Pension Scheme (PPS) is a contributory occupational pension scheme, governed by the Police Pensions Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The 2006 New Police Pension Scheme (NPPS), which started on 1 April 2006, is a contributory occupational pension scheme governed by the Police Pensions Act 1976 (as amended by the Police Pensions Regulations 2007). Officers make contributions in the old scheme of either 14.25% or 15.05% of pensionable pay. In the new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. The employees' contribution is set nationally by the Home Office and is subject to triennial revaluation. A Pension Fund was set up on 1 April 2006 to administer both schemes.

The NPPS and PPS are defined benefit schemes paid from revenue but with no managed pension assets. Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19 Employee Benefits. The net liability and a pensions reserve for both schemes have been recognised in the Group Balance Sheet, as have entries in the Group

Income and Expenditure Account for movements in the liabilities. Transfers into and out of the scheme representing joining and leaving police officers are recorded on a cash basis in the Pension Fund. The current economic cost outflow of police officer pensions (including injury benefits) is recognised in the Comprehensive Income and Expenditure Statement to reflect the costs of operating the scheme.

1.14 Reserves

Usable Reserves

The Chief Constable does not maintain usable reserves. Its main source of income in the year is an intra-group transfer from the PCC, which is matched to its net resources expended (excluding IAS19 costs), with all additional surplus or deficit held by the PCC.

Unusable Reserves

The Chief Constable keeps a pensions reserve to maintain the accounting processes for retirement benefits and the related provisions. These accounts do not represent usable resources for the Chief Constable.

1.15 Police Officer Pensions - Home Office Memorandum Account

From 1 April 2006 the Home Office changed the method of financing police pensions. Effectively the CC has continued to make payments but accounts for these outside of its own accounts in a separate memorandum account, which is reported as a supplementary statement in these accounts.

1.16 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no known material changes. Once further information becomes available, any 2014/15 changes will be restated in the 2015/16 financial statements,

These standards are:

- IFRS 13 Fair Value Measurement
- IFRIC 21 Levies

2. Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the CC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The significant judgements made in the Statement of Accounts are:

- For retirement benefits, the interpretation of CIPFA guidance differs from that of the Code itself. CIPFA guidance expects plan assets to be included in our financial statements, but the Code says not to include them. The impact of this on the General Reserve is reversed through the Movement in Reserves Statement, with a corresponding entry in the Pensions Reserve. The CC and the Chief Finance Officer have concluded that this approach presents a true and fair view of the CC's financial position, financial performance and cash flow.

- G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a “pass through” arrangement for a contract term of 10 years. Lincolnshire Police are considered to be the principal rather than merely an agent in these transactions as they retain responsibility for the liabilities. Hence, the IAS19 results as at 31 March 2015 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities. .

3. 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 entity 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 Chief Constable’s Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pensions’ assets and liabilities. Hence, these are considered separately.

Pensions assumptions

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability (£1,317,081k)	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions have been measured and described in the tables below.</p> <p>The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.</p>
Actuarial Assumptions (£1,317,081k)	The actuaries have assumed that CPI will be approximately 0.9% p.a. below RPI on average.	The impact is estimated to be a reduction in future service costs of around 8% per annum.

The sensitivities regarding the Police Pension Scheme liabilities are set out below.

Change in financial assumptions	Approximate percentage increase likely to employer liability	Approximate monetary amount (£m)
0.1% decrease in the Real Discount Rate	2%	24.9
1 year increase in member life expectancy	3%	37.9
0.5% increase in the Salary Increase Rate	2%	23.1
0.5% increase in the Pensions Increase Rate (CPI)	8%	104.7

The sensitivities regarding the Police Pension Scheme current service costs are set out below.

Change in financial assumptions	Approximate percentage increase to projected current service cost	Approximate monetary amount (£m)
0.1% decrease in the Real Discount Rate	3%	0.75
1 year increase in member life expectancy	3%	0.65
0.5% increase in the Salary Increase Rate	2%	0.52
0.5% increase in the Pensions Increase Rate (CPI)	16%	3.39

The sensitivities regarding the principal assumptions used to measure the liabilities in the Local Government Pension Scheme are set out below.

Change in financial assumptions	Approximate percentage increase likely to employer liability	Approximate monetary increase (£m)
0.5% decrease in the Real Discount Rate	12%	19.28
1 year increase in member life expectancy	3%	4.67
0.5% increase in the Salary Increase Rate	5%	7.08
0.5% increase in the Pensions Increase Rate	8%	11.73

4. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by both the Chief Constable in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Chief Constable to meet future capital and revenue expenditure.

2013/14 Chief Constable Comparative Figures	Usable Reserves		Movement in Unusable Reserves £000
	Capital Receipts Reserve £000	General Fund Balance £000	
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets			
Amortisation of lease prepayment			
Revaluation losses on Property Plant and Equipment			
Movements in the market value of Investment Properties			
Amortisation of intangible assets			
Capital grants and contributions applied			
Revenue expenditure funded from capital under statute			
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement			
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment			
Voluntary provision for the financing of capital investment			
Capital expenditure charged against the General Fund			
Adjustments primarily involving the Capital Receipts Reserve:			
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement			
Use of the Capital Receipts Reserve to finance new capital expenditure			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals			
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement		72,609	(72,609)
Employer's pensions contributions and direct payments to pensioners payable in the year		(35,681)	35,681
Other unfunded termination benefits		14	(14)
Adjustments primarily involving the Collection Fund Adjustment Account:			
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements			
Adjustments primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements			
Total Adjustments		36,942	(36,942)

2014/15 Chief Constable	Usable Reserves		Movement in Unusable Reserves £000
	Capital Receipts Reserve £000	General Fund Balance £000	
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets			
Amortisation of lease prepayment			
Revaluation losses on Property Plant and Equipment			
Movements in the market value of Investment Properties			
Amortisation of intangible assets			
Capital grants and contributions applied			
Revenue expenditure funded from capital under statute			
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement			
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment			
Voluntary provision for the financing of capital investment			
Capital expenditure charged against the General Fund			
Adjustments primarily involving the Capital Receipts Reserve:			
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement			
Use of the Capital Receipts Reserve to finance new capital expenditure			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals			
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement		74,626	(74,626)
Employer's pensions contributions and direct payments to pensioners payable in the year		(33,939)	33,939
Other unfunded termination benefits		(2)	2
Adjustments primarily involving the Collection Fund Adjustment Account:			
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements			
Adjustments primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements			
Total Adjustments		40,685	(40,685)

5. Other Operating Expenditure

2013/14				2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
396	-	396	Levies	430		430
1,314	(1,314)	0	Seconded Officers	725	(675)	50
1,710	(1,314)	396		1,155	(675)	480

6. Intra-group Financing

The Chief Constable receives direct income which is recognised in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Government and Council Tax income is directed to the PCC Group. An annual intra-group transfer of funds is made by the PCC to the Chief Constable. This intra-group transfer will equal the income requirement for the Chief Constable, excluding any IAS19 costs which contribute towards the dedicated Pensions Reserve.

2013/14				2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	(80,802)	(80,802)	PCC transfer of funding for police operations		(78,025)	(78,025)
	(80,802)	(80,802)			(78,025)	(78,025)

7. Debtors

	2013/14 £000	2014/15 £000
Amounts falling due within one year:		
PCC guarantee for accumulated absences liability	2,634	1,588
Total Debtors falling due within one year	2,634	1,588

8. Creditors

	2013/14 £000	2014/15 £000
Accumulated absences	(2,634)	(1,588)
Total Short-Term Creditors	(2,634)	(1,588)

9. Provisions

The Chief Constable has made provisions to meet the costs of the liabilities described below. They are classified as provisions because there is uncertainty about the value or the timing of payment of the liabilities, and whether there was an obligation to transfer economic benefits at the Balance Sheet date.

	Termination Benefits of Employment £000	Total £000
Balance at 31 March 2014	(169)	(169)
Additional Provisions Made In 2014/15		0
Amounts Used In 2014/15	3	3
Unused amounts reversed in 2014/15	-	0
Balance at 31 March 2015	(166)	(166)

10. Pensions Reserve

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 CC accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. The liability recognises 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 CC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will have been set aside by the time the benefits come to be paid.

2013/14 £000		2013/14 £000
(1,002,282)	Balance at 1 April	(1,107,134)
(67,910)	Actuarial gains or losses on pensions assets and liabilities	(169,428)
(72,609)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(74,626)
35,681	Employer's pensions contributions and direct payments to pensioners payable in the year	33,939
(14)	Other unfunded termination benefits	2
(1,107,134)	Balance at 31 March	(1,317,247)

11. Accumulated Absences Account

The Accumulated Absences 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 Fund Balance is neutralised by transfers to or from the Account.

	2013/14 £000	2014/15 £000
Accumulated absences	(2,634)	(1,588)
Total Short-Term Creditors	(2,634)	(1,588)

12. Cash Flow – Adjustments on Provision of Services for Non Cash Movements

2013/14 £000		2014/15 £000
	Depreciation of Non-Current Assets	
	Impairment and Downward Valuations of Non-Current Assets	
	Amortisation of Intangible Assets	
	Amortisation of Government Grant and Other Contributions	
	Increase in Impairment Provisions for Bad Debts	
(106)	Increase/(Decrease) in Creditors	(1,046)
106	(Increase)/Decrease in Debtors	1,046
	(Increase)/Decrease in Inventory	
(36,928)	Pension Liability	(40,688)
	Carrying Amount of Non-Current Assets Sold	
(14)	Contributions to Provisions	3
	Other Non-Cash Items Charged to the Net Deficit on the Provision of Services	
(36,942)	Non Cash Movements	(40,685)

13. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £8,418 for the year (2013/14: £6,957), including costs incurred by the interim body.

14. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Chief Constable on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular, the cost of retirement benefits is based on cash flows (payment of employer's pensions' contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Chief Constable's principal directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2013/14	Police Officer Pay Costs £000s	Operational Devolved Budgets £000s	Support Devolved Budgets £000s	Central Budgets £000s	Seconded Officers £000s	Total £000s
Fees, charges & other service income		(3,238)	(1,932)	(24)		(5,194)
Government grants						0
Total Income	0	(3,238)	(1,932)	(24)	0	(5,194)
Employee expenses	56,314	7,832	4,977	969	21	70,113
Other operating expenses		2,757	7,536	523		10,816
Support services		2,848	9,577	22,957		35,382
Total Expenditure	56,314	13,437	22,090	24,449	21	116,311
Net Expenditure	56,314	10,199	20,158	24,425	21	111,117

Directorate Income and Expenditure 2014/15	Police Officer Pay Costs £000s	Operational Devolved Budgets £000s	Support Devolved Budgets £000s	Central Budgets £000s	Seconded Officers £000s	Total £000s
Fees, charges & other service income			(3,863)			(3,863)
Government grants		(1,791)				(1,791)
Total Income	0	(1,791)	(3,863)	0	0	(5,654)
Employee expenses	57,684	16,784	2,405	1,029	70	77,972
Other operating expenses		3,234	7,493	376		11,103
Support services		2,488	501	21,229		24,218
Total Expenditure	57,684	22,506	10,399	22,634	70	113,293
Net Expenditure	57,684	20,715	6,536	22,634	70	107,639

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	2013/14 £000s	2014/15 £000s
Reported budget deficit	111,117	107,639
Intra-group financing	(80,802)	(78,025)
Other movements	5,511	6,627
Deficit on Provision of Services with the Comprehensive Income & Expenditure Statement	36,942	40,685

15. Gross Expenditure and Income

The Comprehensive Income and Expenditure Statement has been prepared using the service expenditure analysis for Police Services as detailed in the 2014/15 Service Reporting Code of Practice (SerCOP).

The following table is intended to aid the reader in understanding where the money is spent and in making comparisons between authorities in terms of the type of expenditure incurred.

2013/14 £000	Description	2014/15 £000
55,492	Police Pay and Allowances	57,634
13,387	Police Staff Pay and Allowances	14,120
627	Other Employee Expenses	754
1,385	Police Pensions - Ill Health Retirements	1,202
12,043	IAS 19 pension costs	12,418
2,566	Premises	2,809
2,293	Transport	1,691
4,729	Supplies and Services	5,144
21,865	Third Party Payments	21,229
3,887	Support Services	3,030
4,822	Capital Financing	3,852
(5,749)	Income from Grants, Fees and Charges	(5,654)
117,347	Net Cost of Services	118,229

16. Corporate and Democratic Core and Non Distributed Costs

Corporate and democratic core expenditure represents those costs of operating an organisation such as the CC, which cannot be directly attributed to a particular function as defined in the Service Reporting Code of Practice.

Non distributed costs are a classification from the Service Reporting Code of Practice. They are costs which do not require allocation as police service costs. Rather, they are an overhead cost for the organisation. They come from the historic cost of retirement benefit.

	2013/14 £000	2014/15 £000
Police Services	116,605	117,648
Corporate and Democratic Core	469	475
Non Distributed Costs	274	107
Net Cost of Services	117,348	118,230

17. Jointly Controlled Assets

Regional Collaboration

The East Midland Regional Collaboration consists of:

- East Midlands Special Operations Unit (EMSOU) – including Regional Asset Recovery Team, Regional Review Unit and Protected Persons Unit - Lead body Leicestershire.
- EM Collaboration Team – Lead body Leicestershire
- EMSOU Major Crime – Lead body Leicestershire
- EMSOU Technical Support Unit (TSU)- Lead Body Derbyshire
- Forensics – Lead body Derbyshire
- Occupational Health Unit (OHU)– Lead body Leicestershire
- EMOPSS – Lead body Leicestershire (Finance – Lincolnshire)
- Armed Policing Training – Lead body Leicestershire
- Serious Collision Investigation Unit – Lead body Leicestershire
- EMRICC – Lead body Leicestershire
- East Midlands Criminal Justice – Lead body Leicestershire
- East Midlands Legal Services – Lead body Derbyshire

<Still to be updated>

As all assets, liabilities and reserves are held by the PCC, only the operational policing costs have been shown in the Chief Constable's Comprehensive Income & Expenditure Statement. The transactions relating to Lincolnshire's 12.9% with the exception of EMOPS, Armed Policing Training & Serious Collision Investigation Unit which is 16.52% and Legal which is 20% share of revenue expenditure have been included in the Comprehensive Income and Expenditure Statement.

Lincolnshire share of Regional Balance Sheet as at 31 March 2015

2013/14 £000		2014/15 £000
615	Police Pay and Allowances	
1,177	Police Staff Pay and Allowances	
34	Other Employee Expenses	
65	Premises	
112	Transport	
365	Supplies and Services	
0	Support Services	
14	Agency and Contracted Services	
51	Depreciation	
1	Amortisation	
0	Capital Financing	
2,434	Gross Operating Expenditure	0
(32)	Other Income	
0	(Gains) or Losses on Disposal of Non Current Assets	
2,402	Amount to be met from Partners	0
	Financed by:	
(3,240)	Contributions from Partners	
(322)	External Grants	
(155)	Capital Grants & Contributions	
(1,315)	Deficit on the Provision of Services	0

18. Remuneration of Senior Officers

Remuneration includes all sums paid to or receivable by an employee. Pension contributions payable by the employer are excluded.

The table below excludes those senior employees who are shown in more detail in the tables on the following two pages for Senior Officers' Remuneration.

The table includes 1 employee who received redundancy payments in the year for 2013/14, there were none in 2014/15.

Remuneration Range	2013/14 Number of employees	2014/15 Number of employees
£50,000 to £54,999	2	-
£55,000 to £59,999	2	1
£60,000 to £64,999	3	-
£65,000 to £69,999	-	1
£70,000 to £74,999	1	-
£75,000 to £79,999	2	2
£80,000 to £84,999	2	1
£85,000 to £89,999	1	-
£90,000 to £94,999	-	-
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

2013/14 Senior Officers' Remuneration

Post title	Notes	Salaries, fees or allowances £	Performance related pay £	Other benefits receivable in the role £	Total remuneration excluding pension contributions 2013/14 £	Employer's pension contribution £	Total remuneration including pension contributions 2013/14 £
Police officers							
Chief Constable		138,529		5,005	143,534	32,270	175,804
Temporary Deputy Chief Constable*		112,049		4,757	116,806	26,227	143,033
Temporary Deputy Chief Constable* *		126,446		2,289	128,735	28,910	157,645
Deputy Chief Constable	Left 16/08/13	51,871		2,988	54,859	10,624	65,483
Assistant Chief Constable 1***		98,636		2,521	101,157	22,998	124,155
Temporary Assistant Chief Constable 2****		96,670		2,840	99,510	21,998	121,508
Temporary Assistant Chief Constable	Left 16/06/13	19,834		140	19,974	4,635	24,609
Chief Finance Officers of the Chief Constable							
Chief Finance Officer 1		65,890			65,890	13,112	79,002
Chief Finance Officer 2		53,424			53,424	-	53,424

Key for 2013/14 Senior Officers' Remuneration

Estimated figures have been used for other benefits until the information is available from p11d's

* This officer was in an Assistant Chief Constable post between 01/04/13 to 15/08/13

** This Officer has been seconded from Lincolnshire Police to the post of Chief Executive of the Child Exploitation and Online Protection Centre (CEOP). Costs are reimbursed. The officer commenced a career break 01/03/14

*** Temporary in post from 03/06/13 until 29/01/14 at which point a permanent appointment was made

**** In post from 19/08/13

2014/15 Senior Officers' Remuneration

Post title	Notes	Salaries, fees or allowances £	Performance related pay £	Other benefits receivable in the role £	Total remuneration excluding pension contributions 2014/15 £	Employer's pension contribution £	Total remuneration including pension contributions 2014/15 £
Police officers							
Chief Constable	Left 29.10.14	145,581	-	2,344	147,925	33,956	181,881
Temporary Deputy Chief Constable		65,591	-	2,344	67,935	15,351	83,286
Temporary Deputy Chief Constable*		108,474	-	10,255	118,729	24,991	143,720
Assistant Chief Constable 1**		84,427	3,125	6,838	94,391	19,748	114,138
Temporary Assistant Chief Constable 2***		90,691	-	7,623	98,314	21,167	119,481
Chief Finance Officers of the Chief Constable							
Chief Finance Officer 1		55,830	-	-	55,830	11,110	66,940
Chief Finance Officer 2		40,308	-	-	40,308	-	40,308
Assistant Chief Officer (Resources)****		93,475	-	8,812	102,288	18,602	120,889

Key for 2014/15 Senior Officers' Remuneration

* Was ACC until Temp promotion to DCC on 13/09/14

** Was on a career break and returned wef 30/06/14. Performance related pay related to whilst seconded to CEOP

*** Returned to the rank of Ch Supt wef 01/09/14

**** Commenced wef 09/06/14

19. Severance Costs

In 2014/15 there were no employee contracts terminated by the CC. In 2013/14 two employee contracts were terminated, incurring liabilities of £56k. This was made up of:

- £8k in compulsory redundancy payments
- £48k for enhanced retirement benefits, this relates to a member who retired under the “rule of 85” in 2013/14, a Local Government pension scheme process which allows police staff to retire at the age of 55, providing their combined age and service totals 85 years

Further, the CC has recognised the potential liability of £166k for 12 employees who had their contracts terminated in the past under different accounting arrangements. For these employees, the impact on the General Fund is restricted to the £17k cash payment made in 2014/15.

20. Audit Costs

	2013/14 £000	2014/15 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	20	20
Total	20	20

21. Related Party Transactions

The entity is required to disclose details of any material transactions with related parties - bodies or individuals that have the potential to control or influence the CC or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the entity might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

UK Central Government

The UK central government has effective control over the general operations of the PCC. It is responsible for establishing the statutory framework within which the PCC operates. It provides a large proportion of the PCC's funding in the form of grants and prescribes the terms of many of the transactions that the PCC has with other parties. Grants received from government departments are included in the subjective analysis in Note 14 on Reporting for Resources Allocation Decisions. Home Office Grants credited to the Comprehensive Income and Expenditure Statement are included in the Home Office Memorandum Account.

PCC for Lincolnshire

Within the PCC Group, the Chief Constable is accountable to the Police & Crime Commissioner for Lincolnshire. The PCC provides all funding to the Chief Constable for the discharge of his duties. The total funding is shown in the PCC's Comprehensive Income & Expenditure Statement.

Officers

The total remuneration to senior staff in 2014/15 is shown in Note 17. All senior officers employed by the CC at the 31 March 2015 have completed a related party transaction declaration for the financial year in respect to themselves and close family members to identify any business dealings with the Group that fall into this category. No further disclosures are required.

22. Retirement Benefits

Police officers receive retirement benefits as part of the terms and conditions of their employment.

The Police Officer Pensions Account is administered by the Chief Constable in accordance with the Police Reform and Social Responsibility Act 2011. All receipts and payments are the responsibility of the PCC and are made to and from the PCC accounts.

The Chief Constable pays employer contributions at a rate of 24.2% of pensionable salary into the Fund. To reflect the full financial consequences of utilising the services of police officers during the year an amount for police officers' pensions is reflected in the Comprehensive Income and Expenditure Statement of the Chief Constable. In accordance with IAS 19 requirements, the amount equates to the current service cost as well as contributions by members of the scheme, pensions expenditure and injury award expenditure. The current service cost is the present value of the pension benefits earned by active employees in 2014/15 and is intended to reflect the true economic cost for that year based on current market conditions. The cost is determined independently of the funding of the scheme and measures the full liability estimated to have been generated in year (at today's prices). The current service cost calculations for 2014/15 and the valuation of the scheme at the balance sheet date have been produced by Hymans Robertson actuaries.

Police officer contributions to the scheme amounted to £5.3 million and employer pension contributions were £9.3 million in the year ended 31 March 2015.

22.1 Participation in pension schemes

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

The CC participates in two pensions schemes:

The Local Government Pension Scheme is for police staff, and is administered by Lincolnshire County Council. This is a funded defined benefit final salary scheme, meaning that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. The IAS19 results as at 31 March 2015 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

The Police Pension Scheme for police officers is an unfunded defined benefit final salary scheme. There are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the

year are less than amounts payable, the CC must transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, this cost is met by a central government pension top up grant. In 2014/15 and 2013/14 this cost has been met in full.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

22.2 Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no scheme assets built up to meet these pension liabilities.

22.3 Transactions Relating to Retirement Benefits

In order to comply with IAS 19, employer's pension contributions have been replaced with current service costs as estimated by the independent actuary. The CC recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The reversal of the IAS 19 transactions ensures that there is no effect on the amounts to be met from government grant and the local taxpayers.

Transactions Relating to Retirement Benefits

	Local Government Pension Scheme		Police Pension Scheme		Total	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	(4,464)	(4,175)	(22,900)	(23,800)	(27,364)	(27,975)
Past service costs	(163)	(7)	(200)	(100)	(363)	(107)
Effect of settlements	-	518	-	-	0	518
Financing and Investment Income and Expenditure						
Net interest expense	(1,481)	(1,362)	(43,400)	(45,700)	(44,881)	(47,062)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(6,108)	(5,026)	(66,500)	(69,600)	(72,608)	(74,626)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Return on scheme assets (excluding the amount included in the net interest expense)	(3,543)	7,512	-	-	(3,543)	7,512
Actuarial gains and losses arising on changes in demographic assumptions	(2,990)	(24,121)	-	-	(2,990)	(24,121)
Actuarial gains and losses arising on changes in financial assumptions	2,119	-	(63,400)	(153,700)	(61,281)	(153,700)
Other (if applicable)	(96)	881	0	0	(96)	881
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(10,618)	(20,754)	(129,900)	(223,300)	(140,518)	(244,054)
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	6,108	5,026	66,500	69,600	72,608	74,626
Actual Amount charged against the General Fund Balance for pensions in the year:						
Employers contributions payable to scheme	(3,981)	(3,838)	-	-	(3,981)	(3,838)
Retirement benefits payable to pensioners	-	-	(31,700)	(30,100)	(31,700)	(30,100)
Movement from Comprehensive Income and Expenditure Statement to the General Fund	2,127	1,188	34,800	39,500	36,927	40,688

22.4 Pensions Assets and Liabilities in relation to Retirement Benefits

The amount included in the Balance Sheet arising from the CC obligation in respect of its defined benefit scheme is as follows:

	Funded liabilities		Discretionary benefits		Total	
	LGPS		Police Pension Scheme			
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	127,314	155,670	1,025,400	1,209,000	1,152,714	1,364,670
Fair value of scheme assets	(88,239)	(99,719)			(88,239)	(99,719)
Sub-total	39,075	55,951	1,025,400	1,209,000	1,064,475	1,264,951
Other movements in the liability (asset)	190	229	42,300	51,900	42,490	52,129
Net liability arising from the defined benefit obligation	39,265	56,180	1,067,700	1,260,900	1,106,965	1,317,080

22.5 Reconciliation of the movements in the fair value of the scheme assets

	Local Government Pension Scheme	
	2013/14	2014/15
	£000	£000
Opening fair value of scheme assets	85,271	88,239
Interest income	3,893	3,821
Remeasurement gain / (loss):		
The return on scheme assets, excluding the amount included in the net interest expense	(3,543)	7,512
Other	0	0
Effect of changes in foreign exchange rates	0	0
Contributions from employer	3,981	3,838
Contributions from employees in the scheme	1,234	1,177
Benefits paid	(2,597)	(3,027)
Other	-	-
31 March	88,239	101,560

22.6 Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded liabilities LGPS		Unfunded liabilities Police Pension Scheme	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Opening balance at 1 April	117,898	127,503	969,500	1,067,700
Current service cost	4,464	4,175	22,900	23,800
Interest cost	5,374	5,183	43,400	45,700
Contributions from scheme participants	1,234	1,177	5,300	5,300
Re-measurement gain / (loss):				
Actuarial gains / losses arising from changes in demographic assumptions	2,990	-	23,500	-
Actuarial gains / losses arising from changes in financial assumptions	(2,119)	24,121	39,500	153,600
Other	96	(881)	400	100
Past service cost	163	7	200	100
Losses / (gains) on curtailment	-	(2,359)	-	-
Liabilities assumed on entity combinations				
Benefits paid	(2,597)	(3,027)	(37,000)	(35,400)
Liabilities extinguished on settlements (where relevant)	-	-	-	-
31 March 2015	127,503	155,899	1,067,700	1,260,900

22.7 Pension scheme assets

The police pension schemes have no assets to cover their liabilities. The Chief Constable's Local Government Pension Scheme assets consist of the following categories:

LGPS asset details	Fair value of scheme assets	
	2013/14 £000	2014/15 £000
Cash and cash equivalents	1,362	1,426
Equity instruments		
Consumer	16,235	19,045
Manufacturing	2,981	2,786
Energy and utilities	6,480	6,156
Financial institutions	10,426	11,817
Health and care		
Information technology	2,411	3,776
Other	11,204	11,785
Sub-total, equity	49,737	55,364
Bonds by sector		
Corporate	2,751	9,820
UK Government	1,622	1,893
Other	1,053	1,301
Sub-total, bonds	5,426	13,014
Property by type		
UK property	8,295	9,787
Overseas property	1,336	1,142
Sub-total, property	9,631	10,929
Private equity	4,835	4,259
Sub-total, private equity	4,835	4,259
Other investment funds		
Equities	4,121	5,157
Bonds	5,564	0
Hedge funds		
Commodities		
Infrastructure		
Other	7,563	9,570
Sub-total, other investment funds	17,248	14,727
Derivatives		
Sub-total, derivatives		
Total assets	88,239	99,719

22.8 Basis for Estimating Assets and Liabilities

Both the Police Scheme and the Local Government Scheme liabilities have been assessed by Hymans Robertson (an independent firm of actuaries). The value of the liabilities is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

For the Local Government Pension Scheme, liabilities have been assessed on an actuarial basis using the projected unit method. Estimates are based on the latest full valuation of the scheme as at 31 March 2015.

For the police schemes (both the 1987 Police Pension Scheme and the 2006 new Police Pension Scheme) liabilities have been assessed on an actuarial basis. The last formal valuation of the schemes were carried out as at 31 March 2013. The results of this valuation have been projected forward to 31 March 2015 using approximate methods. The roll forward allows for changes in financial assumptions, additional benefit accruals, estimate cash-flows over the period and updated membership information.

	Local Government Pension Scheme		Police Pension Scheme	
	2013/14	2014/15	2013/14	2014/15
Long term expected rate of return on assets in the scheme:				
Equity investments	4.3	3.3	n/a	n/a
Bonds	4.3	3.3	n/a	n/a
Other	4.3	3.3	n/a	n/a
Mortality assumptions	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Longevity for current pensioners:				
Men	22.2	22.2	29.3	29.5
Women	24.4	24.2	31.5	31.7
Longevity for future pensioners:				
Men	24.5	24.5	30.9	31.1
Women	26.8	26.8	33.0	33.2
Financial assumptions	%	%	%	%
Market derived RPI	3.7		3.6	3.3
Rate of increase in salaries	4.1	3.8	3.8	3.4
Rate of increase in pensions	2.8	2.4	2.8	2.4
Rate for discounting scheme liabilities	4.3	3.2	4.3	3.2

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Present value of liabilities						
Local government pension scheme	(105,343)	(84,230)	(95,281)	(117,898)	(127,503)	(155,899)
Police pension scheme	(878,100)	(785,200)	(839,500)	(969,500)	(1,067,700)	(1,260,900)
Fair value of assets in the local government pension scheme	60,983	68,028	71,990	85,271	88,239	99,719
Surplus / (deficit) in the scheme	(922,460)	(801,402)	(862,791)	(1,002,127)	(1,106,964)	(1,317,080)
Local government pension scheme	(44,360)	(16,202)	(23,291)	(32,627)	(39,264)	(56,180)
Police pension scheme	(878,100)	(785,200)	(839,500)	(969,500)	(1,067,700)	(1,260,900)
Total surplus / (deficit) in the scheme	(922,460)	(801,402)	(862,791)	(1,002,127)	(1,106,964)	(1,317,080)

22.9 Impact on the CC cash flows

The liabilities show the underlying commitments for retirement benefits that the CC has to pay in the long run. The total liability has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy.

The objectives of the local government scheme are to keep employers' contributions at as constant a rate as possible. The PCC has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

For police pensions, finance is only required to be raised to cover costs as they are paid. As described above, police pension costs are funded by a cash top-up from the Home Office. The top-up is received in July, providing resources for monthly payments to pensioners and lump sums to new pensioners for the remainder of the financial year.

The local government scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits on a final salary basis in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new, career average, revalued earnings schemes to pay pensions and other benefits to certain public servants.

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Chief Constable for Lincolnshire
Police Officer Pensions - Home Office Memorandum
Account
2014/15

This statement shows the transactions relating to retirement benefits paid to Police Officers and how those costs are paid for.

2013/14 £000	Fund account	2014/15 £000
	Contributions Receivable	
	From Employer:	
9,533	Normal	9,272
686	Early Retirements	885
-	Reimbursement of Unabated Pensions of 30+ Police Officers	-
160	Recovery from PCC for Humberside	143
	From Members:	
5,144	Contributions	5,251
102	Individual Transfers in from Other Schemes	222
15,625		15,773
	Benefits Payable	
27,343	Pensions	28,665
7,755	Commutations	6,088
-	Lump Sum Death Benefits	-
-	Unabated Pension of 30+ Police Officers	-
	Payments To and On Account of Leavers	
4	Refunds of Contributions	-
519	Individual Transfers Out	1,892
-	Employers Sanction Charge	-
-	Equivalent Premium	-
35,621		36,645
19,996	Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit	20,872
(19,996)	Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year	(20,872)
-	Net Amount payable/(receivable) by the PCC Group for Lincolnshire	-

Disclosure Notes

- The operation of the Pension Fund for Police and Crime Commissioners in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI 2007 No 1932). It covers both old and new Police Officer pension schemes but has no impact on the benefit structure of either scheme. The new scheme was introduced from 1 April 2006. This is the only scheme open to new officers, whereas officers in the existing scheme have the option to transfer to the new scheme. Injury and ill health awards continue to be paid from the PCC's operating account. The employer contribution rate is 24.2% of pensionable pay. Employees' contributions in the old scheme are either 14.25% or 15.05% of pensionable pay. In the new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay.
- Lincolnshire Police administers the fund locally. Salary deductions are made from members of the scheme, and payments are made to retiring officers and pensioners in accordance with Police Pension Fund Regulations 2007. Returns are made to the Home Office for the projected and actual costs in each year, and funds are transferred accordingly.
- There are no investment assets; the fund is balanced to nil each year by receipt of a pension top up grant from the Home Office (via PCC for Lincolnshire). Payments are made monthly to pensioners, with the pension fund entries being kept separate, outside of the PCC's general ledger accounts. Details of the PCCs long term pension obligations can be found in the main statements at Note 22.
- The accounting policies followed are in accordance with Note 1
- The Police Officer Pensions - Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.
- The net amount receivable of £6,401,988 is shown in PCC for Lincolnshire accounts as due from the Home Office.

2013/14 £000	Net Asset Statement as at 31st March	2014/15 £000
	Net Current Assets and Liabilities	
-	Pension benefits paid in advance	-
60	Receivable from PCC for Humberside	42
(60)	Creditors to the PCC for Lincolnshire	(42)
-	Total	-

Glossary of Terms

'30+' police officers

Police officers may opt to receive the lump sum from their pension after 30 years and continue as officers outside the pension scheme. They are no longer able to contribute or accrue further benefits from the scheme. The pension scheme compensates the police officers for loss of any allowances. The PCC Group reimburses the pension scheme for this cost.

Accrual

An adjustment to ensure that expenditure and income are reflected in the appropriate accounting period.

Actuary/Actuarial

A person professionally qualified to advise on pension matters and undertakes calculations on pension costs, allowing for risk and demographic factors.

Amortisation

This is the equivalent of depreciation for intangible assets.

Audit Report

The Audit Commission are an independent body charged with auditing public sector organisations to ensure that proper stewardship is undertaken.

Back Rest Days

Due to the rescheduling of rest days Police Officers may accrue untaken rest days which they may accumulated over a number of years.

Balances

The total revenue Reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

Capital Adjustment Account

A reserve primarily designed to represent timing differences between the amount of the historical cost of Property Plant and Equipment that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Expenditure on assets, which have a long term value. Includes the purchase of land, purchase or construction of new buildings and vehicles.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Proceeds received from the sale of Property Plant and Equipment (assets which have value beyond one financial year).

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public service.

Collection Fund

A fund administered by each billing Authority. Council tax

Creditors

Amounts owed by the PCC for work done, goods received or services rendered but for which payment has not been made at 31 March.

Debtors

Sums of money due to the PCC but unpaid at 31 March.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.

Direct Revenue Financing

This refers to financing of capital expenditure directly from revenue rather than loans or other sources.

Earmarked Reserves

The elements of total PCC's Reserves, which are retained for specific purposes.

EMSOU

East Midland Special Operations Unit

Finance lease

Where the conditions of the lease amount to recognising all the costs of an asset but legal title is with a third party.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another. For local authorities, this will normally mean contracts which involve the right to transfer cash or other financial assets.

monies are paid into the fund. These are distributed to precepting and billing Authority's in proportion to the council tax set.

FRS

Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

Government Grants

Payments by Central Government towards the PCC's expenditure. They are receivable in respect of both revenue and capital expenditure.

IFRS

International Financial Reporting Standards: the accounting standards which determine the production and disclosure of financial statements, being due for introduction to local authorities in 2010/11.

Impairment

An adjustment to the value of long-term assets caused by the consumption of economic benefits.

Long Term Debtors

Sums of money due to the PCC originally repayable within a period in excess of twelve months and where payment is not due until future years.

Materiality

An item that is not material will not be relevant, cannot influence a user's decision and need not be reported in the financial statements.

Minimum Revenue Provision

Flexi Time

Police Staff may utilise the flexi time scheme to accrue additional hours worked that are held pending their utilisation at a future date.

Non Domestic Rates

Rates levied on business properties, collected by District Councils, which are then distributed amongst local authorities as income.

Non Operational Assets

Property, Plant and Equipment held by the PCC Group but not directly occupied, used or consumed in the delivery of services. These will include buildings under construction and surplus assets.

OJEU

Official Journal of the European Union

Operating lease

A lease where the asset is only used for part of its useful life, and lease payments amount to rental of the asset.

PCC Group

The Police and Crime Commissioner and the Chief Constable are separate legal entities. They are part of the same PCC Group whose combined accounts are presented collectively.

Precept

The amount levied by one authority which is collected by another e.g. the

PCC Group is the precepting authority and the District Councils are the collecting authorities.

(MRP)

The statutory requirement to set aside a minimum revenue provision for the repayment of external loans.

Net Book Value

Long-term assets are depreciated in accordance with their asset life. The net book value is the value remaining after cumulative depreciation has been taken away.

Revenue Contributions

This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.

Revenue Expenditure

The day to day expenditure of the PCC group on such items as employees and equipment.

Revenue Support Grant (RSG)

Grant paid by Central Government in aid of service provision.

SeRCOP

This is CIPFA's 'Service Reporting Code of Practice' which sets out the legislative requirements for consistent financial reporting of Local Authority services.

Straight Line Depreciation

The writing down of Property, Plant and Equipment values by an equal amount for each year of that asset's life.

TOIL

Time Off In Lieu may be accrued by both Police Officers and Staff when working additional hours for which payment is not made.

PWLB

Public Works Loan Board, a body providing debt funding to local authorities.

Revaluation Reserve

A reserve designed to represent the amount by which the current value of long-term assets carried in the Balance Sheet is greater, because they are carried at revalued amounts rather than depreciated historical cost.

Virement

Transfers between budget headings, in accordance with Financial Regulations, reflecting changes in the PCC's expenditure plans.

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